

Audit Services
Trillion Broadband Opportunity Program (BTOP)
RFP # Trillion-Audit-00011-2011

September 9, 2011

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REQUEST FOR PROPOSAL
Audit Services – RFP #Trillion-Audit-00011-2011

Trillion Communications requests qualified independent certified public accountants to submit proposals to enter into a contract to perform a program-specific audit for a period of two (2) years beginning with period ending July 31, 2011 and ending with period ending July 31, 2013.

Renewals: One-year renewal, thereafter, if mutually agreed.

Sealed proposals will be received until 3:00 p.m. on September 15, 2011.

All inquiries for information should be directed to:

Dawit Aynachew
1900 Church Street, Suite 200
Nashville, TN 37203
daynachew@hoskinscpas.com
(615) 321-7333 x16

The proposal should be mailed, emailed or delivered directly to:

Dawit Aynachew, Contract Officer
1900 Church Street, Suite 200
Nashville, TN 37203
daynachew@hoskinscpas.com

Offer and Agreement:

In compliance with this Request For Proposal (RFP) and to all the conditions imposed herein, the undersigned offers and agrees to furnish the goods/services in accordance with the attached signed proposal or as mutually agreed upon.

Name and Address of Firm:

Date: _____
Name: _____
Title: _____
Phone #: _____
Fax #: _____
Email: _____

I. Purpose

The purpose and intent of this Request for Proposal (RFP) is to enter into a contract with a qualified independent certified public accountant (hereinafter called the "Auditor/Offeror") to perform a program-specific audit of Trillion Communications (hereinafter called the "Auditee/Offeree") for the period(s) ended July 31, 2011 and 2013. The BTOP project-specific - Special Award Condition - requires that a for-profit Recipient that receives a (BTOP) award exceeding \$100,000 have a program-specific audit performed based on the Recipient's BTOP Award Year, beginning with the start date of the award.

The Broadband Technology Opportunities Program (BTOP) is designed to facilitate the deployment of broadband infrastructure in the United States, enhance broadband capacity at public computer centers, and promote sustainable broadband adoption projects. The expansion of broadband deployment, availability, and adoption funded by BTOP projects is designed to provide communities an opportunity to develop and expand job-creating businesses and institutions, spur technological and infrastructural development, and stimulate long-term economic growth and opportunity.

Section 6001 of the American Recovery and Reinvestment Act of 2009 (ARRA) directed the National Telecommunications and Information Administration (NTIA), within the Department of Commerce (DOC), to establish a grant program to provide access to broadband service to consumers residing in unserved or underserved areas, support community anchor institutions (e.g., schools, libraries, medical and healthcare providers) in expanding broadband access and awareness, assist eligible entities to implement broadband initiatives that spur job creation, stimulate long-term economic growth and opportunity, narrow gaps in broadband deployment and adoption, and support public safety agencies.

BTOP funds were awarded in three categories of eligible projects:

- (1) Broadband Infrastructure (known as Comprehensive Community Infrastructure in Round 2);
- (2) Public Computer Centers; and
- (3) Sustainable Broadband Adoption. NTIA funded

BTOP awards, through two rounds of funding and NTIA, awarded all three categories of projects during both funding rounds. The Auditee is a Comprehensive Community Infrastructure (CCI) recipient.

II. Proposed Schedule of Implementation

- Issue Request for Proposal (RFP) – September 9, 2011
- Proposal Due – September 19, 2011
- Award Recommendation – September 26, 2011
- Award of Contract – September 30, 2011

III. Scope of Work To Be Performed

- A. Program-Specific Audit - Pursuant to the Inspector General Act of 1978, as amended, 5 USC App., all audits of financial assistance are to be performed in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. The Auditor should follow generally accepted auditing standards (GAAS) and GAGAS when performing the audit in accordance with these guidelines. The compliance audit is to be performed in accordance with the Statement on Auditing Standards (SAS) 117 – *Compliance Audits*.

