TRANSIT AUTHORITY OF NORTHERN KENTUCKY

Request for Proposal (RFP) for Auditing Services

NOTICE DATE: March 13, 2017

OPENING DATE AND TIME: April 20, 2017 at 2:00 PM

RFP-2017.01

REQUEST FOR PROPOSAL TO PROVIDE PROFESSIONAL AUDITING SERVICES TO TRANSIT AUTHORITY OF NORTHERN KENTUCKY (TANK) FOR THE FISCAL YEARS ENDING JUNE 30, 2017 AND JUNE 30, 2018 WITH OPTIONS TO RENEW FOR THREE ONE YEAR PERIODS.

The Examination and an expression of an opinion upon Transit Authority of Northern Kentucky’s (TANK) financial statements for the years ending June 30, 2017 and 2018 is required. Contract will include options to renew for each of the following three one-year fiscal periods. Sealed proposals, containing an original and three (3) copies of the proposal, shall be submitted to Transit Authority of Northern Kentucky. All proposals are to be submitted in sealed envelopes with “SEALED PROPOSALS RFP 2017.01” clearly marked on the front of the envelope.

The proposal is due in the offices of TANK, 3375 Madison Pike, Fort Wright, Kentucky 41017, not later than 2:00 p.m., April 20, 2017. Late proposals will not be considered as meeting the requirements of the Request for Proposal.

The proposals shall be opened at TANK’s office at 3375 Madison Pike, Fort Wright, Kentucky 41017 and only the names of the proposers will be disclosed at the proposal opening. Contents of the competing proposals shall not be disclosed during the evaluation or negotiation phases. Proposals shall be available for the public inspection after signing of the letter of engagement. Proprietary or confidential information (i.e., customer lists, financial reports, etc.), if marked as such, shall not be disclosed without the written consent of the proposer. The proposer shall identify such information by writing “CONFIDENTIAL” on such items.

This solicitation does not commit the Transit Authority of Northern Kentucky to award a contract, sign a letter of engagement, to pay any costs incurred in the preparation of a response, or to procure or contract for services.
TO PROVIDE PROFESSIONAL AUDITING SERVICES TO
TRANSIT AUTHORITY OF NORTHERN KENTUCKY

PART I
GENERAL INFORMATION

Requester's Address and Recipient of Proposals

The requester is:
Transit Authority of Northern Kentucky
3375 Madison Pike
Fort Wright, Kentucky 41017
Attention: Andrew Aiello, General Manager

Questions Concerning the scope of work should be e-mailed to:
bharsaran@tankbus.org Barry Harsaran, Manager of Finance.

Questions are due by March 31, 2017. Questions with answers will be posted as an addendum to the RFP on the TANK website, www.tankbus.org/connect/procurement on April 7, 2017.

A copy of the prior year’s audited financial statements is available upon request by e-mailing bharsaran@tankbus.org.

The original and three (3) copies of the proposal/statement of qualifications are due in the offices of TANK, no later than 2:00p.m., April 20, 2017. Late proposals will not be considered as meeting the requirements of this Request for Proposal. All proposals become the property of Transit Authority of Northern Kentucky

Background
TANK is a special purpose non-taxing district created under KRS chapter 96A. TANK is a Transit Authority. (TANK is not a not-for-profit agency). TANK was created by the joint action of the fiscal courts of Boone, Campbell and Kenton in 1971. Most of TANK’s operating funds come from these three counties. Most of TANK’s capital funds come from the Federal Transit Administration and the state of Kentucky. TANK offers transit services in Boone, Campbell and Kenton counties as well as downtown Cincinnati.

The operating budget for TANK for Fiscal Year 2016 is approximately $21.9 million and includes federal, state, counties funds. The capital budget on average is between $4-$5 million each year.

The Total Assets of TANK for Fiscal Year 2016 are approximately $39.4 million.

Accounting records are maintained using Fleet-Net and Excel and are maintained on an accrual basis.

TANK is soliciting Proposals from firms for the purpose of selecting one firm to provide annual financial auditing services.
PART II
SCOPE OF WORK

Nature of Services Required
The preparation of an examination and an expression of an opinion upon TANK's financial statements for the year ended June 30, 2017 and 2018 are required.

The examinations must be performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of the Office of Management and Budget Uniform Guidance and Generally Accepted Auditing Standards. The examination will include internal control procedures related to transactions from origination to recorded accountability.

