

# **Bi-State Regional Commission**

## **Request for Proposals For Professional Auditing Services**

**For the Fiscal Years Ending  
June 30, 2018, 2019, 2020, 2021, and 2022**

**March 23, 2018**



**BI-STATE REGIONAL COMMISSION**  
**REQUEST FOR PROPOSALS FOR AUDITING SERVICES**

**I. GENERAL INFORMATION**

**A. Purpose and Invitation to Submit Proposal**

Bi-State Regional Commission is requesting proposals from qualified firms to furnish independent auditing services for its annual financial statements for the fiscal year ending June 30, 2018, 2019, 2020, 2021, and 2022.

There is no expressed or implied obligation for Bi-State Regional Commission to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. During the evaluation process, Bi-State Regional Commission reserves the right, where it may serve the Commission's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the Commission, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

**B. Background Information**

Bi-State Metropolitan Planning Commission (now known as Bi-State Regional Commission) was created in 1966 through the merger of the Scott County (IA) Metropolitan Planning Commission and the Rock Island County (IL) Regional Planning Commission. This merger took place, in part, in response to the Federal-Aid Highway Act of 1962 that required transportation planning in metropolitan areas to be done cooperatively. In 1974, the Henry County (IL) Regional Planning Commission merged with Bi-State at the urging of the U.S. Department of Housing and Urban Development and Henry County's status as part of the three-county Metropolitan Statistical Area (MSA), as defined by the Census Bureau. Then in 1976, Mercer County (IL) and Muscatine County (IA) joined Bi-State. County boards, city councils, and village boards enter into an agreement designating Bi-State as the regional planning commission by virtue of the powers granted to them by Chapter 50, Act 15/0.01 et. seq., Chapter 55, ILCS 5/5-14001 et. seq., Illinois Compiled Statutes, 2018 and Chapters 28E, 28H and 28I, Code of Iowa, 2018.

Bi-State is organized as a quasi-local government to serve as a forum for inter-governmental cooperation and delivery of regional programs and to assist member local governments in planning and project development. Bi-State is a local, voluntary organization of 4 counties and 46 municipalities. The 35-member Board of Directors consists of 25 elected officials from county board chairs and representatives as well as mayors and large city council members. The additional 10 members are appointed citizens representing business, business loans, housing, human services, labor, diversity, and riverfront planning. The board establishes policy direction for the Commission and approves the budget. They appoint a full-time Executive Director who has responsibility to oversee Commission

operations, hire the Commission's staff, and make recommendations to the Board.

The Commission has approximately 21 full-time employees and an annual budget of approximately \$1.9 million. Also, there are two Revolving Loan Fund (RLF) Programs funded by the Economic Development Administration and local funds, one currently consisting of 14 loans in the amount of \$1.3 million with outstanding balances of approximately \$700,000, and the other consists of three loans in the amount of \$538,000 with outstanding balances of approximately \$250,000. The Commission's activities are funded through a number of federal and state grant programs as well as technical assistance agreements with local jurisdictions. We estimate there are currently 35 projects, with about 29 projects closing and 6 projects open at June 30, 2018.

The Commission has the following bank accounts: Money Market Savings Account, Regular Checking Account, Payroll Checking Account, RLF Money Market Savings Account, and 25 money market savings RLF repayment accounts.

Our Commission pays bills monthly. We estimate that we will write 500 expense checks during the year ending June 30, 2018. Payroll checks are direct deposited twice a month. Normally, there are 21 to 23 employees.

All Commission records are on a modified accrual basis. The accounting records are currently processed in-house on a computerized accounting system "Regional Council Management System" software processed in a Microsoft Network environment. All payroll, accounts payable, accounts receivable, job costing, and general ledger modules are processed and prepared in this environment.

More detailed information on the Commission and its finances can be found in the budget document and annual financial reports. The FY2018 budget document is available on the Commission's website at: [www.bistateonline.org](http://www.bistateonline.org). The annual financial reports can be viewed at the Federal Audit Clearing House or with the Administrative & Financial Services Department upon request.

## **II. NATURE OF SERVICES REQUIRED**

### **A. General**

Bi-State Regional Commission is soliciting the services of qualified firms to audit its financial statements for the fiscal years ending June 30, 2018, 2019, 2020, 2021, and 2022. These audits are to be performed in accordance with auditing standards generally accepted in the United States (GAAS) and Government Auditing Standards (GAS) for governmental agencies.

### **B. Entity to be Audited**

Bi-State Regional Commission is requesting an audit that includes all accounts, capital assets, and activities of the Commission. The Commission does not have any component units nor is it a component unit of any other government.

The Commission's annual budget is adopted before June 30 each year. The

Commission prepares its budget on a basis consistent with generally accepted accounting principles.