Auditor is should use the BTOP Program specific audit guidelines located in http://www2.ntia.doc.gov/files/btop_program_specific_audit_guidelines_042711.pdf to perform the required program specific audit.

The guidelines are not intended to be a complete manual of procedures, nor are they intended to supplant the Auditor’s judgment of the work required to meet the audits objectives. These guidelines may not cover all circumstances encountered while performing the program-specific audit, similarly not all procedures will apply to every situation. Auditors must use their professional judgment in determining the work necessary to render the required opinions.

The Auditor is required to demonstrate understanding of the guideline mentioned and demonstrate such understanding by its proposal. The proposal should therefore include what the auditor expects the auditee to prepare in accordance with the guidelines and what the auditor is required perform. As this understanding is essential to perform the audit and will be used in evaluation of proposals, it will not be listed in this RFP.

IV. Reporting Requirements

A reporting package must be prepared and submitted for every audit performed. The reports may be in the form of either combined or separate reports and the reporting package can be organized differently from the order presented in the guidelines. To

comply with the reporting requirement auditee, as a for-profit recipient, shall have a program-specific audit performed,

based on it's BTOP award year, beginning with the start date as defined on the Financial Assistance Award (Form CD-450) and should obtain from auditor :

- **Opinion (or disclaimer of opinion) as to whether the Schedule(s) of Funds Sources and Project Costs of the BTOP award is presented fairly in all material respects in conformity with generally accepted accounting principles or another comprehensive basis of accounting (e.g., cash basis).** The Auditor's opinion should be issued in accordance with the AICPA's Codification of Statement on Auditing Standards 62, AU Section 623, Paragraph 22, *Special Purpose Financial Presentation to Comply with Contractual Agreement or Regulatory Provisions*. Note that because this schedule presents only activities relating to the BTOP award, the Auditor is not required to provide a separate report to meet the requirements of *Government Auditing Standards* (i.e., because the compliance reporting would meet the financial, compliance, and internal control reporting requirements of both *Government Auditing Standards* and these Program-Specific Audit Guidelines).

- **Report on the Auditee's internal control over compliance and an opinion on compliance with direct and material requirements applicable to the program.** The report on internal control over compliance should describe the scope of the testing, the results of the tests, and whether any significant deficiencies or material weaknesses in internal control over compliance were identified in the audit. The report on compliance should include an opinion (or disclaimer of opinion) on whether the Auditee complied with laws, regulations, and the provisions of the grant agreement that could have a direct and material effect on the BTOP award.

- **Schedule of Findings and Questioned Costs.** This schedule will include all significant deficiencies in internal control over compliance; significant deficiencies that are individually or cumulatively material weaknesses; and material noncompliance with provisions of laws, regulations, and requirements of the BTOP award. It will also include all known questioned costs identified through the audit of the Schedule of Funds Sources and Project Costs. Whenever possible, identified findings should be quantified. The schedule should be developed with information necessary to facilitate the audit resolution process (i.e., the size of the universe and corresponding dollar amount, size and dollar amount of the sample, and number and corresponding dollar amount of the instances of

noncompliance). Because independent Auditors do not disallow costs, Questioned Costs are identified for possible disallowance by the Department of Commerce. The following specific information should be included in the Schedule of Findings and Questioned Costs for each finding:

- Information on the BTOP award — the CFDA number, award number, award year, and the name of the Pass-Through Entity (if applicable).
 - A finding number.
 - Criteria – the requirement upon which the Audit Finding is based.
 - Condition – the condition found, including the facts that support the deficiency identified. Questioned Costs – identification of known Questioned Costs and how they were computed.
 - Context – information to provide a proper perspective for judging the consequences of the finding (*i.e.* does the finding represent an isolated instance or a systematic problem).
 - Cause and Effect – the asserted effect to provide sufficient information to the Auditee and NTIA to permit them to determine the cause and effect in order to facilitate prompt and proper Corrective Action.
 - Recommendation – recommendation to prevent future occurrences of the deficiency.
- **Management Letter.** Auditors should prepare a management letter which communicates in writing violations of provisions of contracts or grant agreements or abuses that have an effect on the Schedule of Funds Sources and Project Costs that is less than material but more than inconsequential. The management letter should not be used in lieu of reporting material Audit Findings in the Schedule of Findings and Questioned Costs.
- **Corrective Action Plan (if any findings or questioned costs were identified).** The Auditee’s management should describe the corrective action taken or planned in response to the findings and questioned costs identified by the Auditor. The Corrective Action Plan should include the finding number(s) that the Auditor assigned to the finding(s), a description

of the corrective action taken or planned, and the name and contact number of the responsible official.

