



Territorial Bank of American Samoa

Request for Qualifications (RFQ) External Audit Services

Issue Date: May 9, 2022

Proposal Due Date: June 10, 2022 – 2:00pm American Samoa time

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Overview

Purpose and Background

The Territorial Bank of American Samoa (“TBAS” or “Bank”) is soliciting proposals from qualified certified public accounting firms (hereinafter “Respondent” or “Firm”) to perform the Bank’s annual audit, issue opinions on the related financial statements and provide other auditing services as described within this Request for Qualifications (“RFQ”) for fiscal years ending September 30, 2022, through September 30, 2025, with the Bank retaining the exclusive option to extend the agreement resulting from this solicitation for two additional one-year periods. The external audit will include evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The external audit will also include tests of the Bank’s compliance with certain provisions of laws, regulations, contracts, and grant agreements.

“External Audit Services”, as used herein, shall refer to all those services outlined in Section II: Service Requirements.

This RFQ consists of a two-part competitive procurement process, which is designed to facilitate an open and fair opportunity for qualified firms to offer their services for consideration. Part I is the Request for Qualifications, the purpose of which is to establish parameters within which the Respondent is to provide Audit Services. TBAS reserves the right to accept or reject any and all proposals and to re-solicit for proposals, as it shall deem to be in the Bank’s best interests. Receipt and consideration of any proposal(s) shall, under no circumstance, obligate the Bank to accept any proposal(s).

Part II of this procurement will be to request for pricing proposals from all responsive submissions to this RFQ. All RFQ submissions that are deemed responsive and score above a 70 on the scoring sheet shown on Exhibit A will be invited to submit a pricing proposal.

About Territorial Bank of American Samoa

The Territorial Bank of American Samoa (TBAS) was organized in the United States Territory of American Samoa in 2016. It is a unique financial institution by U.S. standards, as its sole shareholder is the American Samoa Government. Its mandate is to provide essential banking services to the small, Pacific Island territory, where more than half of the local households are at, near, or below the poverty line. As such, TBAS is often referred to by another name: “Faletupe o le Atunu’u”, or “The People’s Bank”.

TBAS was designed to serve the individuals, families, and businesses of American Samoa as a fully functioning financial institution, providing a range of products and services. These include deposit products, such as consumer and business savings accounts and checking accounts, certificates of deposit, ATM services, private and commercial loans, and other banking services. Its founders created the bank to act as an economic engine for American Samoa, providing modern banking services to families and a source of capital to businesses. TBAS is not an FDIC-insured financial institution. Territorial Bank of American Samoa maintains an account with the Federal Reserve Bank.

Part 1: Request for Qualifications

Section I: General Information

Proposal Submission

Proposals may be submitted in one of three ways:

1. In person with a sealed envelope reflecting “EXTERNAL AUDITING SERVICES – RFQ FY2022” notated on the outside of the envelope to Danielle C. King at the address below by **2:00pm on June 10, 2022**:

Territorial Bank of American Samoa
Attn: Danielle C. King
Centennial Office Building
Utulei, P.O. Box 716
Pago Pago, American Samoa 96799

2. Via email (the file must be password protected and password emailed separately) to the following email address:

dking@mytbas.com

3. Via United States Postal Service (Priority Mail) to the address below:

Territorial Bank of American Samoa
Attn: Danielle C. King
Centennial Office Building
Utulei, P.O. Box 716
Pago Pago, American Samoa 96799

Any proposals received after the deadline specified above will not be considered.

RFQ Questions

Questions concerning this RFQ should be directed to Danielle C. King - dking@mytbas.com. The last day to submit questions will be May 23, 2022.

The Bank will publish a consolidated response to all questions received which will be emailed separately to each respondent no later than June 1, 2022.

Laws and Regulations

All applicable U.S. Federal and Local laws of American Samoa, rules and regulations of all authorities having jurisdiction over the agreement shall apply to the agreement throughout and they will be

considered included in the agreement, regardless of whether they are written out in full in the agreement or not.

Tax Exemption

The Bank is exempt from American Samoa local Excise tax; therefore, tax must not be included in any contract that may be awarded from this RFQ.

