

THE JUDICIARY, STATE OF HAWAI'I

**REQUEST FOR PROPOSALS
NO. J22006**

**FOR PROVIDING
THE FINANCIAL AND COMPLIANCE AUDIT OF
THE JUDICIARY, STATE OF HAWAI'I,
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

MARCH 2021

NOTICE TO OFFERORS

This solicitation is provided to you for information purposes. If interested in responding to this solicitation, you may choose to submit your offer on the downloaded document provided. **You must register** your company by e-mail for this specific solicitation. If you do not register your company, you will not receive addenda, if any, and your offer **may be** rejected and not considered for award.

Registration

Submit E-MAIL to: E-mail Address: Kelly.Y.Kimura@courts.hawaii.gov

Provide the following information:

- | | | |
|-------------------------|---------------------|----------------------------|
| (1) Name of Company | (4) Mailing Address | (6) Name of Contact Person |
| (2) Telephone Number | (5) FAX number | (7) E-mail Address |
| (3) Solicitation Number | | |

REQUEST FOR PROPOSALS NO. J22006

The Judiciary, State of Hawaii
March 2021

Competitive Sealed Proposals for **Providing the Financial and Compliance Audit of the Judiciary, State of Hawaii, for the Financial Fiscal Year ended June 30, 2021** at: will be received

The Judiciary, State of Hawaii
Financial Services Division
Kauikeaouli Hale
1111 Alakea Street, 6th Floor
Honolulu, Hawaii 96813
Attn: Ms. Kelly Kimura

up to 2:00 P.M., H.S.T. April 16, 2021.

Offers received after the date and time specified above or at a location other than the location specified above or manner as indicated in Section 5.2 will not be considered. All proposals must be made on forms obtainable at the aforesaid place or from our web site at <http://www4.hawaii.gov/jud> under "General Information" and "[Business with the Judiciary](#)" and must be in accordance with the accompanying instructions.

Technical questions regarding this solicitation may be directed to Mr. Peter Lam in the Judiciary Internal Audit Office at (808) 539-4242 or FAX 539-4020, or Email at Peter.S.Lam@courts.hawaii.gov. Other questions may be directed to Ms. Kelly Kimura in the Contract & Purchasing Office, at (808) 538-5805 or Email at Kelly.Y.Kimura@courts.hawaii.gov.

/s/ Terri Gearon
Terri Gearon
Financial Services Director

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NO. J22006
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OFFER FORM

**THE FINANCIAL AND COMPLIANCE AUDIT OF
THE JUDICIARY, STATE OF HAWAII,
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION ONE - INTRODUCTION AND SIGNIFICANT DATES

1.1 INTRODUCTION

The specifications contained herein are intended to describe the scope and nature of the work required of the Certified Public Accountant (hereinafter referred to as the "Contractor"), who is engaged by the Judiciary, State of Hawai'i (hereinafter referred to as the "Judiciary"), to conduct (1) a general audit of the financial transactions, books, and accounts of the Judiciary; (2) an examination of the internal control structure; and (3) an examination of the grant operations for grantee compliance with the applicable Federal and State laws, regulations, instructions, and circulars.

The audit is being conducted pursuant to Section 40-2, Hawai'i Revised Statutes, which requires the Judiciary to be responsible for the establishment and maintenance of its own internal control system.

Unless otherwise expressly provided in the contract, all provisions of these specifications and instructions shall be considered to be a part of the audit contract entered into by the Contractor and the Judiciary.

1.2 SIGNIFICANT DATES

ADVERTISEMENT	March 10, 2021
DEADLINE FOR WRITTEN QUESTIONS	March 19, 2021
RESPONSE TO WRITTEN QUESTIONS	April 2, 2021
PROPOSALS DUE	2:00 p.m. HST April 16, 2021
CONTRACT AWARD	May 7, 2021
COMMENCEMENT OF AUDIT	No Later than June 30, 2021
SUBMITTAL OF PRELIMINARY DRAFT	January 14, 2022
SUBMITTAL OF FINAL DRAFT	February 11, 2022

END OF SECTION

SECTION TWO - SCOPE OF WORK

2.1 OBJECTIVES

The objectives of the audit are to:

- A. Satisfy the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance);
- B. Provide a basis for an opinion by the Contractor on the fairness of the Judiciary's financial statements;
- C. Determine whether expenditures and other disbursements have been made and all revenues and other receipts to which the Judiciary is entitled have been collected and accounted for in accordance with the laws, rules and regulations, and policies and procedures of the Judiciary, the State of Hawai'i, and, where applicable, the Federal Government;
- D. Evaluate the Judiciary's internal control over financial reporting to determine whether there is effective control over and proper accounting of revenues, receipts, expenditures, disbursements, assets, liabilities, and federal award programs, and to comply with the applicable laws and regulations; and
- E. Determine whether the Judiciary has complied with the fiscal provisions of the grant agreements and with applicable laws, regulations, and federal circulars that may have a material effect on the combined financial statements and on major federal award programs.

