



**Michigan Saves**<sup>SM</sup>

# Request for Proposals: Independent Auditor

## Purpose

Michigan Saves seeks a qualified accountancy/professional services firm to provide financial audit services.

## Overview of Michigan Saves

Michigan Saves, the nation's first nonprofit 501(c)(3) green bank, makes energy improvements easier for Michigan energy consumers by stimulating and supporting investment in energy efficiency measures and renewable energy systems in Michigan homes, businesses, and public buildings. Established in 2009 through a grant from the Michigan Public Service Commission (MPSC), Michigan Saves envisions a future in which consumer demand for efficient homes, businesses, and communities transforms the building and remodeling industries. Michigan Saves is part of this transformation by offering the financing solutions and contractor network that make energy efficiency and renewable energy improvements easy and affordable and by advancing a more energy-conscious culture in Michigan. While more than half of the residential lending has been in communities with low to moderate incomes, Michigan Saves expects to accelerate the development of financing solutions that resolve race- and income-related energy equity disparities.

Michigan Saves' mission is to stimulate and support investment in energy efficiency and renewable energy systems and measures in Michigan homes, businesses, houses of worship, and public buildings. To date, Michigan Saves has facilitated over \$350 million in clean energy investments by offering a loan loss reserve to mitigate risk for local lenders that finance these projects. Michigan Saves also manages a statewide network of more than 800 authorized contractors with expertise in energy efficiency and onsite renewable energy systems. Additionally, Michigan Saves makes innovative, affordable financing for energy improvements through a network of authorized residential lenders (credit unions) and commercial lenders (banks), financial institutions, and equipment-leasing companies. Finally, through a network of community and utility partners, Michigan Saves accelerates demand for greater energy efficiency and renewable energy through education and communication.

Michigan Saves uses public funds, which have been endowed to the organization, as a credit enhancement to leverage private capital for energy efficiency and renewable energy improvements. Michigan Saves' credit enhancement is in the form of a loan loss reserve fund that reduces each lender's default risk, allowing them to offer below-market rates, expanded underwriting criteria, and greater access than they otherwise would have through traditional financing products. Michigan Saves' credit enhancement uses public funds to leverage private capital at a rate of \$30 to \$1, which is one of the highest leverage rates in the nation. Michigan Saves also manages several grants from the State of Michigan, foundations, and utilities, and manages a small revolving loan fund.

The annual operating budget of Michigan Saves is approximately \$3.5 million. The public funds mentioned above are held in an investment account with a third-party investment advisor. Michigan Saves has a management services agreement with Public Sector Consultants to provide staffing and other services. Nine full-time staff and several part-time staff are assigned to Michigan Saves.

Michigan Saves is governed by a 13-member board of directors. The board includes a nonvoting board member appointed by the chair of the MPSC. See [MichiganSaves.org](https://MichiganSaves.org) for more information.

## Services Requested

Michigan Saves would like an established and well-respected accountancy/professional services firm to provide the following services:

- Conduct the annual audit of the organization's financial statements for the year ending December 31, 2021; options to renew based on acceptable performance for up to five years are expected
- Prepare the related management letter
- Present the results of the audit and the management letter at the Michigan Saves Board of Directors' Finance Committee meeting
- Prepare a transmittal letter and certified financial statements to Michigan Saves' grantors, including but not limited to the MPSC and other departments within the State of Michigan
- While preparation of the federal single audit following the standards of OMB Circular A-133 is not required for the 2021 audit, the firm should have the capability to provide this service should the need occur
- Optional services can include preparation of an extension request (if needed) and the annual IRS Tax Form 990

## Selection Criteria

Michigan Saves expects to award a contract to a firm that proposes the best approach to the work. Selection will be based on the following:

## Qualifications and Experience

- Substantial prior experience auditing nonprofit organizations
- Experience providing financial audit services for organizations of similar size—both for profit and nonprofit—with multiple revenue/expenditure accounts
- Experience with various lending approaches, including credit enhancement structures deployed to attract private capital and direct lending using a revolving loan fund
- Appropriate qualifications and previous experience of staff assigned to work with Michigan Saves (both supervisory and day-to-day staff)
- Prior experience performing OMB A-133 audits
- Absence of conflicts of interest
- Satisfactory peer review report and feedback from references

## Audit Approach

- Demonstrated understanding of the scope and intent of the audit
- Consistency with the overall objectives of the scope of services requested
- Comprehensiveness and adequacy of the audit approach
- Concrete benchmarks and a timeline

## Fees

- Satisfactory justification for proposed fees and costs

Applicants may be individual contractors or established firms.