Errors or Omissions

The Respondent shall not be allowed to take advantage of any errors or omissions in this RFQ. Where errors or omissions appear in this RFQ, the Respondent shall promptly notify the designated contact person in writing of such error or omission it discovers. Any significant errors, omissions, or inconsistencies in this RFQ are to be reported no later than ten (10) days before the RFQ response is to be submitted.

Withdrawal of Proposals

A representative of a Respondent may withdraw a proposal at any time prior to the RFQ submission deadline, upon presentation of acceptable identification as a representative of such firm.

Costs Incurred in Responding

All costs directly or indirectly related to the preparation of a response to the RFQ, or any oral presentation required to supplement and/or clarify a proposal which may be required by the Bank shall be the sole responsibility of and shall be borne by the participating firms.

Disclosure Requirements

Respondents must disclose to the Bank any known or reasonably anticipated conflicts of interest regarding the Respondent providing services to the Bank and must also disclose any legal or disciplinary events that may be material to the Bank's evaluation of the Respondent or the integrity of the Respondent's management or advisory personnel.

Section II: Service Requirements

Scope of Services

Territorial Bank of American Samoa requires the Respondent to express an opinion on the fair presentation of its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and the financial reporting requirements of the Governmental Accounting Standards Board (GASB). The Respondent shall be responsible for performing certain procedures involving Management's Discussion and Analysis and the supplementary information as required by the Government Accounting Standards Board and Generally Accepted Auditing Standards (GAAS). The

Respondent will be required to conduct reviews, meet standards, and issue reports as detailed in this RFQ and may also be requested to perform other auditing services at the discretion of the Bank.

The Respondent is also expected to report on the Bank's internal controls over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for each of the audit years covered in this RFQ, based on the audit of financial statements performed in accordance with the standards applicable to financial audits contained in generally accepted government auditing standards (GAGAS).

The audit shall include the exhibits, statements, and schedules as required by the financial statements, combining statements, and other schedules as required by the Bank for the fiscal years designated by TBAS. The Respondent shall be required to understand the Bank's internal control policies and procedures and evaluate the effectiveness of the entity's internal controls. The audit shall include a review of internal accounting, administrative, and financial management systems controls, as well as tests of significant assertions related to the financial statements. Tests shall be performed at the transaction level for compliance with standards, laws, and regulations. Any reportable condition shall be reported in accordance with GAGAS. The financial audit shall include auditing of the stand-alone financial statements. Respondent shall demonstrate the capability to perform the audits in accordance with GAGAS.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the Respondent's expense, in accordance with requirements and procedures set forth by TBAS. The selected firm will be required to make working papers available, upon request, to the management of the Bank.

In addition, the selected firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. As requests for copies of working papers are fulfilled, the selected firm will be required to notify the Chief Financial Officer of the request, as appropriate.

Assistance to be Provided to the Selected Firm and Report Preparation

1) Finance Department

The Finance Department staff, and responsible management personnel will be available during the audit to assist the Firm by providing information, documentation, and explanations.

2) Information Technology (IT) Assistance

Certain IT personnel will be available to assist the selected Firm in performing the engagement. IT personnel will also be available to provide systems documentation and explanations. The selected Firm will not be provided with computer time or the use of the Bank's computer hardware and software.

3) Work Area, Network, Telephones, and Photocopying machines

If working onsite, the Bank will provide the selected Firm with reasonable workspace, desks, and chairs. The selected Firm will also be provided access to telephone lines, and photocopying facilities for the on-site audit staff. Any cost or charge incurred not associated with the engagement will be paid by the selected Firm.

Section III: Proposal Requirements and Criteria

General Requirements

The purpose of the proposal is to demonstrate the qualification, competence and capacity of the firms seeking to be the selected Firm and to undertake annual independent audits of the Bank in conformity with the requirement of this RFQ. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the Firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFQ requirements.

The proposal should address all the points outlined in the Service Requirements of this RFQ. The proposal should be prepared simply and economically, providing a straightforward, concise description of the Firm's capabilities to satisfy the requirements of this RFQ.