The certified audit report and procedures will comply with all rules promulgated by the American Institute of Certified Public Accountants (AICPA).

The audit report will include a Schedule of Expenditures of Federal Awards for contract funds received for the period beginning July 1 and ending June 30 of the contract's fiscal year on an accrual basis. The Schedule of Expenditures of Federal Awards shall include each appropriate contract number, the CFDA number (where applicable), revenues, expenses and balances and any necessary notes to identify any unallowable costs per the appropriate cost principles for each fund source.

An evaluation is to be made of the internal control structure to assess the extent upon which it can be relied to ensure accurate information, to ensure compliance with law and regulations, and to provide for efficient record-keeping and effective controls. This evaluation should include a review of the internal control procedures and tests for compliance that will provide reasonable assurances that the procedures are being applied as prescribed. Data processing procedures are to be reviewed to enable the auditors to point out procedural weaknesses that may have an adverse effect on internal control, and to determine procedures that will assist in providing for greater efficiency and more effective controls.

Ten (10) copies of each of the audited financial statements and management letter are to be delivered to TANK at the address previously given.

A formal exit conference is to be held with the appropriate agency representatives of TANK. This exit conference should be held once a preliminary typed draft of the management letter is available. The Transit Authority of Northern Kentucky is to be given an opportunity to provide a written response to the management letter which will be included in the back of the bound audit report prior to its issuance.

In performing this work, no written contract may be assigned, sublet, or transferred without the written consent of the Manager of Finance of TANK.

Description of Entity and Records to be Audited
The financial records of TANK are physically located within TANK's offices at 3375 Madison Pike, Fort Wright, Kentucky 41017. The accounting records are maintained on Fleet-Net accounting software and Excel spreadsheets.

Assistance Available to Proposer
Accounting staff generally will pull requested documents. A list of documents required by the audit staff must be given to TANK's accounting staff before the audit begins.
Representatives of TANK will meet with any prospective auditors to answer questions about the scope of work, the proposed audit and the records to be audited. Audits have been conducted annually over the past years.

**Time Considerations and Requirements**
The firm selected for the audit will be announced on or before May 18, 2017. The award will be made for the FY 2017 and FY 2018 (two years) audit periods and will include options to renew for each of the following three one-year fiscal periods.

Audit work can commence at a date mutually agreed upon by the successful proposer and TANK, usually in mid-August. We expect a preplanning meeting and observations in early July with key personnel on the audit team, field work to be performed in a timely manner. A draft report is due no later than September 22 of each year, with final report and management letter for TANK’s audit must be submitted to the Transit Authority of Northern Kentucky’s Finance Committee no later than the first Monday of October for each year. The head of the audit team will make a presentation to the TANK board every year in early October at the TANK board meeting.

**Working Papers**
Working papers will be retained by the successful proposer for three years or until advised otherwise by the TANK, in writing. The working papers must be made available for examination by representatives of the TANK. In addition, the successful proposer must make all working papers physically available at the audit site to any future auditors.

**Report Requirements**
The reports and management letters are to be addressed to the Transit Authority of Northern Kentucky Board of Directors. Copies of previous year’s financial statements and independent auditors report are available up on request. Send an e-mail with your request to: bharsaran@tankbus.org
PART III.
EVALUATION OF PROPOSALS

The following factors will be considered during our evaluation.

Proposal and Evaluation

Proposals must be sealed and submitted before 2:00PM on April 20, 2017. Please include an original and three (3) copies of your proposal. Proposals will be evaluated by an Audit Review Committee at TANK based on the following criteria.

1. Understanding of the Work Scope, as evidenced by the approach to performing the audit, including identification of audit areas requiring TANK staff assistance.

2. Experience of the firm/size and structure of the firm.

3. Qualifications of staff & References.

4. Proposed maximum fee. Complete the table in Attachment A and list the firm’s price for each of the audit years.

5. Transit audit experience.

The award of the contract will not be based solely on the lowest maximum fee proposed.

Based on an evaluation of the proposals using the above criteria, it is anticipated that the top candidates may be scheduled for an interview with TANK’s management and finance committee members. The contractual award will be based on a points system with the maximum points being 100.

TANK reserves the right to reject any and all proposals.

