

**ILLINOIS AUDITOR GENERAL  
AUDIT FIRM PREQUALIFICATION FORM**

(as of August, 2016)

Submit this form by Fax or U.S. Mail or Email  
(please choose just one method)

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217/785-8222

**MAIL:**

Illinois Auditor General's Office  
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Auditor General website: [www.auditor.illinois.gov](http://www.auditor.illinois.gov)

# PREQUALIFICATION OVERVIEW

## Requirement for Prequalification of Accounting Firms - Expiration After Three Years

Accounting firms must be prequalified with the Auditor General's Office (OAG) to be eligible for audit contract awards. If your firm is not currently prequalified, prequalification forms must be submitted separately from the proposal package and must be physically received at the OAG's Springfield location no later than the due date and time for submission of proposals. The act of prequalification does not create any obligation, legal or otherwise, on the part of the Auditor General to contract or otherwise do business with a prequalified firm. The identity of prequalified firms and the information submitted on these forms are public and may be disclosed by the OAG.

The OAG staff will review the documents and notify the firm by letter whether additional information is needed. If prequalification is approved, the firm will be sent a **Notification Letter** and the date on the letter will be the effective date of the firm's prequalification. **Please retain the letter for your reference.** Prequalification will expire three years after the date on the Notification Letter. It is the firm's responsibility to monitor the expiration date of the firm's prequalification status and to submit new prequalification documents at least ten days prior to the expiration date in order to continue prequalification status without interruption.

## Prequalification Levels

Each prequalified firm is assigned a prequalification level. The prequalification levels directly correspond to job difficulty levels. Prequalified firms may propose on any engagements that are rated at or below the firm's prequalified level (e.g., firms prequalified at level three may propose on engagements rated 3, 2 and 1). The difficulty rating for each engagement is stated in the applicable request for proposal.

## Changes to Prequalification Status - Mandatory Reporting of Material Changes

Prequalified firms are required to notify the OAG within 10 business days of any material changes in the information submitted in these documents. The OAG retains the right to revoke a firm's prequalification status and to raise or lower a firm's prequalification level based on the submission of revised prequalification forms and any other information known to the OAG at the time such action is taken. A firm's actual performance on OAG engagements will be taken into consideration in determining whether the firm's prequalification status should be revoked or its prequalification level should be changed.

## Appeal Process

If a firm is denied prequalification, has its ratings revoked or revised, or disagrees with the prequalification level assigned to the firm by the OAG, the firm may request reconsideration by notifying the Director of the OAG's Financial/Compliance Audit Division within 30 days of the date on the notification letter. A request for reconsideration must clearly state the basis of the request and be supported by information that would indicate why the OAG's decision should be modified or reversed. The Director will review the request for reconsideration and the firm shall provide any additional requested information for purposes of the review. The Director's review will generally be completed within 14 days after receipt of the request for reconsideration, unless the timeframe is extended by the Director for good cause. Upon completion of the review, the Director will notify the firm of the results in writing and provide an explanation of the reasons.

If the firm remains unsatisfied with the results of the Director's review, the firm may file a written appeal to the Auditor General within 14 days of the date on the letter informing the firm of the Director's final action. The appeal must state with specificity the basis of the appeal and the reasons why the Director's decision is incorrect. No new issues may be raised. The Auditor General will review all information submitted with the appeal. The appeal will be completed within 14 days from its receipt unless the Auditor General extends the time in order to provide for a full and complete review. The Auditor General will notify the firm of his decision in writing and will include an explanation of the reasons for the decision. The Auditor General's decision is final.

### **Notice of Upcoming Procurements**

The Auditor General's Office maintains its own Procurement Bulletin. The Auditor General's Procurement Bulletin is available on our website at <http://www.auditor.illinois.gov/Procurement-Bulletin-2010/PROCUREMENT-BULLETIN.asp>. Firms are responsible for monitoring the Auditor General's Procurement Bulletin for information about upcoming procurement opportunities, the issuance of requests for proposals, notification of contract awards, and other pertinent procurement information.

### **Procurement Rules**

The Auditor General's Office maintains its own Procurement Rules [44 Ill. Adm. Code Part 500]. These rules are available on the Internet at <http://www.ilga.gov/commission/jcar/admincode/044/04400500sections.html>. In the event of conflict between this document or these procedures and the Auditor General's Procurement Rules, the Auditor General's Procurement Rules will prevail.

## FIRM OVERVIEW

1. Firm Name

\_\_\_\_\_  
(NOTE: The Firm Name must match the name on all official documents submitted as a part of this application.)