2.2 STATEMENT OF WORK

The Contractor shall:

- A. Conduct a general audit of the financial transactions, books, and accounts of the Judiciary for the period July 1, 2020 to June 30, 2021. The term "general audit" means a test audit of the financial transactions for the period specified. The Contractor is not expected to verify every transaction but may perform the general audit based upon tests and samples. The general audit shall include tests of the financial data in each of the four circuit courts and administrative offices to provide the Contractor with a basis to report on the fairness of the financial statements and on whether expenditures and other disbursements have been made and all revenues and other receipts to which the Judiciary is entitled have been collected and accounted for in accordance with the laws, rules and regulations, and policies and procedures of the State of Hawai'i and the Federal Government; and

- B. Examine the internal control structure to determine its adequacy in ensuring the proper financial reporting and accounting of revenues, receipts, expenditures, disbursements, assets, liabilities, purchasing system including State-issued purchasing cards and credit cards, and federal award programs; and
- C. Examine the federal financial award programs to determine Judiciary compliance with the fiscal provisions of its grant agreements, and with pertinent laws, regulations, and federal circulars.

2.3 STANDARDS

In the conduct of the audit, the Contractor shall adhere to the generally accepted auditing standards prescribed by the American Institute of Certified Public Accountants (AICPA), and with those standards and procedures set forth in the AICPA State and Local Government Committee's audit and accounting guide entitled Audits of State and Local Governmental Units (Revised Edition). The Contractor shall also conduct the audit in accordance with the standards for financial audits contained in the Comptroller General of the United States Government Auditing Standards, the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Appendix XI, Compliance Supplement (Compliance Supplement), and the requirements in Government Accounting Standards Board Statement No. 34.

2.4 ACTIVITIES

2.4.1 **Legal Authority.** In ascertaining whether or not the financial transactions of the Judiciary are in compliance with applicable Federal and State laws, rules and regulations, administrative directives, and policies and procedures, the Contractor shall, at a minimum, become sufficiently knowledgeable with the applicable sections of the following reference documents:

- A. Federal laws
 - Title I of the Omnibus Crime Control and Safe Streets Act of 1968
 - Justice Assistance Act of 1984 (Public Law 98-473)
 - Anti-Drug Abuse Act of 1986 (Public Law 99-570)
 - Anti-Drug Abuse Act of 1988 (Public Law 100-690)
 - Omnibus Budget Reconciliation Act of 1993: Grants for State Court
- B. Federal circulars
 - Uniform Guidance and Compliance Supplement

- C. Constitution of the State of Hawai'i
- D. Hawai'i Revised Statutes
 - (1) Laws having general application:
 - Chapter 27 - State Functions and Responsibilities
 - Chapter 42D - Grants, Subsidies, and Purchases of Services
 - Chapter 91 - Administrative Procedure
 - Title 7 - Public Officers and Employees
 - (2) Laws relating to fiscal matters:
 - Chapter 29 - Federal Aid
 - Chapter 102 - Concession of Public Property
 - Chapter 103 - Expenditures of Public Money and Public Contracts
 - Chapter 103D - Hawai'i Public Procurement Code
 - Chapter 105 - Government Motor Vehicles
 - Chapter 106 - Inventory, Accounting and Disposal of Government Assets
 - Chapter 171 - Public Lands, Management and Disposition of
 - Title 5 - State Financial Administration
 - (3) Laws relating to the Judiciary:
 - Title 17 - Motor and Other Vehicles
 - Title 32 - Courts and Court Officers
- E. Session Laws of the State Legislature affecting the financial transactions of the Judiciary

The Contractor should give particular attention to Act 159, Session Laws of Hawai'i, 1974 (effective June 6, 1974) since the act clarifies the

relationship of the Judiciary with the legislative branch and executive agencies. The act contains significant changes regarding such areas as budget preparation, expenditure control, and personnel administration which may affect recommendations made by the Contractor.

F. Applicable rules, regulations, and administrative directives issued by the following State agencies relating to financial transactions, accounting systems, and internal controls:

- (1) The Judiciary
- (2) Department of Accounting and General Services
- (3) Department of the Attorney General
- (4) Department of Budget and Finance
- (5) Department of Human Resources Development

G. Collective bargaining agreements affecting employees of the Judiciary

2.4.2 **Audit Workpapers.** All workpapers shall be prepared by the Contractor. At any time during and subsequent to the completion of the audit, the Contractor shall make available to the Judiciary, the General Accounting Office, the cognizant Federal audit agency, the U.S. Department of Justice, and the Office of Inspector General all workpapers developed during the audit for their inspection and review. Such workpapers include, but are not limited to, the following:

- A. The audit program and internal control questionnaire.
- B. The working trial balance.
- C. Schedules, computations, analyses, audit notes, confirmation letters and replies, and other data representing a record of work done in support of account transactions and balances, and systems analysis.
- D. Documents obtained relating to the examination.

The workpapers shall not be made available to others unless approved by the Judiciary. The workpapers shall be retained for a minimum of three (3) years from the date of the audit report, unless the Contractor is notified in writing by the Judiciary to extend the retention period.

