

## **River Parishes Transit Authority (RPTA) 2015 Request for Proposal (RFP)**

### **TO INTERESTED INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (ICPAs)**

Proposals should be organized and submitted in strict accordance with the format specified in this RFP. The RPTA reserves the right to refuse to consider proposals that are not submitted in this format or that are incomplete. Deadline for submittal of the Proposals is 4:30 p.m. (CT) on \_\_\_\_\_.

Proposals will be evaluated for both technical factors and cost factors. The technical factors that will be considered in the selection process include the ICPA's experience in performing governmental engagements, qualifications of staff, and approach for planning and conducting the engagement.

#### **General Information**

Questions concerning this solicitation for proposal (SFP) should be directed to Stacy Van Sickle at svansickle@solutient.com of Solutient, Inc. Solutient is currently acting as the RPTA's fiscal agent and technical advisor. This may change during the proposed contract period.

Proposers must be approved by the legislative auditor to perform governmental engagements. Proposers must also have their most recent peer review report published on the legislative auditor's website.

Each proposal must include the pricing information required by the engagement in a separately sealed envelope stapled to the inside back cover of the proposal. The pricing information should conform to the format specified in this RFP (see Attachment A). Failure to present the pricing information in this format will result in the disqualification of a proposer. The envelope containing the pricing information must specify

"Pricing Information for Response to the RPTA Request for Proposals", the solicitation number, ICPA firm name, and the River Parish Transit Authority (RPTA) name. **Any proposal that includes the pricing information in the body of the proposal will be rejected.**

#### **Civil Rights Compliance**

The Proposer agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and the Americans with Disabilities Act of 1990. Proposer agrees not to discriminate in its employment practices, and will render services under this agreement and any contract entered into as a result of this agreement, without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Proposer, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this agreement and any contract entered into as a result of this agreement.

## **Scope of Engagement**

The engagement will encompass all funds under the control of the RPTA. There will be no limitations on the scope of the engagement.

## **Contract Period**

The contract period is for three (3) years.

It is understood that the RPTA and successful proposer may exercise any rights available under Louisiana law to terminate for cause upon the failure to comply with the terms and conditions of the agreement, provided that written notice specifying the failure and a reasonable opportunity to correct the failure.

The RPTA and/or the Proposer may terminate this agreement at any time by giving thirty (30) days written notice to the other party or by negotiating an effective date. However, it is understood that the Proposer may be required to complete any audits in progress prior to cancellation.

No additional changes, enhancements, or modifications to any contract resulting from this SFP shall be made without the prior approval of the River Parish Transit Authority (RPTA), where applicable.

## **Payment for Services**

The successful proposer will enter into an engagement contract with the RPTA. Upon the ICPA's completion of the engagement and submission of the invoice to the RPTA, the RPTA will issue payment for services rendered.

The legislative auditor and/or the RPTA reserve the right to reject any and all submitted proposals and to request additional information from any and all proposers. The name of the successful proposer and pricing information will be posted on the legislative auditor's website.

Submitted proposals become part of the legislative auditor's and the RPTA's official files.

## **Nature of Services Required – Audits**

The audit must be a financial audit performed in accordance with:

- A. Generally accepted auditing standards, promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants.
- B. The standards contained in Government Auditing Standards, issued by the Comptroller General of the United States.

C. Office of Management and Budget Circular A-133, when applicable. The audit must comply with the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

D. By signing and submitting any proposal, the Proposer certifies that their company, any subcontractors, or principals are not suspended or debarred by the General Services Administration (GSA) in accordance with the requirements in OMB Circular A-133. A list of parties who have been suspended or debarred can be viewed via the internet at <http://www.sam.gov>

***In conjunction with the previously mentioned standards, the ICPA should:***

1. Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement caused by errors, fraud, or illegal acts.
2. Examine sufficient evidential matter to support the opinions and comments expressed within the auditor's reports.
3. Assess the accounting principles used and significant estimates made by management, as well as evaluate the overall financial statement presentation.
4. Include an assessment of the risk that errors and fraud may cause the financial statements to contain a material misstatement and consider illegal acts that could have a direct material effect on the financial statements, to the extent required by the previously mentioned standards, and based on the assessment, design tests to detect such matters.
5. To the extent required by the previously mentioned standards and state law, any errors, fraud, illegal acts, or abuse detected during the audit should be included in the audit report. In addition, the errors, fraud, illegal acts, or abuse should be brought to the attention of the audit committee, to the extent required by the previously mentioned standards.
6. Convey to the RPTA, as appropriate, those matters observed relating to opportunities for economies of operation or other matters that should be brought to the RPTA's attention.

