

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS



REQUEST FOR PROPOSALS

#12-09

February 6, 2009

ANNUAL AUDIT

I. Background

The Metropolitan Washington Council of Governments (COG) is the regional organization of the Washington area's major local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives.

COG provides a focus for action on issues of regional concern such as comprehensive transportation planning, air and water quality management, environmental monitoring, tracking economic development and population growth and their effects on the region, coordinating homeland security and other public safety programs, and promoting housing and the Wednesday's Child adoption program for the region. COG is supported by financial contributions from its participating local governments, federal and state government grants and contracts, and through grants and contracts from foundations and the private sector.

II. Introduction

The audit is to be performed in accordance with generally accepted auditing standards, the provisions of Government Auditing Standards issued by the Comptroller General, and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the Government Accounting Standards Board.

III. Definitions used in this Document

COG - The Metropolitan Washington Council of Governments.

Contracting
Officer - The Executive Director of the Metropolitan Washington Council of Governments.

Contractor - The term used throughout this document to describe the audit firm awarded the prime contract based on this solicitation

Other
Subcontractor - Any additional subcontractor hired by either the contractor or a subcontractor.

Selection
Committee - The Selection Committee established to review the proposals received under this solicitation and recommend selection of a contractor to the Contracting Officer.

Subcontractor - Any subcontractor hired by the contractor.

IV. Conditions

The following conditions are expected of the firm selected:

1. In the event the project is terminated by administrative action, the selected firm will be paid for work actually performed to the date of termination;
2. The selected firm, acting as an independent contractor, shall hold COG harmless from and shall be solely responsible, where found liable, for the payment of any and all claims for loss, personal injury, death, property damage, or otherwise, arising out of any act of omission or negligence of its employees or agents in connection with the performance of this work;
3. In case of the failure by the selected firm to perform the duties and obligations imposed by the resulting contract, COG may procure the necessary services from other sources and hold the firm responsible for any and all additional expenses occasioned thereby. Should this be necessary COG's Contracting Office will provide written notice to the Contractor;
4. Any work to be subcontracted by an "other subcontractor" shall be clearly identified and such "other subcontractor" shall be approved by COG prior to contract issuance;

5. Payment for Federal, state, or foreign taxes is not allowable;
6. Payment for legal fees of any type is not allowable without prior written approval of COG; and,
7. The audit firm(s) stipulates that it presently has no interest, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this contract. The audit firm further covenants that in the performance of this contract, no person having any such interest shall be employed.

V. Equal Employment Opportunity

1. In connection with the execution of this contract, the contractor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, age, or national origin. The contractor shall take affirmative action to insure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age, or national origin. Such actions shall include but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff; or termination, rates of pay, or other forms of compensation; and selection of training, including apprenticeship.
2. No qualified disabled applicant for employment, or employee, shall, on the basis of disability, be subjected by the contractor to discrimination in employment under any program or activity that receives or benefits from financial assistance under this contract. Contractor shall make reasonable accommodation to the known handicaps of an otherwise qualified applicant for employment, or current employee, unless the contractor can demonstrate to COG that the accommodation would impose an undue hardship on the operation of the project. Reasonable accommodation shall as be defined in Title 49, Code of Federal Regulations, Part 27.33.

VI. Period of Performance and Type of Contract

The contract will be awarded for the Fiscal Year 2009 (June 30-July 1) through Fiscal Year 2012 audits. COG reserves the right to terminate the engagement for any reason, at any time, by providing the contractor with fourteen (14) days written notice of termination.

The contract will be awarded on an annual firm fixed price basis. Any additional charges must be agreed to in advance and in writing by COG's Contracting Officer.

VII. Content of Proposal

Any firm interested in providing the services described in Attachment A, should submit a proposal following the prescribed format. Adherence to the proposal format by all respondents will ensure a fair evaluation with regard to the needs of COG. Respondents not following the prescribed format may be deemed non-responsive. The letter transmitting the proposal must be signed by an officer of the firm, authorized to contractually bind the firm. The proposal shall include the following:

1. Introduction

The introduction shall demonstrate the proposer's overall qualifications to fulfill the requirements of this RFP, including experience in auditing nonprofit corporations in an environment similar to COG's and experience and familiarity with all appropriate OMB circulars and reporting requirements. Elaborate corporate brochures are discouraged.

2. Audit Approach

Proposers shall describe the methodology to be used to audit COG accounts and records and prepare the required financial statements so as to be able to render a timely opinion on the financial statements and the Federal funds received by COG, with special attention paid to the requirements of all appropriate OMB circulars. Recommendations for modifying, changing, deleting or adding to the reports shown in the Fiscal Year 2008 Audit should be shown in this chapter.