Contact Person/Title \_\_\_\_\_

Telephone Number \_\_\_\_\_

Email Address \_\_\_\_\_

Street Address/City/State/Zip Code of Contact Person: \_\_\_\_\_

2. Firm FEIN # \_\_\_\_\_

3. Does your firm hold a current CPA license with the State of Illinois?

Yes (If yes, **ATTACH** a copy.)

No (**STOP:** Your firm will not be eligible for prequalification at this time.)

4. Government Auditing Standards require all staff providing audit or attestation services to meet certain requirements of continuing professional education. Do applicable staff of your firm comply with the CPE requirements?

Yes (If yes, **ATTACH** a copy of your firm's training policy.)

No (**STOP:** Your firm will not be eligible for prequalification at this time.)

5. Government Auditing Standards require firms providing audit or attestation services to undergo an external system peer review every three years. Has your firm undergone an external system peer review during the last three years?

Yes (If yes, **ATTACH** a copy of your most recent outside peer review report and peer review acceptance letter. If deficiencies are noted in the review, you must **ATTACH** an implementation plan for addressing the recommendations.)

No (**STOP:** Your firm will not be eligible for prequalification at this time.)

6. Does the firm have internal procedures to ensure proper quality control for its audit engagements?

Yes (If yes, **ATTACH** a description of the internal quality control procedures.)

No (**STOP:** Your firm will not be eligible for prequalification at this time.)

7. Is your firm registered to do business in Illinois and in good standing? (If your firm is a corporation, LP/LLP or LLC, it must be registered with the Illinois Secretary of State to transact or conduct affairs in Illinois and be in good standing. Information about obtaining a Certificate of Good Standing is available on the Internet at

[http://www.cyberdriveillinois.com/departments/business\\_services/corp.html](http://www.cyberdriveillinois.com/departments/business_services/corp.html).)

Yes (If yes, **ATTACH** Certificate of Good Standing.)

No (**STOP:** Your firm will not be eligible for prequalification at this time.)

8. a) Has the firm been the subject of professional discipline in Illinois or any other State within the past 10 years?  
 Yes (If yes, **ATTACH** an explanation.)  
 No
- b) Have any of the firm's current owners (see Section 1a, Disclosures and Conflict of Interest Form) been the subject of professional discipline in Illinois or any other State within the past 10 years?  
 Yes (If yes, **ATTACH** an explanation.)  
 No
9. Has the firm been terminated or removed from an audit engagement or had a contract not renewed for performance reasons during the past 10 years?  
 Yes (If yes, **ATTACH** an explanation.)  
 No
10. Is the firm or any current owners of the firm (see Section 1a, Disclosures and Conflict of Interest Form) now or at any time during the past 10 years been on the Debarred and Suspended List maintained by the Governor's Office of Management and Budget, the federal Excluded Parties List, or the Sanctioned Party List maintained by the Illinois Department of Healthcare and Family Services?  
 Yes (If yes, **ATTACH** an explanation.)  
 No
11. Is the Firm's independence currently impaired - in fact or appearance - under Government Auditing Standards and interpretations of Government Auditing Standards with regard to any Illinois State Agency?  
 Yes (If Yes, **ATTACH** a brief explanation of the impairment.)  
 No
12. Business Enterprise Programs/Veterans Business Program/Small Business Enterprise Program

The Auditor General's Office will recognize firms certified in the Business Enterprise Program (BEP), Veterans Business Program (VBP), and Small Business Enterprise Program (SBE) for the purpose of meeting aspirational goals and to maintain record-keeping. If your firm has a current BEP, VBP, or SBE certification from the Department of Central Management Services (CMS), please check the appropriate box and **ATTACH** a copy of your current certification. For information about CMS' BEP, VBP and SBE certifications, go to <http://www.illinois.gov/cms/business/sell2/Pages/default.aspx>.

Type of Certification	Expiration Date
<input type="checkbox"/> Business Enterprise Program (check applicable certifications):	
<input type="checkbox"/> Minority Business Enterprise (MBE)	_____
<input type="checkbox"/> Female Minority Business Enterprise (FMBE)	_____
<input type="checkbox"/> Female Business Enterprise (FBE)	_____
<input type="checkbox"/> Persons with Disabilities Business Enterprise (PBE)	_____
<input type="checkbox"/> Veterans Business Program (check applicable certifications):	
<input type="checkbox"/> Service Disabled Veteran-Owned Small Business (SDVOSB)	_____
<input type="checkbox"/> Veteran-Owned Small Business (VOSB)	_____
<input type="checkbox"/> Small Business Enterprise (SBE)	_____