**Nature of Services Required – Agreed-Upon Procedures**

The agreed-upon procedures must be performed in accordance with:

- A. Statements on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants.
- B. The applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- C. All other requirements of the Louisiana Legislative Auditor for public bodies.

The following agreed-upon procedures will be performed:

### **General**

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, and ethics).
2. Using the financial statements or Annual Fiscal Report (AFR), perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 5% or greater for line items that are 5% or more of the respective total assets, liabilities, equity, revenues, or expenses.

### **Cash**

1. Prepare a proof of cash for the period covered by the financial statements.
2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.
3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger

### **Credit Cards (if applicable)**

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.
2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

Determine if each purchase is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
- Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

B. Determine if there is evidence of management review of the two selected statements.

### ***Travel and Expense Reimbursement***

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

Determine if each expenditure is:

- Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
- For an appropriate and necessary business purpose relative to the travel

Determine if each expenditure is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Advances and Bonuses***

1. Examine Payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.
2. The review and attestation and the audits must comply with the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public accountants and the Louisiana Legislative Auditor.

### ***Meetings***

Examine evidence indicating that agendas for the meetings recorded in the minute book were posted or advertised as required by R.S. 42:4.1 through 42.13 (the open meeting law).

## **Contracts**

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five “vendors” that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management’s representation.
- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
  - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
  - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.
- Determine if there is documentation of board approval, if required.

## ***Payroll and Personnel (if applicable)***

1. Obtain from management information as appropriate in order to comply with the appropriate reporting elements of R.S 42:1101-1124 (the code of ethics)

2. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

- Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

3. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure were also included on the listing obtained from management in agreed-upon procedure as immediate family members.

4. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- Determine if supervisors are approving, in writing, the attendance and leave of all employees.
- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

5. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

### ***Budget***

1. Obtain a copy of the legally adopted budget and all amendments.
2. Trace the budget adoption and amendments to the minute book.
3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 5% or greater.

### ***Debt Service***

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.
2. Determine compliance with applicable debt covenants.
3. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

### ***Corrective Action***

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures. The agreed-upon procedures must comply with the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative

Auditor. In conjunction with the previously mentioned standards and procedures the ICPA should convey to the RPTA, as appropriate, those matters observed relating to opportunities for economies of operation or other matters that should be brought to the RPTA's attention.

**Report Requirements – Audits**

Each audit report shall include:

1. An Independent Auditor's Report. The report shall include:
  - a. An opinion or disclaimer of opinion as to the fair presentation of the agency's financial statements.
  - b. An opinion or disclaimer of opinion as to the fair presentation, in all material respects in relation to the financial statements taken as a whole, of the schedule of expenditures of federal awards, when applicable.
  - c. An opinion or disclaimer of opinion as to the fair presentation, in all material respects in relation to the RPTA's financial statements taken as a whole, of the Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) packet.
2. A report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133, when applicable.
4. A summary schedule of findings and questioned costs which shall include:
  - a. A summary of the ICPA's results which shall include:
    - i) The type of report the ICPA issued on the financial statements of the agency.
    - ii) Where applicable, a statement that the audit of the financial statements disclosed significant deficiencies in internal control and whether any such deficiencies were material weaknesses.
    - iii) A statement as to whether the audit disclosed any noncompliance that is material to the financial statements of the agency.
    - iv) A statement as to whether a management letter was issued.
    - v) When subject to OMB Circular A-133:
      - a) Where applicable, a statement that significant deficiencies in internal control over major programs were disclosed by the audit and whether any such deficiencies were material weaknesses.