2.4.3 **Discovery of Deficiencies.** If at any time during the examination of the accounts and systems of the Judiciary, the Contractor discovers (1) a

deficiency in internal control or (2) a financial transaction that the Contractor determines to be highly unusual, illegal, or of such a nature as to require immediate correction, the Contractor shall immediately notify the Judiciary of this finding in writing. If the deficiency or transaction is of such a character requiring the expenditure of additional time or resources, the Contractor shall include an estimate of the additional time and cost in the notification, and shall proceed to complete the examination only upon written authorization of the Judiciary.

During field work, the Contractor shall discuss preliminary findings and recommendations, other than those described in the previous paragraph, with appropriate/affected personnel.

2.4.4 **Progress Reports.** The Contractor shall make progress reports to the Judiciary at least once monthly and as requested by the Judiciary. The progress reports shall indicate whether the project is on schedule and the significant findings made to date.

2.4.5 **Preliminary Draft of Audit Report.** The Contractor shall prepare and submit a preliminary draft of the audit report in such number of copies as requested by the Judiciary, and discuss the same with the Judiciary.

The preliminary draft shall be delivered by the Judiciary to the different levels within the Judiciary affected by the audit for their review and comments. Upon request by the Judiciary, the Contractor shall meet with the affected Judiciary offices to discuss the preliminary draft of the report. The Contractor shall make any necessary changes to clarify or correct the findings and statements made in the preliminary draft of the audit report. The Contractor shall submit responses in writing to any comments made by the Judiciary.

2.4.6 **Final Audit Report.** The Contractor shall deliver copies of the final audit report to the Judiciary as provided in the contract. The distribution of the audit report shall be made by the Judiciary. The Contractor shall be considered to have completed all of the work required under the contract only upon delivery of a final audit report which is acceptable to the Judiciary.

2.4.7 **Consultation on Report Findings and Recommendations.** Upon completion of the work required, the Contractor shall be available for attendance at legislative hearings as may be necessary to testify on or to discuss the findings and recommendations contained in the final report.

2.4.8 **Report Form and Content.** The audit report shall be addressed to the Administrative Director of the Courts, and shall contain the following parts:

A. Title of report. The title of the report shall be as follows:

**THE JUDICIARY, STATE OF HAWAII
FINANCIAL STATEMENTS WITH
ACCOMPANYING INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
AND
INDEPENDENT AUDITORS' REPORT**

- B. An introduction consisting of:
 - (1) an explanation or statement of the purpose of the report, including a statement that the audit was made in accordance with the provisions of the Uniform Guidance;
 - (2) the objectives of the audit;
 - (3) a brief description of the scope of the audit; and
 - (4) an outline of the organization of the material in the report.
- C. A table of contents.
- D. A report on financial statements consisting of:
 - (1) a statement of the Contractor's scope and opinion;
 - (2) management's discussion and analysis provided by the Judiciary;
 - (3) financial statements;
 - (4) supplementary statements, schedules, and comments; and
 - (5) a schedule of expenditures of Federal awards, showing the award amount and the total expenditures for each Federal financial award program as identified in the Catalog of Federal Domestic Assistance.
- E. A report on the internal control structure consisting of:
 - (1) a statement of the Contractor's scope and an identification of the significant internal accounting controls and those controls designed to provide reasonable assurance that Federal financial award programs are being managed in compliance with the applicable laws and regulations;
 - (2) disclosure of all significant findings; and

(3) evaluation and recommendations.

- F. A report on compliance with requirements applicable to each major program and on internal control over compliance which contains a statement of positive assurance with respect to items tested for compliance with the applicable laws and regulations, including the laws and regulations pertaining to financial reports and claims to Federal agencies for advances and reimbursements; negative assurance for items not tested; a summary of all instances of noncompliance; and an identification of total amounts questioned, if any, for each Federal assistance award as a result of noncompliance, fraud, abuse, or illegal acts.
- G. Response of the Judiciary.

END OF SECTION

SECTION THREE - PROPOSAL FORMAT AND CONTENT

In preparing its proposal for the audit, the Offeror shall describe the following:

3.1 METHODOLOGY

The Offeror's intended plan, approach, method, and procedures for performing the audit. The Offeror shall outline the proposed phases and steps to be followed and the tests and standards to be used in performing the work.

3.2 DESCRIPTION OF FIRM

The Offeror's background, staff, previous work, and external quality control reviews, as outlined below:

3.2.1 Background

- A. Describe the nature of services provided by the firm.
- B. Show how the firm is organized to manage the operation of the audit.

3.2.2 Staff

- A. Provide the total full-time staff currently employed by the firm in Hawai'i by categories (type of services and staff classification).

3.2.3 Previous Work

- A. Describe briefly any work done (especially the experience of the local office) which is similar or related to the audit called for by these specifications.
- B. Provide titles of previous reports or publications.
- C. Names, titles, and phone numbers of references for the above work.