- **Schedule of Prior Audit Findings.** The Auditee’s management should prepare the status of corrective actions taken on prior findings resulting from prior BTOP audits, including those performed by the Office of Inspector General. The schedule should include a summary of the prior year Audit Finding(s), including finding numbers, the condition(s) found, and the current status. The Auditor should perform procedures to assess the reasonableness of the summary schedule of prior Audit Findings prepared by the Auditee and report as a finding in the current year when the Auditor concludes that the summary schedule materially misrepresents the status of any prior Audit Finding.

V. Submission of Reports

The Auditee should submit its report package within 90 days after the end of each required reporting period. The Auditee is responsible for submitting a copy of the program-specific audit to the Grants Officer through the appropriate electronic system (Grants Online (GOL) or Grants Management Information System (GMIS)) and to the Department of Commerce Office of Inspector General at the following address:

Office of Inspector General
U.S. Department of Commerce
Atlanta Regional Office of Audits
401 West Peachtree Street, N.W., Suite 2742
Atlanta, GA 30308

The auditor should be able to perform the audit within the required timeline and must be ready to compensate the auditee for any penalties that may result from delayed responses caused by the auditor.

VI. Proposal Preparation and Submission Requirements

A. RFP Response

In order to be considered for selection, offerors must submit a complete response to this RFP. An original, so marked, and 3 copies of your proposal must be submitted to the Contract Officer. Submit proposals in a sealed envelope, and put the RFP number, title, due date and time on the outside of the envelope. The proposal can also be submitted via email (submit only one electronic copy). Offerors are responsible for having their proposal stamped or verify receipt via email by Contract Officer before the deadline for receipt of proposals. Failure to comply with this or other requirements of the Request for Proposal shall be grounds to reject such

proposals. Telegraphic or facsimile submission of proposals is not acceptable and any such proposals will not be considered. Nothing herein is intended to exclude any responsible offeror or in any way restrain or restrict competition. All responsible offerors are encouraged to submit proposals. No other distribution of the proposals shall be made by the offeror.

B. Proposal Preparation

Proposals shall be signed by an authorized representative of the offeror. By signing this bid proposal, the offeror certifies that it will remain in full compliance with:

1. the Federal Civil Rights Act of 1964, as amended.
 2. the Federal Immigration Reform and Control Act of 1986.
 3. the Fair Employment Act of 1975, as amended, where applicable.
 4. the Buy America Act
 5. the Americans With Disabilities Act.
 6. the Antitrust Laws of the United States
- All information requested must be submitted. Failure to submit all information requested may result in the contracting officer requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals that are substantially incomplete or lack key information may be rejected by the contracting officer. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
 - Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
 - Each copy of the proposals should be bound in a single volume where practical. All documentation submitted with the proposal should be bound in that single volume. The proposal package should be clearly marked as: "Proposals – Trillion BTOP Audit Services".
 - Ownership of all data, materials and documentation originated and prepared for Trillion shall belong exclusively to Trillion and maybe subject to public inspection by NTIA. Trade secrets or proprietary information submitted by an offeror shall not be subject to public disclosure.

C. Specific Requirements

Proposals should be as thorough and detailed as possible so that Trillion may properly evaluate the offeror's capabilities to provide the required services.