### 13. Additional Required Forms

The following forms must be completed and **ATTACHED** by the firm as a part of this prequalification package:

- a. Standard Certifications
- b. Department of Human Rights Public Contract Number
- c. Disclosures and Conflict of Interest
- d. Taxpayer Identification Number

### 14. Standard Contract Provisions

The Auditor General's Standard Contract Provisions are included for your reference. These provisions include requirements on such topics as record retention, confidentiality, criminal history background checks, indemnification, billing procedures, subcontracting and contract termination. You should read and understand these provisions as they set the terms and conditions of most audit contracts entered into by the OAG. While exceptions can be taken to some provisions, many requirements are set by law and cannot be negotiated.

## FIRM EXPERIENCE

15. During the three years preceding the date of this application has the firm worked on any engagements involving the following professional standards, statutes, circulars or guides? **CHECK** all that apply:

- Government Auditing Standards (GAS)
- Generally Accepted Auditing Standards (GAAS)
- Single Audit Act Amendments of 1996
- 2 CFR Part 200, Subpart F (Uniform Guidance for Federal Awards - Audit Requirements) and/or OMB Circular A-133
- Statements on Standards for Attestation Engagements (SSAEs)
- Illinois State Auditing Act [30 ILCS 5/1-1 et seq.] and the Auditor General's Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (OAG Audit Guide)

16. During the three years preceding the date of this application has the firm performed any of the following types of engagements for a **public sector client**? **CHECK** all that apply:

- Financial Audit
- Compliance Attestation Examination
- Single Audit
- Internal Control Procedures Engagement
- Agreed Upon Procedures Attestation Engagement

17. During the three years preceding the date of this application has the firm audited any of the following types of entities? **CHECK** all that apply:

- Entities requiring a large number of professional engagement hours
- Entities that issue bonds
- Public pension systems
- Entities with complex and multi-million dollar investments
- Public universities & university related organizations
- Hospitals, managed care entities, and similar organizations
- Entities with large and/or complex information system environments
- Entities headed by an elected official

18. Using the above questions as a guide, please summarize the most relevant examples of your firm’s work during the three years preceding the date of this application. In order of preference, please provide examples of:

- (i) audits performed of Illinois State agencies (whether under contract with the OAG, as subcontractor to an OAG contractor, or as contractor/subcontractor for an Illinois State agency other than the OAG);
- (ii) audits performed of other governmental entities (i.e., federal or local); and
- (iii) audits performed of non-governmental entities that perform functions that are also found in State government, such as private universities, hospitals, etc.).

Name of Audited Entity	Was your firm the contractor (C) or subcontractor (S)? If S, identify contractor firm.	Number of Audit Hours your Firm performed on engagement	Type of engagement: F= Financial C=Compliance S=Single AUP=Agreed Upon Procedures O=Other (describe)	Audit Period	Name of Audit Leader



## FIRM STAFF RESOURCES

19. Using historical staffing levels from the preceding three years, approximately how many professional auditors (FTE) would be available to work on an OAG assignment? Exclude interns and temporary employees. Do not include subcontractors.

Title/Level	This Office	Other Firm Offices in or near Illinois	Total
Partners/Principals			
Managers/Supervisors			
In Charge/Seniors			
Assistants/Semi-seniors			
Total Professional Auditors (FTE)			

20. Location of the Firm's other offices in Illinois or nearby states

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21. Identification of Proposed Audit Team Leader(s)

An Audit Team Leader is responsible for directly managing/supervising the OAG engagement and acting as the Firm's liaison with the OAG on the assigned engagement. In most cases, the Team Leader will be a partner or manager. OAG contracts require the Team Leader to contribute the lesser of at least 100 hours or 5% of the Firm's total hours for each contracted engagement.

To be considered an Audit Team Leader for OAG jobs, the auditor must meet certain minimum experience requirements based on work performed during the past six years:

- For level 4 jobs, the Audit Team Leader must have managed or supervised at least one OAG job of Level 4 difficulty or two Level 3 jobs, or demonstrate equivalent public sector or related industry experience;
- For level 3 jobs, the Audit Team Leader must have managed or supervised at least one OAG job of Level 3 difficulty or two Level 2 jobs, or demonstrate equivalent public sector or related industry experience;
- For Level 2 jobs, the Audit Team Leader must have managed or supervised at least one OAG job of Level 2 difficulty or two Level 1 jobs, or demonstrate equivalent public sector or related industry experience;
- For Level 1 jobs, the Audit Team Leader does not need to demonstrate OAG or equivalent public sector or related industry experience but must meet Government Auditing Standards.