3.2.4 External Quality Control Reviews

- A. Provide a copy of the most recent quality control review performed on the firm's quality control system.

3.3 RESOURCES TO BE USED

The resources that the Offeror intends to commit to the work, including the name and qualifications of, the scope of the work contemplated for, and the amount of time to be devoted by each of the firm's personnel. Information on continuing professional education, especially in governmental accounting and auditing, should be provided for the key personnel assigned to the audit. The Contractor may not subcontract, hire, or retain other CPA's or practitioners to assist in performing the audit without the prior written approval of the Judiciary.

3.4 TIME PERIOD OF EXAMINATION

The Offeror's estimate of the time required to complete the work in accordance with the time table set forth in "SIGNIFICANT DATES", Section 1.2 of this RFP.

3.5 COST OF EXAMINATION

The cost of the audit shall be itemized, as follows:

- A. Staff and other technical services, including the fee rates and amounts by staff classification.
- B. Travel.
- C. Report printing.
- D. Other costs not otherwise allocable to the above.
- E. Total proposed fee.

3.6 ADDRESS WHERE EXAMINATION WILL BE CONDUCTED

The Offeror shall specify the name of the office and address where it will conduct the audit activities. If work will be done at more than one office, the Offeror shall list the name and address of each office.

END OF SECTION

SECTION FOUR - EVALUATION CRITERIA AND CONTRACTOR SELECTION

4.1 EVALUATION CRITERIA

All proposals shall be evaluated by the Selection Committee using the following criteria and pursuant to Section 4.2 of the Procedural Requirements (Attachment A of this RFP). Best and final offers shall be allowed when applicable. The recommendation for contract award will be made to the responsible Offeror whose proposal is determined in writing to provide the best value to the Judiciary, based on the criteria below.

An in-depth analysis and review of all offers will be based on the criteria below and their associated points. The total number of points used to score this proposal shall be **130**.

- A. Perceived understanding of the audit objectives by the firm (10 points);
- B. Technical soundness of the planned approach and time required to complete the audit (30 points);
- C. Qualifications of the audit firm (20 points);
- D. Qualifications of the audit team (40 points); and
- E. Proposed fee (30 points).

4.2 CONTRACT AWARD

- A. The Judiciary reserves the right not to award a contract should the evaluation committee determine that none of the proposals are acceptable.
- B. Due to limited availability of funds, the Judiciary may enter into negotiations for its staff to provide assistance to the Contractor in exchange for a reduced audit fee.

END OF SECTION

SECTION FIVE - SPECIAL PROVISIONS

5.1 JUDICIARY CONTACT PERSON

The Officer-in-Charge for this contract is:

Peter Lam, Audit Manager
The Judiciary, State of Hawaii
Internal Audit Office
426 Queen Street, Room B4
Honolulu, Hawaii 96813
Telephone: 539-4242 Fax: 539-4020

5.2 SUBMITTAL OF PROPOSAL

All Offers/Proposals must typewritten on the OFFER FORM provided and on any other additional sheets required to meet the detailed responses as stated in the Specifications and/or Special Provisions and the attached General Conditions, and Procedural Requirements and must be in accordance with the terms and conditions stated herein. All cost associated with this offer preparation are the sole responsibility of the Offeror. **Any offer stating terms and/or conditions contradictory to those included herein may be rejected without further consideration.**

Offeror shall submit its offer using Offeror's exact legal name as registered with the Department of Commerce and Consumer Affairs, if applicable; and indicate exact legal name in the appropriate spaces on the OFFER FORM. Failure to do so will delay proper execution of the contract.

5.2.1 All proposals shall be delivered as follows:

One (1) original and three (3) copies of their completed proposal shall be delivered **no later than 2:00 p.m. HST on April 16, 2021** to the following address:

The Judiciary, State of Hawai'i
Financial Services Office
Kauikeaouli Hale
1111 Alakea Street, 6th Floor
Honolulu, Hawai'i 96813-2807
Attn: Ms. Kelly Kimura

(NOTE: If hand delivering, to enter the building, proceed through the plaza level security checkpoint up to the 6th floor.)

Proposals received after the date and time specified above will not be considered and will be returned to the offeror unopened.

Offers on CD. As an option to submitting hard copies (orig. + 3 copies) of your entire offer packet, offers may be submitted on CD (2 copies of CD) in Adobe's pdf format along with hard copies of the Offer Form, all no later than the date and time indicated above.

Offers via electronic submittal. As another option to submitting hard copies of your offer packet, offers may be submitted no later than the date and time indicated above to the Purchasing Specialist via Email. Please note that 3.5 of the Procedural Requirements Governing RFPs, dated May 2003 is not applicable for this RFP.

Purchasing Specialist e-mail address:

Kelly.Y.Kimura@courts.hawaii.gov

Offeror bears responsibility for transmission. Offerors who submit proposals or amendments by electronic means, bear the whole and exclusive responsibility for assuring that the documents are received by the purchasing agency and for ensuring the complete, correctly formatted, legible, and timely transmission of their documents. By opting to submit documents by electronic means, Offerors assume all risk that a purchasing agency's receiving equipment and system may be inoperative or otherwise unavailable at the time transmission is attempted.