Offerors are required to submit the following items as a complete proposal:

1. Title Page
 - Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of contact person, and date.
2. Table of Contents
3. Letter of Transmittal:
 - History of the firm, including number of years in business, and size of firm.
 - A statement by the prospective Auditor of his understanding of the work to be done, including specific reference to the provisions in the Scope section of this RFP, with descriptions of the audit approach and illustrations of the procedures to be employed.
 - The approximate date the audit will begin (including preliminary fieldwork) and end, as well as approximate dates for delivery of the financial statements and/or Auditor's reports.
 - Biographies including experience, education, professional designation, and professional affiliations of the individuals who will be assigned to the engagement. Also include relevant experience of each in auditing broadband technology grant recipients, government contractors, Grant recipients audited under A-133 or program specific audits and recent continuing professional education in governmental and compliance audits.
 - Names, addresses, and telephone numbers of persons who may be contacted for reference.
 - A copy of the firm's most recent peer review.
 - A statement by the prospective Auditor that:
 - The firm and individuals assigned to the engagement are independent of the auditee as that term is defined by the Ethical Rules of the AICPA, and GAGAS.
 - The firm and the partner assigned to the engagement are licensed to perform the audit as provided by applicable laws of Alabama.
 - The firm has met the peer review standards of the AICPA and Government Auditing Standards.

- The firm will provide adequate supervision on a day-to-day basis and that the resulting work papers shall be adequate and shall be available for routine review by appropriate Auditors of the Federal governments.
 - Staff assigned to the audit has met the continuing education requirement required by the Government Auditing Standards issued by the Comptroller General of the United States.
4. Meetings
- Conferences between the Auditor, Trillion employees and/or representatives of Trillion should be scheduled by the selected Auditor before the preliminary work and at the end of the fieldwork. The purpose of the meetings is to keep Trillion fully informed on the scope and progress of the audit. A draft of the final report shall be furnished to representatives of Trillion for its comment by management.
5. Fees
- This Request for Proposals, is requesting that offerors furnish estimates of man-hours and cost for service. The fee should be divided between planning, fieldwork, and reporting sections with detailed hours and rates of the engagement team.

VII. EVALUATION AND AWARD CRITERIA

Selection criteria will include the following:

1. The skill, experience and training of the specified persons who will be performing the services requested in performing audit, in general and program specific audit in particular.
2. The Auditor's understanding of the nature of the audit, the applicable standards, and Trillion's business environment.
3. The prior experience and reputation of the Auditor in auditing entities similar to Trillion and other grant recipients.
4. Ability to complete the audit and submit the reporting package by the required deadline.
5. Fair and reasonable price/estimate.

The selection process will be in accordance with Trillion's procurement policy. Trillion shall engage in individual discussions with three or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Such offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the audit. Proprietary information from competing offerors shall not be disclosed to the public or to competitors.

At the conclusion of the discussion, on the basis of the selection criteria listed in this Request for Proposals and all information developed in the selection process to this point, Trillion shall select in order of preference three or more offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the offeror ranked first.

If a contract satisfactory and advantageous to Trillion can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated and negotiations conducted with the offeror ranked second, and so on until such a contract can be negotiated at a fair and reasonable price. Should Trillion determine in writing and at its sole's discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that offeror.

VIII. GENERAL TERMS AND CONDITIONS

This solicitation is subject to the provisions of the *Trillion's Procurement Policy Manual* and any revisions, which are hereby incorporated into this contract in their entirety. A copy of the manual is available for review at the Trillion office to credible proposers.

Clarification of Terms:

If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the contract officer whose name appears on the face of the solicitation, no later than five days before the due date. Any revisions to the solicitation will be made only by addendum issued by the contract officer.

Payment Terms:

Payments are made within 30 days after receipt of invoice.

Invoices:

Invoices for services ordered, delivered and accepted shall be submitted by the contractor to the attention of "*Contract Officer*" and mailed to Trillion's address. All invoices shall show the contract number assigned to the contract by the Contracting Officer.

Default:

In case of failure to deliver goods or services in accordance with the contract terms and conditions, Trillion, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Trillion may have.