- b) The type of report the ICPA issued on compliance for major programs.
- c) A statement as to whether the audit disclosed any findings required to be disclosed under OMB Circular A-133.
- d) An identification of major programs.
- e) The dollar threshold used to distinguish between Type A and Type B programs, under OMB Circular A-133.
- f) A statement as to whether the agency qualified as a low-risk auditee under OMB Circular A-133.

b. Findings and questioned costs which are required to be reported in accordance with Government Auditing Standards and/or OMB Circular A-133, shall be identified by number, shall be presented in sufficient detail for the agency to develop and implement a corrective action plan, and shall include:

- i) Significant deficiencies in internal control relating to the presented financial statements and, when applicable, over major programs. For federal purposes, the ICPA's determination of whether a deficiency in internal control is a significant deficiency is in relation to a type of compliance requirement for a major program or an audit objective identified in the compliance supplement. The ICPA shall identify significant deficiencies that are individually or cumulatively material weaknesses. Repeated significant deficiencies and/or material weaknesses shall indicate the number of years the matter has been reported.
- ii) Material noncompliance with the provisions of law, regulations, contracts, or grant agreements related to the presented financial statements and, where applicable, major programs. For federal purposes, the ICPA's determination of whether a noncompliance with the provisions of laws, regulations, contracts, or grant agreements is material is in relation to a type of compliance requirement for a major program or an audit objective identified in the compliance supplement. Repeated instances of noncompliance shall indicate the number of years the matter has been reported.
- iii) When subject to OMB A-133:
  - a) Known questioned costs that are greater than \$10,000 for a type of compliance requirement for a major program. The ICPA shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.
  - b) Known questioned costs that are greater than \$10,000 for a federal program that is not audited as a major program. Except for audit follow-up, the ICPA is

not required under OMB Circular A-133 to perform audit procedures for such a federal program.

c) The circumstances concerning why the ICPA's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as audit findings in the summary schedule of findings and questioned costs for federal awards.

d) Known fraud.

e) Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior findings materially misrepresents the status of any prior finding.

f. Or, a statement that there are no findings to report.

5. A management letter, if applicable, detailing matters not significant or material in relation to the required reports. Only nonmaterial instances of noncompliance and/or control deficiencies shall be included in a management letter.

6. A summary schedule of prior findings. The summary schedule shall either include:

- The status of findings and comments included in the prior audit's summary schedule of findings and questioned costs and/or management letter; and the status of findings included in the prior audit's summary schedule of prior findings (except for findings that were noted as resolved). Since the summary schedule may include findings from multiple years, it shall include the fiscal year in which the finding initially occurred.
- For findings that were fully corrected, the summary schedule shall briefly describe each finding and state that corrective action was taken.
- For findings that were not corrected or only partially corrected, the summary schedule shall briefly describe each finding, shall describe the planned corrective action as well as any partial corrective action taken.
- When corrective action taken is significantly different from previously reported in a corrective action plan, or in the federal agency's or pass through entity's management decision, or in a response to the Legislative Audit Advisory Council, the summary schedule shall provide an explanation for the difference.
- When the agency believes the audit findings are no longer valid or does not warrant further action, the reasons for this position shall be described in the summary schedule.
- Or, a statement that there were no findings to report.

7. Management's corrective action plan (prepared by the agency). The plan should address audit finding and/or management letter comment included in the ICPA's current year reports. The plan shall provide the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date. If the agency does not agree with the findings or believes corrective action

is not required, then the corrective action plan shall include an explanation and specific reasons. If the agency fails to provide a corrective action plan, the report and/or management letter shall include a statement(s) that management failed to respond to the findings and/or comments.