5.2.2 **Wage Certificate.** (Not Applicable for Professional Services)

5.3 **AWARD**

Award, if any will be made to the responsive and responsible Offeror who accumulated the most total points pursuant to SECTION FOUR - EVALUATION CRITERIA of this RFP, based on the information provided in its Offer.

5.3.1 **Contractor Compliance.** All offerors shall comply with all laws governing entities doing business in the State.

- **Tax Clearance.** Pursuant to HRS §103-53, as a prerequisite to entering into contracts of \$25,000 or more, providers are required to have a tax clearance from the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS). Refer to Section 1.2, Website Reference for DOTAX and IRS website address.
- **Labor Law Compliance.** Pursuant to HRS §103-55, providers shall be in compliance with all applicable laws of the federal and state governments relating to workers' compensation, unemployment compensation, payment of wages, and safety. Refer to Section 1.2,

Website Reference for the Department of Labor and Industrial Relations (DLIR) website address.

- **Business Registration.** Prior to contracting, owners of all forms of business doing business in the state except sole proprietorships, charitable organizations, unincorporated associations and foreign insurance companies shall be registered and in good standing with the Department of Commerce and Consumer Affairs (DCCA), Business Registration Division. Foreign insurance companies must register with DCCA, Insurance Division. More information is on the DCCA website. Refer to Section 1.2, Website Reference for DCCA website address.

Contractors may register with Hawaii Compliance Express (HCE) for online compliance verification from the DOTAX, IRS, DLIR, and DCCA. There is a nominal annual registration fee for the service. The HCE's online "Certificate of Vendor Compliance" provides the registered offeror's current compliance status as of the issuance date, and is accepted for both contracting and final payment purposes.

Contractors not utilizing the HCE to demonstrate compliance shall provide paper certificates to the purchasing agency. All applications for applicable clearances are the responsibility of the offerors. All certificates must be valid on the date it is received by the purchasing agency. The tax clearance certificate shall have an original green certified copy stamp and shall be valid for six months from the most recent approval stamp date on the certificate. The DLIR certificate is valid for six months from the date of issue. The DCCA certificate of good standing is valid for six months from date of issue.

5.3.2 Timely Submission of all Certificates. The above certificates should be applied for and submitted to the Judiciary upon award of contract. If a valid certificate is not submitted on a timely basis for award of a contract, an offer otherwise responsive and responsible may not receive the award.

5.3.3 Final Payment Requirements. Pursuant to HRS § 103-53, compliance documents through Hawaii Compliance Express or, submittal of tax clearance certificate will be required for final payment, if any.

5.4 CONTRACT EXECUTION

The successful Offeror receiving the award shall be required to enter into a formal written contract with the Judiciary. The Offeror's compliance documents or Certificate of Vendor Compliance is required for award of a contract. Upon execution of the contract, the Judiciary shall issue a Notice to Proceed specifying the contract commencement date.

No work shall be undertaken by the Contractor prior to the commencement date specified on the Notice to Proceed. The Judiciary is not liable for any work, contract, costs, expenses, loss of profits, or any damages whatsoever incurred by the

Contractor arising prior to the official start date.

5.5 WRITTEN INQUIRIES

Inquiries or questions concerning discrepancies, omissions, non-compliance with any requirements of this RFP, or doubts as to the meaning of the specifications, special provisions, general conditions, or evaluation and selection must be communicated by the date indicated in the Significant Dates Section 1.2 to the following address:

The Judiciary, State of Hawaii
Financial Services Division
Attn: Ms. Kelly Kimura
1111 Alakea Street, 6th Floor
Honolulu, Hawaii 96813

OR email: Kelly.Y.Kimura@courts.hawaii.gov

Offeror may provide e-mail address so that responses may be sent to Offeror with minimum delay. Every effort will be made to ensure that responses are available on a timely basis, however, the Judiciary is not responsible for Offeror's late receipt of responses to written questions due to carrier delays.

5.6 BUDGET LIMITATIONS

Method of Payment. The method of payment for services provided by the Contractor, whether in lump sum or in increments, shall be agreed to mutually by the Contractor and the Judiciary. Should progress or incremental payments be agreed upon as the method of payment, the following conditions shall apply:

- A. The amount of each progress or incremental payment shall be subject to agreement.
- B. Each request for progress or incremental payment shall be accompanied by a certified statement of the costs actually incurred and estimated percentage of completion; such costs shall be displayed by appropriate categories.
- C. In no event shall final payment be made except upon the delivery of the final audit report acceptable to the Judiciary and upon compliance by the Contractor with the requirements of Section 103-53, Hawai'i Revised Statutes, relating to tax clearances.

The Judiciary reserves the right to determine and prescribe such other conditions as are appropriate under which progress payments shall be

allowed.

