

# **Rio Grande Council of Governments Request for Qualifications Annual Financial Audit Services**

## **I. Introduction**

The Rio Grande Council of Governments (RGCOG) is soliciting proposals for providing audit services in accordance with the specifications provided herein. The selected firm will provide services as an independent contractor to perform the audit services described in the Scope of Services section of the document. All responses must address the requirement, terms, and conditions as set forth in this Request for Qualifications. It is the Rio Grande Council of Governments' intent to retain the successful firm to perform the council's annual audit for fiscal years ending September 30, 2017, 2018, 2019 with the option to renew the contract for two additional years.

**SCHEDULE OF EVENTS: RGCOG** reserves the right to change the dates shown below upon written notification.

<b>EVENT</b>	<b>DATE</b>
Issue RFQ	April 24, 2017
Deadline for Submission of Questions	April 24 – May 4, 2017
Deadline for Submission of Qualifications	May 5, 2017 by 12:00 p.m., MDT
Target Date for Award	May 19, 2017; pending RGCOG Board approval

## **II. Scope of Services**

The audit services are for the performance of the Rio Grande Council of Governments Annual Financial and Compliance Reports. The financial audit examination will be made in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, provisions of relevant

Governmental Accounting Standards Board statements, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State of Texas Single Audit as well as the Texas Public Funds Investment Act as amended. The primary purpose of the examination will be to express an opinion on the financial statements. If conditions are discovered which lead to belief that material errors or other irregularities exist, the independent auditor will promptly advise the RGCOG management.

The audit of the financial statements is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles, and (2) whether the RGCOG has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial reports and related items are fairly presented, (2) financial information is presented in accordance with established or stated criteria, and (3) RGCOG has adhered to specific financial compliance requirements.

As part of the general purpose financial statements, the annual audit will also include obtaining an understanding of the council's internal control and reporting any reportable condition relating to the internal control systems coming to the attention of the auditors. To comply with the 2CFR 200 a study and evaluation of internal control will include internal accounting and administrative controls for all major federal financial assistance programs, in accordance with standards for risk assessment for major federal financial assistance. Any material weakness noted during the study and evaluation of internal accounting and administrative controls and other kinds of noncompliance and questioned costs will be reported in compliance with the State of Texas Single Audit Act.

As part of the audit of the financial statements, transactions and records pertaining to federal programs will be tested for material compliance with federal laws, rules, and regulations; and all

instances of noncompliance will be reported to the RGCOG management.

The Annual Financial and Compliance Reports should contain at minimum the following reports and any new reporting requirements:

- Independent Auditor's Report
- Management Discussion and Analysis
- Basic Financial Statements:
- Government-wide Financial Statements:
  - Statement of Net Position
  - Statement of Activities
- Government Fund Financial Statements:
  - Balance Sheet - Governmental Funds
  - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
  - Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
  - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
- Proprietary Fund Financial Statements:
  - Statement of Net Position – Proprietary Funds
  - Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
  - Statement of Cash Flows - Proprietary Funds
- Notes to Financial Statements:
  - Required Supplementary Information:
    - Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund
  - Schedule of Changes in Net Pension Liability and Related Ratios and related schedules
- Supplementary Information:
  - Nonmajor Governmental Funds:
    - Combining Balance Sheet
    - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
  - Nonmajor Enterprise Funds:

- Combining Statement of Net Position
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position
  - Combining Statement of Cash Flows
- Other Supplementary information:
  - Statement of Revenue, Expenditures, and Changes in Fund Balance
  - Schedule of Indirect Cost
  - Schedule of Fringe Benefits
- Federal and State Awards:
  - Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular
  - Schedule of Findings and Questioned Costs
  - Schedule of Status of Prior Year Findings
  - Schedule of Expenditures of Federal and State Awards
  - Notes to Schedule of Expenditures of Federal and State Awards

In addition, audit services shall include assistance in understanding and implementing any new governmental accounting requirements.

**III. Procedure for Responding to Request for Qualification (RFQ):**

Three (3) copies of the proposal must be provided. Qualifications must be submitted to the Rio Grande Council of Governments, C/O Annette Gutierrez, Executive Director, 8037 Lockheed Dr. Suite 100, El Paso, Texas 79925. Proposals must be submitted in a sealed envelope with the name of the firm submitting the proposal clearly marked on the outside of the envelope. The Rio Grande Council assumes no responsibility for delays in any form of carrier, mail, or delivery service causing the submission to be

received after the due date and time. Submissions by fax, telephone, or email are not permitted. The final selection will be made by the Finance Committee with a recommendation to the Board of Directors for approval on May 19, 2017.

