

BLUEGRASS AREA DEVELOPMENT DISTRICT

**REQUEST FOR PROPOSAL
FOR AUDIT SERVICES FOR THE PERIOD
JULY 1, 2020 TO JUNE 30, 2021**

Inquiries and proposals should be directed to:
Jacqueline M. Vaught
Chief Financial Officer
Bluegrass Area Development District
699 Perimeter Drive
Lexington, KY 40517

jvaught@bgadd.org
(859) 269-8021

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I. GENERAL INFORMATION

A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit for the year ending as shown. The proposal includes an option for four additional years.

B. Who May Respond

Only licensed Certified Public Accountants may respond to this RFP.

C. Instructions on Proposal Submission

1. Closing Submission Date

Proposals must be submitted and received no later than 12:00 p.m. (EST) on April 1, 2021.

2. Inquiries/Questions

Inquiries or questions concerning this RFP should be directed to Jacqueline Vaught at (859) 269-8021, in writing through email or by appointment. All inquiries should be made prior to March 26, 2021.

3. Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by BGADD.

4. Instructions to Prospective Contractors

Your proposal should be addressed as follows:

Mr. David Duttlinger
Executive Director
Bluegrass Area Development District
699 Perimeter Drive
Lexington, KY 40517

It is important that the Offeror's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Request for Proposal
12:00 p.m. – April 1, 2021
SEALED PROCUREMENT for Audit Services

Failure to do so may result in premature disclosure of your proposal.

It is the responsibility of the Offeror to ensure that the proposal is received by BGADD by the date and time specified above.

Late proposals will not be considered.

5. Right to Reject

BGADD reserves the right to reject any and all proposals in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

6. Small and/or Minority-Owned Businesses

Efforts will be made by BGADD to utilize small and/or minority-owned businesses.

An Offeror qualifies as a small business firm, if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.301(b)), by having average annual receipts for the last two fiscal years of less than \$3.0 million.

7. Notification of Award

It is expected that a decision selecting the successful audit firm will be made within three days of the closing date for the receipt of proposals. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this RFP will be informed, in writing, of the name of the successful audit firm.

It is expected that the contract shall be a one-year fixed price contract with an option for four additional one-year periods.

D. Description of Entity and Records to be Audited

The BGADD is one of the 15 Area Development Districts established in 1967 in the State of Kentucky for regional planning and development. In 1972, the Area Development Districts became official public agencies of the State of Kentucky by order of the Kentucky Revised Statute Chapter 147 A.

The BGADD area consists of the counties of Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Harrison, Jessamine, Lincoln, Madison, Mercer, Nicholas, Powell, Scott, and Woodford. BGADD coordinates planning and development activity for the local governments in this seventeen-county area. BGADD serves to provide for orderly planning and implementation of local, state and federal programs that address the goal of continued progressive development of its district. BGADD provides an effective link to the executive branch of state government through its partnership with the Department for Local Government (DLG) which is BGADD's state cognizant agency. BGADD's federal cognizant agency is U.S. Department of Commerce Economic Development Administration.

BGADD is governed by a Board of Directors, comprised of local elected officials and citizen and minority representatives. The Executive Director is responsible for the daily operations of the organization.

BGADD operates on a fiscal year which begins July 1 and ends June 30. The accounting system is maintained on a cash basis monthly and is converted to accrual basis at June 30 of each fiscal year.

BGADD receives funds from various federal, state and local governments for the completion of specific scopes of work. BGADD prepares an annual cost allocation plan to allocate direct and shared costs to each grant. BGADD's cost allocation plan is submitted annually to the Department for Local Government (DLG) for approval.

BGADD utilizes CYMA IV Not-for-Profit software for its internal accounting.

BGADD has been audited annually since FY 1975.

The following documents are available upon request for review:

1. Bluegrass Area Development District
 - a. Chart of Accounts - FY 2021
 - b. Cost Allocation Plan - FY 2021
 - c. Most Recent Audit Report - FY 2020

E. **Options**

At the discretion of BGADD, this audit contract can be extended for four additional one-year periods. The cost for the option periods should be included with the proposal. It is anticipated that the cost for the optional years will be based upon the same approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

II. **SPECIFICATION SCHEDULE**

A. **Scope of a Financial and Compliance Audit**

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the "Offeror" to perform a financial and compliance audit of BGADD.

Government Audit Standards - (2011 Revision), states:

2.07 Financial audits provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly in accordance with recognized criteria. Financial audits performed in accordance with GAGAS include financial statement audits and other related financial audits:

a. Financial statement audits: The primary purpose of a financial statement audit is to provide an opinion about whether an entity's financial statements are presented fairly in all material respects in conformity with an applicable financial reporting framework. Reporting on financial statement audits performed in accordance with GAGAS also includes reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

2.08 GAGAS incorporates by reference the American Institute of Certified Public Accountants (AICPA)

B. **Description of Programs/Contracts/Grants**

The Scope of Work for the Bluegrass Area Development District shall cover all funds, accounts, contracts and work elements of BGADD.

C. Performance

The BGADD records shall be audited through June 30, 2021.

The Offeror is required to prepare audit reports in accordance with the **Government Auditing Standards - (2011 Revision)**, and

1. OMB Circular A-133 - "Audits of States, Local Governments and Non-Profit Organizations";
2. Single Audit Act of 1996
3. Kentucky Revised Statutes and the Kentucky Administrative Regulations.

D. Delivery Schedule

Offeror is to transmit 20 copies of the draft audit report for BGADD's Executive Director. The draft audit report is due on November 30, 2021. A representative of the audit firm shall present the draft audit report at a specified meeting of the BGADD Board of Directors.