5.7 TIME LIMITATIONS

The timetable set forth in "SIGNIFICANT DATES", Section 1.2 of this RFP, shall be followed to the closest extent possible. However, this timetable may be modified by the Judiciary upon justifiable reasons submitted in writing by the Contractor and upon the Judiciary finding that such modifications would not jeopardize the successful completion of the audit.

5.8 PROFESSIONAL ERRORS AND OMISSIONS

The Contractor understands that it is subject to liability, under applicable law, for any professional errors and omissions which may occur in connection with this Contract.

The Contractor shall obtain and keep in force throughout the period of this Contract, or any extension of service, a professional errors and omissions liability insurance policy in the minimum amount of \$1,000,000.00 per claim and \$2,000,000.00 annual aggregate issued by a company authorized to do business in the State of Hawai'i. The Contractor shall furnish the Judiciary with evidence that the Contractor maintains such insurance.

5.9 CONTRACT EXTENSION

Auditing services provided under this Contract may be extended through the process of negotiation between the Contractor and Judiciary for THREE (3) additional fiscal years without the necessity of soliciting a request for competitive sealed proposals. However, the price negotiated for each additional fiscal year shall not exceed the contract price for the initial year. Any contract extension must be executed by the Contractor no less than thirty (30) days prior to the scheduled date of termination, otherwise the contract must be re-solicited. All contract extensions are subject to the availability of funds.

5.10 INTERPRETATION

In case of any dispute as to the meaning of any provision of this Contract, the interpretation by the Judiciary through its Administrative Director of the Courts shall control, subject to good faith negotiation with the Contractor.

5.11 STRICT PERFORMANCE

The parties, by this Contract, recognize that the Judiciary has a right to insist upon strict performance by the Contractor. Any failure by the Judiciary to insist upon strict performance of any provisions of this Contract, or to exercise any right based upon a breach thereof, or the acceptance of any performance during any such

breach, shall not constitute a waiver of any rights of the Judiciary under this Contract.

5.12 INSURANCE

The Contractor shall at his own expense maintain insurance in full force and effect during the life of this contract. The policy or policies of insurance maintained by Contractor shall provide the following limits and coverage:

- a) Commercial General Liability Insurance (occurrence form) of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate.
- b) Automobile Insurance in the amount of \$1,000,000.00 bodily injury per person, \$1,000,000.00 bodily injury per accident, and \$1,000,000.00 property damage per accident.
- c) Workers' Compensation and Employer's Liability. Part A – Statutory. Part B, Employers Liability \$100,000.00 each accident/\$100,000.00 disease each employee/\$500,000.00 disease policy limit.
- d) Professional Liability Insurance (Errors and Omission) in the minimum amount of \$1,000,000.00 per claim and \$2,000,000.00 annual aggregate.

The Contractor will immediately provide written notice to the contracting department or agency should any of the insurance policies evidenced on its Certificate of Insurance form be cancelled, limited in scope, or not renewed upon expiration. Furthermore, The Judiciary shall be added as an additional insured as respects to operations performed for The Judiciary, State of Hawaii, and it is agreed that any insurance maintained by The Judiciary, State of Hawaii will apply in excess of, and not contribute with, insurance provided by this policy.

Failure of the contractor to provide and keep in force such insurance shall be regarded as material default under this contract, entitling the Judiciary to exercise any or all of the remedies provided in this contract for a default of the contractor.

Prior to execution of the contract, the successful offeror shall provide proof of coverage of insurance requirements set forth under this section.

5.13 CAMPAIGN CONTRIBUTIONS BY STATE AND COUNTY CONTRACTORS

Contractors are hereby notified of the applicability of Section 11-205.5, H.R.S., which states that campaign contributions are prohibited from specified State or County government contractors during the term of the contract if the contractors are paid with funds appropriated by a legislative body.

5.14 CONFLICTS AND VARIATIONS

In the event of any conflict or variation between the provisions of this document entitled Special Provisions and the General Conditions, as referred to in Attachment 1, the provisions of the document entitled Special Provisions shall control.

5.15 CANCELLATION OF SOLICITATION AND REJECTION OF OFFERS

The solicitation maybe canceled, or the offers may be rejected, in whole or in part, when in the best interest of the Judiciary, as provided in Rules 3-122-95 through 3-122-97, Hawaii Administrative Rules.

END OF SECTION

SECTION SIX - ATTACHMENTS

PROCEDURAL REQUIREMENTS DATED MAY 2003

GENERAL CONDITIONS DATED FEBRUARY 2001

JUDICIARY DISCRIMINATION/HARASSMENT-FREE WORKPLACE POLICY

SAMPLE AGREEMENT

OFFER FORM

SAMPLE AGREEMENT

CONTRACT NO. J22006

AGREEMENT FOR THE FINANCIAL AND COMPLIANCE AUDIT
OF THE JUDICIARY, STATE OF HAWAI'I
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

THIS AGREEMENT is made this _____ day of _____ 2021, by and between THE JUDICIARY, STATE OF HAWAI'I, by its Administrative Director of the Courts, hereinafter referred to as the "JUDICIARY," and _____, of _____, hereinafter referred to as the "CONTRACTOR".