#### **IV. Rio Grande Council of Governments' Information Relevant to Audit Services**

- The council's FY2017 expenditures are budgeted at \$6,273,149 for all funds.
- Federal Audited Expenses for FY 16 totaled \$4,044,389 and State Audited Expenses for FY 16 totaled \$1,254,100.
- Total Governmental Fund Expenses for FY 16 totaled \$6,509,868.
- The council received an Unmodified Audit Report for the FYE September 30, 2016.
- The council utilizes a fund accounting software called Fundware, which includes the General Ledger, Payroll, and Account Payable modules. All modules are integrated.
- The council's funds include the General Fund, Special Revenue Fund, and the Proprietary Funds which includes the Enterprise Fund and the Internal Service Fund.
- The Council will prepare the Governmental Fund Financial Statements and the notes to the Financial Statements but the review for accuracy of all Financial Statements must be performed by audit firm.
- Audit firm will prepare the Government-Wide Financial Statements and a draft of the financial statements including notes to the financial statements by January 15, 2018.
- Preliminary audit field work must be conducted in September in accordance with RGCOG audit coordinator's schedule.
- Final field work must be completed in December in accordance with RGCOG audit coordinator's schedule.
- Final Audit Report must be completed by January 31, 2018.
- Number of hours spent by audit firm for FY2016 audit was approximately 650 hours.
- Audit firm is required to provide the final Annual Audit Report as follows:
  - 30 bound hard copies

- One unbound hard copy
- electronic copy

## **V. Qualification of Audit Firm**

The proposing firm shall submit a statement of its qualifications with the firm's proposal for audit services. Each proposal must be in sufficient detail to permit evaluation, at minimum, with respect to the following issues. Proposals must include the information that is specifically requested herein as well as such additional information as a respondent deems relevant to the process. Each respondent agrees that the proposal submitted constitutes a firm offer to the council that cannot be withdrawn for ninety (90) days from the proposal due date. The statement of qualifications shall include the following:

- Scope of Services- All submittals must detail the services proposed to be provided.
- Statement on whether the firm is a national, regional, or local accounting firm licensed to practice public accounting in the state of Texas.
- Name, address, brief description of your firm.
- The names, experience, and qualifications of the partners, key personnel, and the engagement team to be assigned to the audit. Prior supervisory audit experience in governmental audit of cities, counties, school districts, and council of governments should be highlighted.
- Statement if the firm, or member of the firm, has been subjected to any type of disciplinary action by the Texas State Board of Public Accountancy and/or any other licensing board during the past three years.
- A statement of assurance that your firm is not currently in violation of any regulatory rules and regulations that may have any impact on your firm's operations and
- A statement that your firm is not involved in any current litigation with any current or past clients.
- Provide a copy of the firm's most recent peer review report and any letter of comment, and any subsequent reports and letters of comment received since then.

- Provide documentation of required continuing professional education (CPE) as required under Governmental Auditing Standards for all proposed personnel to be assigned to perform the council's annual audit.
- Provide a fixed all-inclusive price for the audit services of each of the fiscal years listed on the introduction section of the RFQ.

**VI. Criteria for Evaluation of RFQ Proposals**

- Experience and reputation in accounting and auditing field.
- Experience and reputation with respect to auditing of governmental entities;
- Knowledge of subject matter of the services to be provided to the council;
- Ability to meet timeliness and schedules for completion on an expedited basis set forth by the council;
- Maintenance of office in El Paso County
- Price

**Conflict of Interest** – All submittals must state any possible conflict of interest to which the firm would be subject if it were to provide the requested audit services.

**COMMUNICATION WITH ELECTED OR APPOINTED OFFICIALS:** All communications during this process should be directed to the appropriate contact listed in this Request for Qualification. Any firm that makes any effort to communicate with any official regarding this RFQ, either directly or indirectly, during this process will be EXCLUDED from consideration.

Respondents must submit their written proposal by no later than **12:00 pm MDT on Friday, May 5, 2017.**

Submissions received will be reviewed and evaluated by RGCOG staff. RGCOG staff will meet with the Finance Committee and will recommend the three top proposals. The Finance Committee will select the best proposal and will make a recommendation to our Board of Directors to approve the selected firm.

During the RFQ review and evaluation process the RGCOG reserves the right to request clarifications or additional information from any respondent. The RGCOG, in its sole discretion, may accept the proposal of a respondent, may chose a respondent with which it will enter into negotiations, or may reject all proposals. Respondent may be requested to provide a brief presentation to *Finance Committee as the committee deems necessary.*

Any questions regarding this RFQ may be emailed to: [judyc@riocog.org](mailto:judyc@riocog.org). Our most recent Annual Report for FYE September 30, 2016 is available via our Website @ [www.riocog.org/ADMIN/adminfin.htm](http://www.riocog.org/ADMIN/adminfin.htm) under the Finance section.