The Offeror shall provide 20 copies of the BGADD audit report no later than December 17, 2021.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all of the provisions of this contract, BGADD may, by written notice of default to the Offeror, terminate the whole or any part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

E. Price

The Offeror's proposed price for the audit should include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates and total cost by staff level. Any out-of-pocket expenses should also be indicated. The pricing information should be in a separate envelope.

F. Payment

Payment will be made when BGADD has determined that the total work effort has been satisfactorily completed. Should BGADD reject a report, BGADD's authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice

for payment.

Progress payments will be allowed to the extent that BGADD can determine that satisfactory progress is being made.

Upon delivery of all copies, as stated above, of the final reports to BGADD and their acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the audit.

G. Audit Review

All audit reports prepared under this contract will be reviewed by BGADD and its funding sources to ensure compliance with **Government Auditing Standards**.

H. Exit Conference

An exit conference with BGADD's representative and the Offeror's representatives will be held at the conclusion of the field work. Observations and recommendations must be summarized in writing and discussed with BGADD. It should include internal control and program compliance observations and recommendations.

I. Workpapers

1. Upon request, the Offeror will provide a copy of the workpapers pertaining to any questioned costs determined in the audits. The workpapers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
2. The workpapers will be retained for at least three years from the end of the audit period.
3. The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accountability Office and BGADD.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to BGADD, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to those employees on the Offeror's staff who must have the information on a "need-to-know" basis. The Offeror agrees to immediately notify, in writing, BGADD's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

K. AICPA Professional Standards

The AICPA Professional Standards state:

1.400.055 Governmental Audits

.01 Engagements for audits of government grants, government units, or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides, procedures, statutes, rules, and regulations, in addition to GAAS.

.02 If a *member* accepts such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules, and regulations, the *member* is obligated to follow such requirements, in addition to GAAS.

.03 Failure to do so is a violation of the "[Acts Discreditable Rule](#)" [1.400.001] unless the *member* discloses in his or her report that such requirements were not followed and the applicable reasons for not following the requirements.

III. OFFEROR'S TECHNICAL QUALIFICATIONS

The Offeror, in its proposal, shall, as a minimum, include the following:

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Prior experience auditing Area Development Districts.
2. Prior experience auditing similar programs funded by the state of Kentucky.
3. Prior experience auditing programs financed by the Federal Government.
4. Prior experience auditing similar county or local government activities.
5. Prior experience auditing nonprofit organizations.

B. Organization, Size and Structure

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, that the firm is a small or minority-owned business. Offeror should include a copy of the most recent Peer Review and comment letter, if any, if the Offeror has had a Peer Review.

C. **Staff Qualifications**

The Offeror should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members.

D. **Understanding of Work to be Performed**

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours and other pertinent information.

E. **Certifications**

The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by BGADD, because BGADD desires to contract only with an Offeror who is already familiar with these publications.

IV. PROPOSAL EVALUATION

A. **Submission of Proposals**

All proposals shall include two copies of the Offeror's technical qualifications, two copies of the pricing information (in a separately sealed envelope) and two copies of the signed Certifications. These documents will become part of the contract.

B. **Nonresponsive Proposals**

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The Proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the **Government Audit Standards** (2011 Revision).

C. **Evaluation**

Evaluation of the proposal will be based on the following criteria:

1. Prior experience auditing:
 - a. Prior experience auditing Area Development Districts.
 - b. Prior experience auditing similar programs funded by the state of Kentucky.
 - c. Prior experience auditing programs financed by the Federal Government.
 - d. Prior experience auditing similar county or local government activities.
 - e. Prior experience auditing nonprofit organizations.
2. Organization, size and structure of Offeror's firm.
(Considering size in relation to audits to be performed.)
 - a. Adequate size of firm.
 - b. Minority/small business.
3. Qualifications of staff to be assigned to the audits to be performed.
Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be considered.
 - a. Audit team makeup.
 - b. Overall supervision to be exercised.
 - c. Prior experience of the individual audit team members.
4. Offeror's understanding of work to be performed.
 - a. Adequate coverage.
 - b. Realistic time estimates of each audit step.
5. Price

D. **Review Process**

The BGADD may, as its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offeror's proposals. However, BGADD reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

V. **CERTIFICATIONS**

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices quoted in this proposal have been arrived at independently, without consultation, communication or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted on this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a properly licensed certified public accountant.
- G. The individual signing certifies that the Offeror meets the independence standards of the **Government Audit Standards** (2011 Revision).
- H. The individual signing certifies that he/she is aware of - and, all individuals to be assigned to the audit have met - the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of this education have been in subjects directly related to the auditing of government grants by individuals.
- I. The individual signing certifies that he/she has read and understands the GAO requirement of an external quality control (peer) review at least once every three years. (Proposals must include copy of peer review report and comment letter, if any.)
- J. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
 - 1. **Government Audit Standards** - (2011 Revision). (Yellow Book.)
 - 2. OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
 - 3. Principles of Federal Appropriations Law (2014). (Red Book)
 - 4. "Compliance Supplement for Single Audits of State and Local Governments" (2014). (Green Book)

5. OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations" (September 1999).
6. OMB Circular A-122, "Cost Principles for Nonprofit Organizations" (May 2004).
7. OMB Circular A-102, "Grants and Cooperative Agreements with State and Local Governments." (1997).
8. OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments" (May 2004).
9. OMB 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"
10. "State and Local Governments – Audit and Accounting Guide" (AICPA Audit Guide).

K. The individual signing certifies that he/she has read and understands all the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.

L. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any Federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

M. The individual signing certifies that the Offeror (does/does not) carry professional malpractice insurance.

Signature of Offeror's Representative

Date

Printed Name & Title

Audit Firm