WITNESSETH THAT:

WHEREAS, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), requires state and local governments that expend \$750,000 or more a year in Federal awards to have an independent audit made for that year;

WHEREAS, the JUDICIARY has elected to have the audit required under the Uniform Guidance to cover the individual divisions that receive, expend, or otherwise administer Federal financial assistance;

WHEREAS, Section 40-2, Hawai'i Revised Statutes, requires the JUDICIARY to be responsible for its internal control system;

WHEREAS, money has been appropriated for the services under this Agreement pursuant to Section 3 of Act 61, 2014 Session Laws of Hawai'i, as amended;

WHEREAS, the CONTRACTOR submitted a responsible competitive sealed proposal in response to the JUDICIARY's Request For Proposal No. J22006 dated March 2021 for

"THE FINANCIAL AND COMPLIANCE AUDIT OF THE JUDICIARY, STATE OF HAWAI'I, FOR THE FISCAL YEAR ENDED JUNE 30, 2021":

WHEREAS, the CONTRACTOR is an accounting firm, consisting of certified public accountants, which has had considerable experience in public accounting and governmental finances and is capable of performing the services required under this Agreement; and

NOW, THEREFORE, the CONTRACTOR agrees to perform such auditing services as hereinafter set forth, and the JUDICIARY, in consideration thereof, agrees to pay the CONTRACTOR such amounts as are hereinafter specified, all upon the following terms and conditions:

1. **SCOPE OF WORK.** Except as otherwise expressly provided in this Agreement, the CONTRACTOR shall perform all of the work specified and comply with all of the provisions enumerated in the REQUEST FOR PROPOSALS NO. J22006, FOR PROVIDING THE FINANCIAL AND COMPLIANCE AUDIT OF THE JUDICIARY, STATE OF HAWAI'I, FOR THE FISCAL YEAR ENDED JUNE 30, 2021, dated March 2021 issued by The JUDICIARY, State of Hawai'i (hereinafter referred to as the "Request") and in the proposal dated _____, submitted by the CONTRACTOR in response to the Request (hereinafter referred to as the "Proposal"). A copy of the Request is attached and a copy of the Proposal is attached and made a part hereof. If any of the terms and provisions of the Request and the Proposal are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control.

The general audit of the transactions, books, and records of all funds and accounts of the JUDICIARY for the period July 1, 2020 to June 30, 2021 to be conducted by the CONTRACTOR shall include all such services necessary to comply with the Request.

2. **AUDIT PERSONNEL.** The services to be performed by the CONTRACTOR shall be rendered by or under the personal supervision of competent Certified Public Accountants, experienced in governmental auditing, who will faithfully perform their work with care and diligence. In the performance of the services contemplated, the CONTRACTOR shall employ or use personnel of such experience and classes devoting such time to the audit as specified in the Proposal.
3. **SUBCONTRACT.** The CONTRACTOR may not subcontract, hire, or retain other Certified Public Accounting firms or practitioners to assist in performing the audit without the prior written approval of the JUDICIARY by the Administrative Director of the Courts.
4. **REPORT.** The CONTRACTOR shall report to the JUDICIARY at least once monthly and at such other times as requested by the JUDICIARY on the progress of the audit. Upon completion of the audit, the CONTRACTOR shall prepare and submit to the JUDICIARY copies of a preliminary draft of the report, in an amount specified by the JUDICIARY, before January 14, 2022. Upon acceptance of the preliminary draft by the JUDICIARY, CONTRACTOR shall finalize the audit report and submit twenty-five (25) copies of the final audit report to the JUDICIARY before February 11, 2022.

5. **TERM OF AGREEMENT.** The term of this Agreement shall commence when the JUDICIARY provides CONTRACTOR with the Notice to Proceed immediately following the execution of this Agreement. The term of this Agreement shall end on June 30, 2022.

As provided in Section 5.9, "Contract Extensions" of the RFP, unless terminated, the contract may be extended by the Judiciary for Three (3) additional Twelve (12) month periods without rebidding, upon mutual agreement in writing at least Thirty (30) days prior to expiration.

6. **PAYMENT.**

- a. The JUDICIARY shall pay the CONTRACTOR for the services rendered under this Agreement, a fee based upon the actual work-hours expended in providing the services according to the schedule of charges contained in the Proposal. In addition, the JUDICIARY shall reimburse the CONTRACTOR for the following out-of-pocket expenses actually incurred by the CONTRACTOR, and approved by the JUDICIARY, while performing the services required under this Agreement.

- (1) Inter-island travel expenses for personnel who must travel to an island other than the island on which their assigned office is situated, including direct air travel costs, taxi and ground transportation, and a per diem allowance of \$90.00 per day incurred while on travel status.

(2) Miscellaneous expenses, such as the costs of report reproduction and long distance telephone calls.