***Report Requirements – Agreed-Upon Procedures***

Each report shall include:

1. An Independent Accountant’s Review Report on Applying Agreed-Upon Procedure.
2. A summary schedule of findings or a statement that there are no findings to report.
3. The Louisiana Attestation Questionnaire
3. An Independent Accountant’s Agreed-Upon Procedures Report. In addition to the results of the agreed upon procedures, the report should also include the following items if detected by the ICPA: deficiencies in internal control, including internal control over compliance with laws, regulations and provisions of contracts or grant agreements that are material to the agreed-upon procedures; all instances of fraud and illegal acts unless clearly inconsequential; and violations of state, and/or federal laws, provisions of contracts or grant agreements, and abuse that is not material to the agreed-upon procedures.
4. A management letter, if applicable, detailing the following items if detected by the ICPA: internal control deficiencies, fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that is not material to the agreed-upon procedures.
5. A summary schedule of prior findings. The summary letter shall either include:
  - The status of the findings and comments in the prior report.
  - Or, a statement that there were no prior findings or comments.
6. Management’s corrective action plan (prepared by the agency). The plan should address each finding and comment included in the current year report. If the agency fails to provide a corrective action plan, the report shall include a statement that agency failed to respond to the findings and comments.
7. Randomly select 6 disbursements made during the period under examination and:
  - a. Trace payments to supporting documentation as to proper amount and payee
  - b. Determine if payments were properly coded the correct fund and general ledger account
  - c. Determine whether payments received approval from proper authorities

**Required Disclosures**

The report must include the following supplemental information, where applicable.

1. A listing of all per diem payments or compensation paid to members of the governing board or a disclosure that none was paid.

2. A listing of all professional service payments made to contractors for surveys, feasibility studies, and special studies.
3. Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report packet. (Not applicable for agreed-upon procedures)

### **Report Distribution**

Unless otherwise specified in the agency specific information, at the conclusion of the engagement, the ICPA will immediately send:

1. Either, one unbound, single sided copy of the report to the legislative auditor and one copy of the data collection form, prescribed by the legislative auditor. (The OMB data collection form may be used in lieu of the legislative auditor's form.)
2. Or, one graphical file of the report to the legislative auditor, and one graphical file of the transmittal letter and data collection form. The graphical file may be created in either a .tif or .pdf format. The report file shall include any management letter, as well as management's corrective action plan. Graphical files may be mailed to the legislative auditor on a diskette, a zip disk, or a compact disc or they may be sent electronically as attachments to an email. Files sent by email should be sent to the following email address: ereports@lla.la.gov.
  - A copy of the report to each of the seven member RPTA board. A copy of the report to any legislative oversight committee and other applicable oversight committees.
  - Ten copies of the report to the RPTA's fiscal agent / administrator.
  - Appropriate distribution required by OMB Circular A-133 §\_\_\_\_.320, when applicable.
  - A copy of the report to each state agency providing monies to the agency, including the Louisiana Department of Transportation and Development the Federal Transit Administration and each local government
  - A copy of the report to any state agency exercising oversight responsibilities.

### **Engagement Documentation**

All engagement documentation (working papers and all correspondence relating to the engagement) shall be retained for a period of five years from the date of the report, unless the ICPA is notified in writing by the legislative auditor or cognizant agency to extend the retention period. All of the documentation shall be available for inspection by the legislative auditor, any successor or principal auditor/accountant, the Louisiana State Board of CPAs, or any other agency recognized within the State of Louisiana to provide a quality assurance function. The ICPA must contact and obtain the express permission of the legislative auditor prior to giving access to engagement documentation to any parties other than those previously named individuals and organizations. All of the documentation will be provided by the predecessor auditor/accountant to the successor auditor/accountant at a cost of no more than \$.20 per copy, with no further fees assessed.

Any ICPA that participates in the RFP process shall:

1. As required under professional standards, answer specific inquiries of a potential proposer when those inquiries may affect the proposer's client acceptance decision.
2. Upon award of a contract creating a predecessor/successor relationship, the predecessor auditor/accountant shall provide responses to the inquiries required by professional standards. The predecessor auditor/accountant shall make all of the documentation available for review and for copying. This access shall be granted at a mutually convenient time and location, but shall occur within 10 working days of the request. This access includes trial balances, adjusting journal entries, analyses of balance sheet accounts (both current and noncurrent and those relating to contingencies), and documentation of the predecessor's understanding of the internal control, documentation of a permanent nature, such as bond amortization schedules and operating and capital leases, and documentation that supports the summary of significant accounting policies.
3. Any predecessor auditor/accountant that fails to make the engagement documentation available for successor auditor/accountant inspection and copying under rules of the legislative auditor shall be prohibited from participating in the SFP process.