Assignment of Contract:

A contract shall not be assignable by the contractor in whole or in part without the written consent of Trillion

Antitrust:

By entering into a contract, the offeror conveys, sells, assigns, and transfers to Trillion all rights, title and interest in and to all causes of the action it may now have or hereafter acquire under the antitrust laws of the United States, relating to the particular goods or services purchased or acquired by Trillion under said contract.

Anti-Discrimination:

1. During the performance of this contract, the contractor agrees as follows:
 - a) The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b) The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

- c) Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this Section.

Debarment Status:

By submitting their proposal, all offerors certify that they are not currently debarred from submitting proposals on contracts by any agency of the Federal government nor are they an agent of any person or entity that is currently debarred from submitting proposals on contracts by any agency of the Federal government.

Applicable Law and Courts:

The contractor shall comply with applicable federal, state and local laws and regulations.

Qualifications of Offerors:

Trillion may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the work and the offeror shall furnish to the Trillion all such information and data for this purpose as may be requested. Trillion reserves the right to inspect offeror's physical facilities regarding the offeror's capabilities. Trillion further reserves the right to reject any proposal if the evidence submitted by or investigations of such offeror fails to satisfy Trillion that such offeror is properly qualified to carry out the obligations of the contract and to complete the work contemplated herein.

Immigration Reform and Control Act of 1986:

By submitting their proposals, the offerors certify that they do not and will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

Subcontracts:

No portion of the audit work shall be subcontracted without prior written consent of Trillion. The Auditor will remain fully liable and responsible for all work done by any subcontractor and assure compliance with all requirements of the contract.

Ethics in Public Contracting:

By submitting their proposals, all offerors certify that: (1) their proposals are made without collusion or fraud; (2) they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in

connection with their proposal; and (3) they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

Minority Owned Businesses

The solicitation requires a minimum of 30% minority/small business participation, as defined by 49 CFR Part 26, and documentation of good faith effort of procuring such participation. Trillion encourages such participation and considers the practice of the offeror in teaming up with such entities when making selection.

IX. Special Conditions

Ownership of Material

Ownership of all data, material, and documentation originated and prepared for Trillion pursuant to the RFP shall belong exclusively to Trillion and be subject to public inspection in accordance with the Freedom of Information Act. Trade secrets or proprietary information submitted by an offeror shall not be subject to public disclosure; however, the offeror must invoke the protection of this section prior to or upon submission of the data or other materials, and must identify the data or other materials to be protected and state the reasons why protection is necessary.

Insurance:

By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have insurance coverage (listed below) at the time the work commences. Additionally, it will maintain these during the entire term of the contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance. During the period of the contract Trillion reserves the right to require the contractor to furnish certificates of insurance.

Insurances Coverages Required:

- Worker's Compensation-Standard Workers' Compensation Policy.
- Broad Form Comprehensive General Liability--\$500,000
- Automobile Liability--\$500,000 Combined Single Limit

Proposal Acceptance Period:

This proposal shall be binding upon the offeror for 60 calendar days following the proposal opening date. Any bid or proposal on which the offeror shortens the acceptance period may be rejected.

Work Papers:

The auditor hereby agrees to retain all books, records, and other documents relative to this contract for three (3) years after final payment. Trillion, its authorized agents, and/or Federal Auditors shall have full access to and the right to examine any of said materials during said period.

Cancellation of Contract:

Trillion reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty upon 60 days written notice to the contractor. Any contract cancellation notice shall not relieve the contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effect.

Availability of Funds:

It is understood and agreed between the parties herein that Trillion shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

Extension of Contract

This contract may be extended by Trillion upon written agreement of both parties for one year under the terms of the current contract, and at a reasonable time (approximately 90 days) prior to the expiration.

Changes to The Contract:

Trillion may order changes within the general scope of the contract at any time by written notice to the auditor. The auditor shall be compensated for any additional costs incurred as the result of such order and shall give Trillion a credit for any savings. Said compensation shall be determined by mutual agreement between the parties in writing.

Method of Payment:

Interim billings shall not exceed 70% of the total fee. Final payment will be made upon approval of the report by the Trillion BTOP managing team.