- b. The total fee for services rendered, including all out-of-pocket expenses, shall not exceed _____ (\$_____).
- JUDICIARY shall pay CONTRACTOR in monthly increments, the first increment becoming due after June 30, 2021. The total amount paid to CONTRACTOR during the period from June 30, 2021 through February 11, 2022, shall not exceed eighty percent (80%) of the total amount of this Agreement. The final payment shall be made upon satisfactory completion of all requirements of this Agreement. All payments are subject to "BUDGET LIMITATIONS", set forth in Section 5.6 of the Request.
- c. Payment shall be made upon presentation of an invoice received from the CONTRACTOR specifying to the satisfaction of the Administrative Director of the Courts that the work under this Agreement has been performed in conformance with this Agreement, and that the CONTRACTOR is entitled to receive the amount requisitioned under the terms of the Agreement.
- d. Pursuant to Section 103-53, Hawaii Revised Statutes, final payment under this Agreement shall be made only upon receipt of a tax clearance obtained by the CONTRACTOR from the Director of Taxation, State of Hawai'i, and the Internal Revenue Service.

7. **AMENDMENTS.** Auditing services provided under this contract may be

amended at any time upon mutual agreement of the parties. Any amendment shall not be valid unless in writing and signed by the parties. If the CONTRACTOR finds that the condition of the records and the system of internal controls or other circumstances disclosed by the audit examination make it necessary to extend the scope of the examination, or indicate that a more detailed examination is required in addition to that which would be sufficient under ordinary circumstances, the CONTRACTOR shall so notify the JUDICIARY in writing. The notification shall include all ascertainable facts relative to the extraordinary circumstances and an estimate of the additional services required and the costs thereof. The JUDICIARY may, whenever it deems advisable, request the CONTRACTOR to extend the scope of the examination or make a more detailed examination. However, no such additional services shall be performed by the CONTRACTOR until a written authorization is received from the JUDICIARY. Such authorization shall contain the additional scope of work or examination to be performed and the additional compensation to be paid, and shall be signed by the parties.

8. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties, any oral or written statement to the contrary notwithstanding. No oral or written communication between the parties which is not expressly included herein, or incorporated by reference, shall be a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first written above.

THE JUDICIARY, STATE OF HAWAII

By _____
Rodney A. Maile
Administrative Director of the Courts

CONTRACTOR

By _____
Its _____

APPROVED AS TO FORM:

Staff Attorney
The Judiciary, State of Hawai'i

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF _____)

On this _____ day of _____, 20_____, before me personally appeared _____, to me personally known, who being by me duly sworn, did say that he/she is the _____ of _____, the CONTRACTOR named in the foregoing instrument, and that he/she is authorized to sign said instrument on behalf of the CONTRACTOR, and acknowledges that he/she executed said instrument as the free act and deed of CONTRACTOR.

Doc. Date: _____ # of Pages: _____

Doc. Description: _____

Notary Public, State of Hawaii

Print/Type Name

Date

My Commission Expires:_____

CONTRACT CERTIFICATION

I hereby certify that there is an available balance in the appropriation named below sufficient to cover the obligation of The JUDICIARY, State of Hawai'i, under this Contract No. J22006 with _____.

Appropriation _____.

Dated _____

Terri Gearon
Financial Services Director
The Judiciary, State of Hawai'i

OFFER FORM
RFP NO. J22006

**THE FINANCIAL AND COMPLIANCE AUDIT OF
THE JUDICIARY, STATE OF HAWAII,
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Offeror: _____

Honolulu, Hawaii

_____, 2021

Financial Services Director
The Judiciary State of Hawaii
Kauikeaouli Hale
1111 Alakea Street, 6th Floor
Honolulu, Hawaii 96813

Dear Financial Services Director:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications and Special Provisions attached hereto, and in the General Conditions dated February 2001 by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

The undersigned hereby proposes to PROVIDE THE FINANCIAL AND COMPLIANCE AUDIT OF THE JUDICIARY, STATE OF HAWAII, FOR THE FISCAL YEAR ENDED JUNE 30, 2021, pursuant to this offer form:

The undersigned represents: **(Check one only)**

- A **Hawaii Business** incorporated or organized under the State of Hawaii; **OR**
- A **Compliant Non-Hawaii business** not incorporated or organized under the laws of the State of Hawaii, but registered at the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division to do business in the State of Hawaii and has a separate branch or division in the State that is capable of fully performing under the contract.

State of incorporation: _____

Offeror is:

- Sole Proprietor
- Partnership
- Corporation
- Joint Venture
- Other

If Offeror is a "dba" or a "division" of a corporation, please furnish the exact legal name of the corporation under which the contract, if awarded, will be executed:

Federal I.D. No. _____

Hawaii General Excise Tax License I.D. No. _____

Payment address (if other than street address below): _____

City, State, Zip Code _____

Business address (**Hawaii street address**): _____

City, State, Zip Code _____

Respectfully submitted,

Offeror: _____
(Exact Legal Name of Offeror)

Signature: _____

Name: _____

Title: _____

Date: _____

Phone: _____ Fax: _____

Email Address: _____