### **Special Conditions**

The following special conditions are required to be a part of the proposal:

- The ICPA will notify the legislative auditor immediately, in writing, if there is any limitation on the scope of the engagement, to include denial of access to books and records or failure to provide the same in a timely manner.
- The ICPA will notify the legislative auditor immediately, in writing, if the ICPA firm decides to withdraw from the engagement. As a part of the notification, the ICPA will describe in detail the reasons leading to the withdrawal.
- The ICPA will notify the legislative auditor immediately, in writing, if any illegal or fraudulent acts are detected.
- The ICPA will notify the legislative auditor immediately, in writing, if the ICPA will be unable to complete an engagement within the required time. As part of the notification, the ICPA will provide all substantive reasons for the delay and an estimate of the revised completion date.
- The ICPA will notify the legislative auditor and state agency being examined immediately, in writing, if the ICPA encounters circumstances that make it necessary for the ICPA to perform added work beyond the scope originally anticipated, before beginning such work. As part of the notification, the ICPA will provide an estimate of the number of additional hours and the resulting fee.
- Should the ICPA decide to reissue the report, the legislative auditor must be notified immediately and the reissued report should be distributed in the same manner as the original report.
- No additional services will be performed for the state agency unless otherwise approved by the legislative auditor.
- The ICPA agrees to provide the legislative auditor, upon request and without liability, a copy of any peer review or other quality assurance reports performed on the firm or its engagements.
- The legislative auditor reserves the right to terminate the engagement contract at any time.

### **Legislative Auditor's Authority to Audit**

Under R.S. 24:513(A)(2), the legislative auditor has authority to audit all state agencies included within the state's comprehensive annual financial report. The legislative auditor reserves the right to cancel any and all parts of a contract resulting from this SFP at any time during the duration of the contract.

### **Contract Compliance**

Any deviation from the provisions of the engagement contract shall be submitted by the ICPA to the legislative auditor immediately in writing. Failure to comply with any part of the engagement contract, without appropriate advance approval, will result in the legislative auditor seeking remedial action. Depending on the engagement contract deviation, the remedial action may include (but is not limited to) canceling the engagement contract and/or prohibiting the ICPA from participating in the SFP process.

The completion date for an engagement is May 31<sup>st</sup> of each year. The legislative auditor will closely monitor compliance. The reports must be completed by and transmitted to the legislative auditor within the time frames included in the agency specific information. Should the ICPA be unable to complete an engagement within the required time, he/she shall notify the legislative auditor and the RPTA immediately in writing, providing all substantive reasons for the delay and an estimate of the revised completion date. Should the legislative auditor determine that such a revised completion date is unacceptable; the legislative auditor and/or the RPTA shall immediately cancel the contract and engage another ICPA to complete the work within an acceptable completion date. The cost of any incomplete work for which the ICPA named in the original contract was responsible shall be deducted from the contract fee. To the extent that the amount charged by the ICPA under the new engagement causes the total costs to exceed the original contract price, the agency reserves the right to proceed against the ICPA named in the original contract.

Timeliness will be considered in the award of engagement contracts and/or continuation of any engagement contracts. Failure to complete contracted work within the time periods specified in the contract will result in the firm's elimination from the SFP process as a non-responsive proposer.

### **Manager Rotation**

No ICPA shall be allowed to use the same engagement manager for a specific state agency for a period longer than six consecutive years. After the sixth year of an auditor/client relationship of an ICPA with a specific state agency, there must be a change of engagement managers. An engagement manager is the person who is primarily responsible for the successful completion of the engagement. The engagement manager works independently and does not receive direct supervision, although indirect supervision is received from higher level management.

The engagement manager generally:

- Controls, approves, and signs major communications with the agency and may sign communications with the legislative auditor.