The Commission's Administrative & Financial Services Department directs budgetary, accounting, auditing, payroll, collections, and accounts payable functions. The accounting records are currently processed in-house on a computerized accounting system "Regional Council Management System" software processed in a Microsoft Network environment. All payroll, accounts payable, accounts receivable, job costing, and general ledger modules are processed and prepared in this environment.

**C. Scope of Work to be Performed**

The Commission desires the auditor to express an opinion on the fair presentation of the financial position of governmental activities, and the business-type activities in conformity with generally accepted auditing standards (GAAS) in the United States of America including the pronouncements of the Governmental Accounting Standards Board (GASB) and its predecessors, the pronouncements of the Financial Accounting Standards Board (FASB) to the extent they are applicable, and the requirements of the American Institute of Certified Public Accountants (AICPA) "Audit of State and Local Government Units."

Also, the examination must meet the requirements of the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and the provisions of the 2 CFR Part 200 "OMB Uniform Guidance."

It will be the responsibility of the successful proposer to obtain any of the standards or guides governing this audit.

**D. Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statement, the auditor shall issue the following reports:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles and government auditing standards. Forty (40) bound copies and one (1) unbound copy of the Financial and Compliance Report and a searchable PDF file are to be provided by the auditor.
2. If required, a separate report in accordance with 2 CFR Part 200 "OMB Uniform Guidance." This report will be included in the Financial and Compliance Report.

In addition to the reports indicated above:

1. The auditor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure that could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
2. Auditors shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware and present such report to the Executive Director.

**E. Working Paper Retention and Access to Working Papers**

Working papers and records must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the Commission of the need to extend the retention period. The auditor will be required to make the working papers available upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers from prior years' audits.

**F. Time Requirements**

The Commission will make all records and management personnel available to meet with the firm's personnel any time after the award of the contract. The Commission expects to have fully adjusted trial balances no later than August 25 of each year.

Each of the following shall be completed by the auditor no later than the dates indicated.

1. Detailed Requested Items List.

The auditor shall provide the Commission a list of all schedules to be prepared by the Commission prior to the audit no later than July 15 of each year.

2. Fieldwork.

The auditor shall begin the fieldwork portion of the audit by the first week of October and complete all fieldwork within three weeks of initiation of the audit. The Commission shall be notified, in advance, of the audit teams to be assigned to the Commission's engagement.

3. Draft Reports.

The auditor shall supply three (3) copies of the draft of the Financial and Compliance Report including the auditor's report, financial statements, and notes to the financial statements and recommendations to management

available no later than the first week of November.

**4. Final Reports.**

All financial statements and reports must be delivered to the Commission in final and complete form no later than November 15 of each year.

**G. Assistance to be Provided to the Auditors**

The Administrative & Financial Services Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of the confirmation letters will be the responsibility of the Commission staff. The mailing of the confirmation letters shall be the responsibility of the auditing firm.

The Commission will provide the auditors with reasonable workspace, desks, and chairs. The auditor will also be provided with access to a fax machine, the internet, and photocopying facilities. The audit team is expected to perform fieldwork within the Commission's working hours between 7:30 a.m. and 5:30 p.m. Any special work area requirements need to be negotiated in the contract.

**H. Auditor Availability**

Written progress reports are not required because it is expected that the Administrative & Financial Services Director and the audit manager will meet informally throughout the audit period. Changes in the work schedule will be mutually agreed upon.

The Commission expects that the successful proposer will be available not only during the examination, but on an informal and as-needed basis to answer questions or provide expertise on any particular issues that may arise throughout the contract period. This availability will be at no additional cost to the Commission.

**III. INSTRUCTIONS FOR PREPARING PROPOSALS**

**A. Rules for Proposals**

The following material is required to be submitted for a proposing firm to be considered:

1. Four (4) bound copies of the proposal shall be submitted and shall include the following:
  - a. Title page – The title page shall show the firm's name and address, the name and telephone number of a contact person, and the date of the proposal.
  - b. Table of Contents.
  - c. Transmittal Letter – A signed letter of transmittal briefly stating the proposers understanding of the work to be done, the commitment to

perform the work within the established time period, a statement why the firm believes itself to be the best qualified firm to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for (90) ninety days.