## Submission Requirements

To respond to this request for proposals (RFP), please submit a narrative that includes the following.

### Qualifications and Experience

- Qualifications and experience in providing auditing services for nonprofit organizations, including organizations of comparable type and size.
- A description of the firm's experience performing OMB A-133 audits.
- The size and organizational structure of the auditor's firm.
- Statement of the firm's understanding of the work to be performed, including tax and nonaudit services, if applicable.
- Qualification of the person responsible for the auditing service (please note if the person responsible is a firm partner) and their expected role and involvement in the audit.
- Qualifications and experience of the staff (or others if subcontracting) who may work on the project and their role in the audit.

- Assurance that providing services to Michigan Saves under this RFP does not constitute a conflict of interest for the firm, Michigan Saves, or Public Sector Consultants.
- A list of the nonprofit clients the firm has audited in the past three years and the names and telephone numbers of three of these clients whom Michigan Saves may contact.
- A copy of the firm's latest peer review report, the related letter of comments, and the firm's response to the letter of comments.
- A completed Michigan Saves diverse vendor form (Appendix A).

## Audit Approach

- A description of how the firm will approach the Michigan Saves audit, including a timeline and key benchmarks, areas of emphasis, use of technology in the audit, and the communication process the firm will use to discuss issues with management and the board finance committee.

## Fees

- The firm's proposed fee structure for each of the potential five years of the proposal period, including whatever guarantees can be given regarding increases in future years, and the maximum fee that would be charged.
- A description of the firm's billing rates and procedures for technical questions that may come up during the year or whether these occasional services are covered in the proposed fee structure.
- A separate estimation of fees for providing annual IRS Tax Form 990 and extension request.
- A separate estimation of fees for providing an OMB A-133 audit if required in subsequent years.

Prospective firms may include any other information that Michigan Saves should consider. All responses will be treated as confidential. Michigan Saves is not liable for any costs incurred by applicants in responding to this RFP.

## Timeline

Please submit responses via email to Kelsey Smith at [ksmith@publicsectorconsultants.com](mailto:ksmith@publicsectorconsultants.com) by 5:00 PM EST on January 28, 2022. If applicants have any questions in advance of the proposal deadline, please email Kelsey no later than 5:00 PM EST on January 14, 2022. Responses to questions will then be circulated to all interested parties in one email. If you would like to be on that distribution list, please email Kelsey.

After reviewing the responses, Michigan Saves may interview one or more respondents and engage in negotiations regarding the scope of work, roles, and other details to award a contract by February 4, 2022.

# Appendix A



**Michigan Saves**<sup>SM</sup>

## Request for Vendor Information

Michigan Saves is committed to engaging with vendors that reflect the diversity of the many communities we serve. Our Diverse Vendor Program is an intentional opportunity for Michigan Saves to support our mission and break down barriers to growth that exist for minority business owners and ensure that everyone—without exception—has access to the benefits of energy efficiency.

Vendor Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Please check all that apply to your company:

- Disability-owned Business Enterprise
  - People with disabilities own and control at least 51 percent of the company.
- Lesbian, Gay, Bisexual, and Transgender Business Enterprise
  - LGBTQ+ individuals own and control at least 51 percent of the company.
- Minority-owned Business
  - Minority group members own and control at least 51 percent of the company.
- Service-disabled Veteran-owned Business
  - Service-disabled veterans own and control at least 51 percent of the company.
- Social Enterprise Business
  - A for-profit or nonprofit organization or venture that achieves its primary social or environmental mission using business methods.
  - Surplus is principally reinvested in social activities, not driven by need to maximize profit for shareholders and owners.
- Supported Business
  - Over 50 percent of the business's workforce are disabled individuals.

- Veteran-owned Business
  - Veterans own and control at least 51 percent of the company.
- Women’s Business Enterprise
  - Women own and control at least 51 percent of the company.
- Women-owned Small Business
  - The company must be a small business.
  - Women own and control 51 percent of the company.
- None of these

Michigan Saves understands that the complex, and at times high-cost, diverse business certification process can present inequitable barriers for small businesses and thus does not require diverse business certification from a national, state, or locally recognized third-party certification agency. Please self-certify if any of the above apply to your business.

While Michigan Saves does not guarantee business to any vendor, we are committed to providing diverse companies an opportunity to compete on a fair and equal basis for our business.