Please provide the following information about each Audit Team Leader your firm plans to use if awarded future OAG jobs. **ATTACH** each person's resume.

Name	Title/Job Classification	Number of Years with Firm	Professional Certifications (i.e., CPA, CISA, CIA, etc.)	Has this individual ever been the subject of professional discipline? If yes, <b>ATTACH</b> explanation.	CPA License No. (if applicable)

For each Audit Team Leader identified above, provide specific information about this individual's OAG professional experience during the past six years. (Attach additional pages if necessary.)

Largest <b>OAG</b> jobs this person has managed/supervised (give name of audited entity, type of audit and audit period)	OAG Job Level (if known)	Firm's Total Hours on this job	This Person's Total Hours on this job

For each Audit Team Leader identified above, provide specific information about this individual's experience auditing other public sector entities (do not list OAG engagements) or related industry experience during the past six years. (Attach additional pages if necessary.)

Largest <b>non-OAG</b> public sector or related industry jobs this person has managed/supervised (give name of audited entity, type of audit and audit period)	Firm's Total Hours on this job	This Person's Total Hours on this job

22. Identification of Proposed Key Audit Team Members (excluding proposed Audit Team Leaders)

To be considered Key Audit Team Members for OAG jobs, the auditors must meet certain minimum experience requirements based on work performed during the past six years:

- For level 3 and 4 jobs, approximately half of the proposed Key Audit Team Members must have worked 100 hours each on OAG jobs, or demonstrate equivalent public sector or related industry experience;
- For level 2 jobs, at least 2 of the proposed Key Audit Team Members must have worked 100 hours each on OAG jobs, or demonstrate equivalent public sector or related industry experience;

- For level 1 jobs, the Key Audit Team Members do not need to demonstrate OAG or equivalent public sector or related industry experience but must meet Government Auditing Standards.

Please provide the following information about each Key Audit Team Member your firm plans to use if awarded future OAG jobs. **ATTACH** each person's resume.

Name	Title/Job Classification	Number of Years with Firm	Professional Certifications (i.e., CPA, CISA, CIA, etc.)	Has this individual ever been the subject of professional discipline? If yes, <b>ATTACH</b> explanation.	CPA License No. (if applicable)

For each Key Audit Team Member identified above, provide specific information about this individual's OAG professional experience during the past six years. (Attach additional pages if necessary.)

OAG jobs on which this person has worked (give name of audited entity, type of audit and audit period)	This Person's Title/Duties on OAG Job	OAG Job Level (if known)	Firm's Total Hours on this job	This Person's Total Hours on this job

For each Key Audit Team Member identified above, provide specific information about this individual's experience auditing other public sector entities (do not list OAG engagements) or related industry experience during the past six years. (Attach additional pages if necessary.)

Non-OAG public sector or related industry jobs on which this person has worked (give name of audited entity, type of audit and audit period)	This Person's Role on Job	Firm's Total Hours on Job	This person's total hours on this job

## **FIRM CERTIFICATION**

By signing below, I hereby warrant and represent that the information provided on this form and in all attachments is accurate to the best of my knowledge and that I have the authority to execute this document on behalf of this firm. I understand the inclusion of false information may result in suspension, debarment or exclusion from participation in the Auditor General's contract audit program.

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Signature of Firm Representative

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Printed Name of Firm Representative

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Title of Firm Representative

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Date of Application

## **GUIDE TO ATTACHMENTS REQUIRED TO BE SUBMITTED BY THE FIRM TO THE OAG**

The following documents **must be enclosed** with this application:

- Firm's CPA License
- Training Policy
- Firm's most recent external system peer review and, if deficiencies were noted, an implementation plan to address the findings
- Description of Internal Quality Control Procedures
- Certificate of Good Standing
- OAG's Standard Certifications Form
- Department of Human Rights Public Contract Number Form
- OAG's Disclosures and Conflict of Interest Form
- Taxpayer Identification Form
- Resume of each proposed Audit Team Leader
- Resume of each proposed Key Audit Team Member

Based upon your answers to certain questions, the following documents may be required to be enclosed with this application:

- Explanation of circumstances resulting in professional discipline
- Explanation of any terminations/non-renewals of contracts for performance reasons
- Explanation of any debarments, suspensions or sanctions
- Explanation of any State Agency independence impairments
- Copy of BEP/VBP/SBE Certification from CMS

A copy of the OAG's Standard Contract Provisions is enclosed in the application packet for your information only. These provisions represent terms and conditions that are generally incorporated into each OAG audit contract.