Mandatory Criteria

Responses shall not be considered for further evaluation unless they are in compliance with all of the following criteria. The respondent:

- 1) Shall be an independent auditor properly licensed for public practice in the United States.
- 2) Shall meet the independence standards of Generally Accepted Government Auditing Standards (GAGAS).
- 3) Shall be knowledgeable of GAGAS and U.S. generally accepted accounting principles.
- 4) Shall not have a record of substandard work and have passed their most recent Peer Review satisfactorily.
- 5) Professional credentials relevant to the scope of work (such as CPA, CISA, CIA, CFE, CGAP).
- 6) Supervisors should have 4-6 years audit experience and the audit team members must have at least two years of experience in auditing and accounting, or other related areas.
- 7) Shall submit a response that complies with the requirements of the request for qualifications.
- 8) Shall not have audited the Bank within the last 5 years.

Technical Component

Each respondent shall state succinctly its understanding of this RFQ's requirements and describe how it would perform the tasks in the Scope of Work. Each respondent must demonstrate the capability to provide necessary Financial Audit services. In order to demonstrate a clear understanding of the services to be provided, the respondent shall:

- 1) Explain the respondent's approaches to performing the audits called for in this RFQ, specifically addressing the methodology, nature, timing, and extent of audit procedures to be performed, including the ability to perform the audit 100% remotely with a portal to which all documents can be efficiently uploaded;
- 2) Make a statement concerning the independence of the respondent, including direct and indirect financial interest, and the relationship of the proposed audit team to present and former employees of the TBAS management, contractors, and any of the TBAS board members, if any.

Management Component

Each respondent shall demonstrate the competence and knowledge to fulfill the requirements identified in the Scope of Work. The respondent should also describe any prior experience in providing similar services or exact services, especially other governmental organizations. The respondent shall describe the processes and procedures it intends to use to provide these services and an organizational chart identifying the functions and reporting relationships of the personnel who would be assigned to this work.

The respondent shall furnish satisfactory evidence of its capacity to provide in a professional and timely manner the services stated in the RFQ. To meet this requirement, respondent shall;

- 1) State whether the respondent has received a peer review and whether, in the most recent review, an unqualified report was issued;
- 2) State whether the respondent is an individual or a national, regional, or local public accounting firm;
- 3) Provide evidence that the respondent has experience in performing audits of financial institutions. Identify client size and provide examples of similarities with the scope of services described in this RFQ.
- 4) Provide evidence that the respondent has experience in performing government audits.
- 5) Provide evidence that the respondent has experience in performing remote and online audits.
- 6) List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided.
- 7) Provide the status of any disciplinary action taken against the respondent by the Board of Public Accountancy and/or licensing boards of other states;
- 8) Describe the proposed audit team, in terms of job positions in the firm;
- 9) List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible, for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held. Provide a brief description of the circumstances under which audit staff assigned to this project can be changed;
- 10) If any part of the contracted services is to be subcontracted with other auditing firms, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the response. No additional subcontracting shall be allowed without the express prior written consent of the Bank;
- 11) Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last three years;
- 12) Provide the names and qualifications of any needed outside specialists and respondents that will assist the respondent.
- 13) Provide evidence of the ability to comply with the requirements in this RFQ.

Part 2: Pricing Proposal

The Respondent shall provide the proposed fee and pricing structure of the engagement for the entire service period specified of three years commencing in September 2022 and ending in September 2025, including but not limited to:

1. Rates – of each auditor on the audit team
 2. Out-of-pocket expenses
 3. Payment terms
 4. Overall cost of services
-

Proposal Evaluation

Acceptance of Terms

1. Contract

The Bank intends to select and enter into a formal contract with the selected firm as soon as practicable after the evaluation of the submitted and accepted proposals. The contract will contain all required and standard clauses, including right to terminate clauses. If the selected firm is unable to agree to the contract terms, the Bank reserves the right to select another competing proposal.

2. Contract Term

The contract between the selected firm and the Bank for external audit services will be an initial term of three years beginning with the audit for Fiscal Year 2022, which services are expected to commence on or about September 1, 2022, or as otherwise determined by Bank Management.

3. Reservation of Rights

- A. Territorial Bank of American Samoa reserves the right to award one (1), or no contracts in response to this RFQ.
- B. The Bank reserves the right to add similar services or delete services specified in any contract resulting from this procurement if requirements change during the performance of the contract. Prices for services to be added to the contract must be mutually agreed to by the Bank and the selected firm. A contract modification will be required for any service addition or deletion or price modification.
- C. The Bank reserves the right to accept one (1) or more proposals or reject any or all proposals received in response to this RFQ, and to waive informalities and irregularities in the proposals received. The Bank also reserves the right to terminate this RFQ, and reissue a subsequent solicitation, and/or remedy technical errors in the process.
- D. This RFQ does not commit the Bank to enter into a contract, award any services related to this RFQ, or obligate the Bank to pay any costs incurred in preparation or submission of a proposal or anticipation of a contract.