Contractual Arrangements

An award letter will be issued by TANK to the successful proposer. Subsequently, an engagement letter will be prepared by the accounting firm and signed by both the successful firm and TANK’s general manager. The engagement letter will specify the maximum fee to be paid for performance of the proposed audit for the periods ending June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and will outline the work to be performed. Any expansion of services resulting in an increase in the stated maximum fee must have the prior written approval of TANK.

No one will be subjected to discrimination on the basis of age, color, disability, marital status, national origin, race, religion, sex or sexual orientation in consideration for an award. TANK is an equal opportunity employer.

The proposal for audit services, including the management letter, and all other required services, shall be for a firm fixed price, for the first two years. The proposal should include a reasonable estimate of the cost for the subsequent three years.
Right to Reject
TANK reserves the right to reject any and all proposals/qualifications submitted and to request additional information from all proposers. It further reserves the right to waive formalities or technicalities insofar as it is legally authorized to do so in the best interest of the authority. An award will be made to the firm, which in the opinion of TANK is best suited to accomplish the work required by TANK.

PART IV
INFORMATION REQUESTED FROM THE PROPOSER

To simplify the review process and obtain the maximum degree of comparison, proposals/statements of qualifications must be organized in the following manner.

Title Page
Show the name of the Proposal, the proposer's firm, local address, telephone number, name of the contact person, and the date.

Table of Contents
Include a clear identification of the material by section and by page number.

Letter of Transmittal
Limit to one or two pages.
1. Briefly state the proposer's understanding of the work to be done and make positive commitment to perform the work within the time period.
2. State the all-inclusive fee for which the work will be done, including out of pocket costs for the first year. Show a reasonable estimate of the cost for the four subsequent years.
3. State the names of the persons who will be authorized to make representations for the proposer, their titles, addresses, and telephone numbers.
4. State that the person signing the letter will be authorized to bind the proposer.

Profile of the Proposer
1. State whether the firm is local, regional, national, or international.
2. State the location of the office from which the work is to be done and the number of partners, manager, supervisors, seniors, and other professional staff employed at that office.
3. Describe the range of activities performed by the local office such as auditing, accounting, tax service, or management services.
4. Identify the supervisor who will work on the audit, including staff from other than the local office. Include as an appendix the resumes for each supervisory person to be assigned to the audit. Relevant experience and continuing education should also be included.
5. Describe the recent local and regional office auditing experience similar to the type of audit requested, and give the names and telephone numbers of client officials responsible for three of the audits listed. Particular attention should be given to past experience/expertise in auditing of federal and state grant programs.
6. Provide information, if applicable, on the circumstances and status of any disciplinary action taken or pending against the firm, or any of its professional personnel during the past three years with any local or national professional organizations such as the AICPA.
Mandatory Criteria
1. Affirm that the proposer meets the independent requirements as defined by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and/or any later pronouncements.

2. No one will be subjected to discrimination on the basis of age, color, disability, marital status, national origin, race, religion, sex or sexual orientation in consideration for an award. TANK is an equal opportunity employer.

Proposer's Approach to the Examination
Submit a work plan to accomplish the scope of work as defined. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named. The planned use of specialists should be specified.

1. Financial Audit
   a. State whether the examination will be made in accordance with Government Auditing Standards.
   b. State that the primary purpose of the examination is to express an opinion on the financial statement and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions are discovered which lead to the belief those material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise TANK to receive authorization for such services.

2. Compliance Audit
   State that in accordance with the auditing standards, the proposer will select the necessary procedures to test compliance and to disclose non-compliance with specified laws, regulations, and contracts.

Compensation
State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee, including out of pocket costs, for which the requested work will be done (see attachment“A”).

Additional Data
Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be included in this section. The proposer's general information publications, such as directories or client lists, should not be included. If there is no additional information to present, state "There is no additional information we wish to present."
**Attachment A**

**TANK REQUEST FOR QUOTATION**

Single Agency Audit

Respondent: ________________________________________________________________

Contact person: ___________________________ Phone: __________

<table>
<thead>
<tr>
<th>Audit Work Title</th>
<th>Estimated Hours</th>
<th>Billing Rate</th>
<th>Hours x Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Work (if needed) Title</th>
<th>Billing Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

**Table 2: Proposed Audit Fees**

Please indicate all-inclusive fees.

<table>
<thead>
<tr>
<th>2017 Audit</th>
<th>2018 Audit</th>
<th>2019 Audit</th>
<th>2020 Audit</th>
<th>2021 Audit</th>
<th>Total</th>
</tr>
</thead>
</table>