- d. Detailed Technical Proposal – The detailed technical proposal is set forth in Section III-B of this request for proposal.
  - e. Fee Proposal – The proposed fees should be presented using Appendix A. The proposed fees shall be the maximum, not-to-exceed fee for each fiscal year shown.
2. Questions must be submitted in writing or e-mailed by April 13, 2018 to:

Donna Moritz  
Bi-State Regional Commission  
1504 Third Avenue  
Rock Island, Illinois 61201  
dmoritz@bistateonline.org

3. Question responses will be posted on the home page at [www.bistateonline.org](http://www.bistateonline.org).
4. Proposals must be received by 10:00 a.m. CST on April 20, 2018 to the following address:

Donna A. Moritz  
Administrative & Financial Services Director  
Bi-State Regional Commission  
1504 Third Avenue  
Rock Island, Illinois 61201

Proposals must be submitted in a sealed envelope marked in the lower left hand corner:

### **AUDIT SERVICES PROPOSAL**

It is the sole responsibility of respondents to the Request for Proposal to deliver the proposals before the stated deadline. Each proposal must be submitted with all required documentation. All questions regarding this Request for Proposal package should be directed to Donna Moritz, Administrative & Financial Services Director at (309) 793-6302, extension 128 or [dmoritz@bistateonline.org](mailto:dmoritz@bistateonline.org).

## **B. Technical Proposal**

1. General Requirements.

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the Bi-State Regional Commission in conformity with the



requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. However, the presentation will be considered as an example of the type of work typical of that of the firm. The technical 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 request for proposal's requirements.

The technical proposal should address all the points outlined in the request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following subjects, Item Numbers 2 through 7 must be included. They represent criteria against which the proposal will be evaluated.

2. Independence.

The firm shall provide an affirmation statement that it is independent of the Bi-State Regional Commission as defined by generally accepted auditing standards.

The firm shall also list and describe the firm's professional relationships involving the Bi-State Regional Commission or any of its agencies, its commissioners, and employees for the past five (5) years, together with a statement explaining why such relationships, if any, do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in Illinois.

An affirmation statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Illinois.

4. Firm Qualifications and Experience.

The proposal shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory, and Staff Qualifications and Experience.

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Illinois. The firm also should provide information on the government auditing experience of each person, including membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education of the specific staff to be assigned to the engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Bi-State Regional Commission. However, in either case, the Commission retains the right to approve or reject replacements.

6. Similar Engagements with Other Government Entities.

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last three years that are similar to the engagement described in this request for proposals. Indicate the scope of work, date, and the name and telephone number of the principal client contact. Also indicate how many years your firm has had the government as a client.

7. Specific Audit Approach.

The proposal should set forth a work plan, including the explanation of the audit methodology to be followed to perform the services required in Section II of this request for proposal. Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff.
- c. The extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the Bi-State Regional Commission internal control structure.

- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

### **C. Fee Proposal**

#### **1. Total All-inclusive Maximum Fee.**

The fee proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals on a “not-to-exceed” basis for the years ending June 30, 2018, 2019, 2020, 2021, and 2022. The total all-inclusive maximum price proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

**We request that the proposer provide, in a separate envelope, a maximum “not-to-exceed” fee in a series of one year segments for a total of five years.**

At the end of each one-year segment, the contract will automatically renew for the next one-year segment unless the Commission notifies the proposer of non-renewal of the contract in writing no later than March 1 of the fiscal year to be audited. Further, renewal or denial of extending the contract is subject to any other reasons as stipulated in the contract.

It is the Commission’s desire and expectation that the successful proposer will be retained for five years.

## **IV. EVALUATION AND SELECTION CRITERIA**

### **A. Evaluation Process**

- 1. Proposals will be evaluated by a Selection Committee consisting of the Executive Director, the Administrative & Financial Services Director, the Finance-Human Resources Specialist, and the Accounting Technician.
- 2. The Selection Committee will evaluate the technical proposal submitted by each firm using the criteria shown in Section IV-B.
- 3. The Selection Committee will select that proposal which is judged to be the most responsive to the Commission’s requirements, and based on ability and fee, appears to be the best able to serve the Commission. The Selection Committee will present its recommendation to the Finance & Personnel Committee. The Finance & Personnel Committee will review the recommendation of the Selection Committee and, if in agreement, recommend to the full Commission.
- 4. The full Commission will review the recommendation of the Finance & Personnel Committee and, if in agreement, award the contract.

## **B. Evaluation Criteria**

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

### **1. Mandatory Elements.**

- a. The audit firm is independent and licensed to practice in Illinois.
- b. The audit firm's professional personnel have received adequate continuing professional education pertinent to the audit of governments.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the Bi-State Regional Commission.
- d. The firm submits a copy of its most recent external quality control review report, and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this request for proposals on preparing and submitting.

### **2. Technical Qualifications.**

- a. Expertise and Experience.
- b. Audit Approach.

### **3. All-inclusive maximum, not-to-exceed fee.**

## **C. Oral Presentations**

During the evaluation process, the Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on the firm's proposal. Not all firms may be asked to make such oral presentations.

## **D. Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted. The Bi-State Regional Commission reserves the right without prejudice to reject any or all proposals.

## **Appendix A**

### **Fee Proposal**

2018	2019	2020	2021	2022
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_