- E. The Bank reserves the right but has no obligation to interview any or all of the responders and the right to request clarifying information subsequent to submission of proposals.

Evaluation Criteria and Selection Process

All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. For responders that satisfy the minimum requirements, the Evaluation Committee will consider the management of the engagement, technical criteria, and the experience of the responder. The Evaluation Criteria is provided in Exhibit A.

Once the Evaluation Committee selects the responsive qualifications with the highest ranking, respondents will be requested to submit their Pricing Proposals, which will be a separate evaluation as noted on Exhibit B. The pricing proposal with the highest awarded points will be selected.

Deliverables

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

The auditor shall communicate in a letter to the Management and Board of Directors of Territorial Bank any reportable conditions found during the audits. A reportable condition shall be defined as a material weakness or a significant deficiency in the design or operation of the internal control structure, which could adversely affect the Bank's ability to record, process, summarize, and report financial data in the financial statements consistent with the assertions of management. The auditor(s) shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the Management and Board of TBAS.

The auditor shall ensure that the Management and Board of Directors are informed of each of the following in its report:

The auditor's responsibility under generally accepted government auditing standards; (GAGAS)

- 1) Significant accounting policies;
- 2) Management judgments and accounting estimates;
- 3) Significant audit adjustments;
- 4) Other information in documents containing audited financial statements;
- 5) Disagreements with management;
- 6) Management consultation with other accountants;
- 7) Major issues discussed with management prior to retention; and
- 8) Difficulties encountered in performing the audit.

The selected independent auditor shall be required to submit to Management the draft written audit report and final audit report in electronic format.

Respondents must be available to begin the engagement preparatory activities on September 1, 2022. Respondents should not respond to this RFQ if they cannot substantially agree to the terms of and conditions of the proposed agreement.

Schedule of Events

Due Date of Proposals

Respondents shall submit proposals to the Bank in time for the Bank to verify and confirm that each proposal is received and documented with a date and time no later than the Proposal Due Date shown on the Calendar of Events below. Proposals submitted late will be rejected and will not be considered for evaluation.

Calendar of Events

The solicitation process for this RFQ will proceed according to the schedule below. The Bank reserves the right to revise this schedule or any portion of this RFQ by publishing an addendum.

Event	Date
Publication of the RFQ	May 9, 2022
Last Day to submit questions regarding the RFQ	May 23, 2022
Proposal Due Date and Time	June 10, 2022, at 2:00pm, American Samoa time
Qualified respondents notified to submit cost proposal	June 23, 2022
Cost proposal due	July 15, 2022
Expected Award of Contract	July 29, 2022

EXHIBIT A
RFQ Evaluation Criteria

	Criteria	Weight	Eligible Points	Total Possible Score	Points	Total
1	The respondent's general approach to providing the services required under this RFQ.	2	1, 3 or 5	10		0
2	The respondent's documented experience in successfully completing contracts of similar size and scope.	3	1, 3 or 5	15		0
3	The qualifications and experience of the respondent's management and audit team.	3	1, 3 or 5	15		0
4	Supervisory or other key personnel assigned to the engagement.	3	1, 3 or 5	15		0
5	The overall ability of the respondent to mobilize, undertake and successfully complete the engagement within the timeline.	2	1, 3 or 5	10		0
6	The availability and commitment of management, supervisory and other staff proposed.	1	1, 3 or 5	5		0
7	The respondent's contract management plan, including the respondent's contract organizational chart.	2	1, 3 or 5	10		0
Total RFQ Score		16		80		0

EXHIBIT B
Pricing Proposal Evaluation

	Pricing Evaluation Criteria	Weight	Eligible Points	Total Possible Score	Points	Total
1	Total Price Proposed	4	1, 3 or 5	20		0

[1 - (B-A)/A] x C = Final Price Score]

A—the lowest Offeror's price.

B—the Offeror's price being scored.

C—the maximum number of pricing points available.