- Advises the in-charge auditor/accountant during the planning phase and on the overall approach to the engagement.
- Provides technical assistance and consultation to the in-charge auditor/accountant.
- Reviews and approves the detailed engagement plan and programs and any modifications or amendments thereto.
- Attends entrance and exit conferences.
- Provides overall field supervision, to include review of the engagement documentation as needed and as appropriate depending on the experience of the in-charge auditor/accountant.
- Monitors the progress of the engagement.
- Approves findings and management letter comments.
- Performs a final review of the report draft for compliance with professional standards.
- Assumes responsibility for the correctness and adequacy of the engagement and the report draft.

### **Disadvantaged and Minority Firms**

It is the intent of the RPTA and legislative auditor to give disadvantaged firms and minority firms the maximum practicable opportunity to participate in contracts to examine state agencies. Disadvantaged firms are firms that have completed three or fewer governmental audits in the past three years (includes firms that have not completed any governmental audits in the past three years). Minority firms are firms that are majority owned and controlled by one or more minority individuals or minority business enterprises.

The legislative auditor will give special consideration to such firms in the contract process and to firms competing for engagements who intend to subcontract or jointly perform engagements with disadvantaged and/or minority firms.

### **Incomplete Proposals**

The legislative auditor and/or the RPTA reserve the right to reject proposals that are incomplete. While not an all-inclusive listing, any one of the following will cause the proposal to be considered incomplete:

- The proposal does not identify the state agency, contract period, or engagement periods.
- The proposal significantly departs from the format specified.
- The proposal does not specify the application of *Government Auditing Standards*.
- The proposal has not been signed by the ICPA.
- The proposal does not include the following confirmations:
  - a. There are no scope limitations.
  - b. The proposer meets the appropriate state licensing requirements.
  - c. The proposer meets the applicable independence standard relating to the agency.
  - d. The proposer has not had a record of substandard audit work nor engaged in unethical practices within the past five years.
- The proposer has procured appropriate professional liability insurance; and if awarded the contract, will maintain this insurance in full force and effect during the term of the contract; and

will provide a true and correct copy of the required policy, together with all endorsements, riders or other additions or attachments to the policy which in any manner limit or restrict coverage to the legislative auditor within ten days of the date of execution of the contract.

- The pricing information is not placed in a sealed envelope.
- The pricing information significantly departs from the format specified (see Attachment A).
- The proposer fails to sign #11 (Lobbying Certification) in Attachment B (FTA Third-Party Clauses) prior to proposal submittal or prior to signing of contract.

### **Evaluation**

Proposals will be evaluated using a two-step process. The first step involves a review of proposals and recommendations submitted to the RPTA for their consideration. The second step involves the awarding of the engagement contract by the RPTA. Once the RPTA is satisfied with the top group of proposers, the pricing envelopes from the top group will be opened. The committee will award the contract to the ICPA submitting the lowest price for the engagement services, subject to the following:

- If there is reason to believe that an unreasonably low proposal has been submitted, the RPTA may reject the proposal on the basis that the ICPA is not independent with respect to the state agency.
- Disadvantaged and minority firms will be given consideration to the maximum extent practicable.
- The RPTA may award the contract to other than the ICPA submitting the lowest price if it determines that there are compelling reasons to do so.

The successful ICPA firm will be notified within 10 working days of the award of the contract.

### **Compensation and Payment**

Monthly billings will be allowed; however, no more than five billings per engagement period, not to exceed ninety percent of the contract fee for each period, will be permitted until the legislative auditor has received and accepted the report. Billings (interim and final) should be submitted to both the RPTA at:

River Parish Transit Authority  
P.O. Box 2444  
LaPlace, Louisiana 70069-2444

The successful proposer will enter into an engagement contract with the RPTA. Upon the ICPA's completion of the engagement and submission of the invoice to the RPTA, the RPTA will issue payment for services rendered.

If extraordinary or unusual circumstances are encountered which make it necessary for the ICPA to perform added work beyond the scope originally anticipated, before beginning such work, the ICPA shall immediately report such condition, in writing, to the RPTA. The ICPA must provide an estimate of the number of additional hours and the resulting fee. The RPTA will consider the nature of the additional work and the related cost and will determine whether to amend the engagement contract.