Time is of the essence in the completion of the COG audit. **Audit reports must be completed by the deadline established in the Audit Work Plan.** The audit approach shall demonstrate the proposer's commitment to complete the audit by this date. It is anticipated that the auditors will have an orientation meeting with the Board of Directors Audit Committee prior to June 30 each year of the engagement. The auditors will review with the Audit Committee the preliminary audit in the fall of each year of the engagement at a date determined by the COG Chief Financial Officer and a presentation of the final audit to the Audit Committee. The auditors shall also be requested to present the audit to the COG Board of Directors at its November meeting.

3. Qualifications of the Organization and any Subcontractor(s)

- a Proposers shall amplify the general information presented in the introduction to establish the credentials and experience of the firm to undertake this type of audit effort with special regard to audit work performed in connection with Federal Single Audit requirements. A detailed narrative shall be provided describing the proposer's experience within the past 3 years in performing full scope financial statement audits for agencies similar to COG that have been prepared in accordance with Generally Accepted Government Auditing Standards and OMB Circular 133.

- b Proposers shall provide a detailed narrative describing their technical and professional expertise/capability in the following areas and a positive statement of affirmation that this expertise will be made available to perform the work described above.
 - i Auditing Automated/Electronic Accounting and Financial Management Systems - This should describe the proposer's background and experience in auditing automated accounting and financial management systems.
 - ii EDP Auditing Techniques - This should describe the proposer's experience in using automated/electronic auditing techniques on a financial statement audit and generating quarterly ad hoc financial reports from a database system.
 - iii Identifying Relevant Laws and Regulations and Assessing Compliance - This should describe the proposer's background and experience in identifying relevant Federal laws and regulations and assessing compliance.
- b Proposers and any subcontractors shall affirmatively state that they are a participant in the required external quality control peer review and shall provide a copy of its most recent review (within the past 3 years), including any letter of comment and the firm's response with its proposal. Proposers shall also affirmatively state that all licensed staff, who will be assigned by the proposer to this work, are in good standing with all applicable state boards of accountancy or state licensing boards and the AICPA.
- c Proposers shall identify the resources which will be available to the assigned personnel to supplement their own knowledge and experience and (d) list any other organizational personnel or audit firms who would be available to the audit team. Firms having multiple offices should emphasize the experience of the specific office which will be assigned to the COG contract.

4. Qualifications and Estimated Time of Assigned Personnel

Proposers shall provide the professional credentials and experience of the managing, supervisory or senior personnel proposed for this contract during at least the initial two years. It is especially important that information be provided which demonstrates experience with conducting similar audits. Although standard resumes may be included as attachments to the proposal, amplification specific to this RFP is required in this chapter and the absence of such contract specific information may be considered non-responsive.

This chapter shall also present the proposer's proposed usage of assigned personnel (title of assigned staff and estimated hours) for each component of the annual audit in the following format:

- A. Preparation of Financial Statements and Required Schedules
- B. Examination of Financial Statements and Supplements
- C. Examination of Federal Programs
- D. Other

5. References of the Contractor and any Subcontractor(s).

The proposers and any subcontractor(s) shall provide at least three (3) references whom COG may contact regarding similar work performed. Names, titles, addresses and telephone numbers should be included for each reference. All three of these references shall include audits in which the key personnel proposed to COG have been assigned.

6. Cost and Price Analysis

Proposers shall provide the fixed price that shall be charged for the completion of the Fiscal Year 2009 audit. Proposers shall provide a matrix of fully burdened hourly rates of individuals who will be assigned to the COG account.

VIII. Pre-Proposal Meeting

To address technical and contractual questions, there will be a pre-proposal meeting on **February 17, 2009 at 1:00 PM at the Metropolitan Washington Council of Governments, located at 777 North Capitol Street, NE., Washington, D.C in the lobby level conference room #1.** Notification should be directed to Carl Kalish by e-mail, ckalish@mwkog.org, if a representative of the firm plans to attend the pre-proposal meeting.

IX. Submission Date

Six (6) copies of the above materials should be submitted, no later than **2:00 PM on March 13, 2009** as follows:

Carl R. Kalish
Director of Purchasing and Facilities
Metropolitan Washington Council of Governments
777 North Capitol Street, NE
Suite 300
Washington, D.C. 20002-4239

Please place the RFP number on the outside of your submission. Electronic submissions will not be accepted.

X. Method of Proposal Evaluation and Selection

The proposals will be evaluated by a technical selection committee. The selection committee may hold a pre-selection meeting with the top two or three ranked proposers. The final recommendation for selection to the Contracting Officer may be made based upon interviews and/or a best and final offer submitted by the proposers, if required by the selection committee. In evaluating the proposals, the following factors will be considered, with points awarded up to the maximum shown:

<u>Factor</u>	<u>Points</u>
Cost and Price Analysis	25
Demonstrated Directly Relevant Experience of the Firm, its Key Personnel and any Subcontractors	30
A Demonstrated Understanding of the RFP, Technical Quality of the Proposal and Project Approach	30
Disadvantaged Business Enterprise (DBE) Participation	<u>15</u>
Maximum Total Points	100

Disadvantaged Business Enterprise Participation

Disadvantaged Business Enterprise (DBE) participation shall be an integral component of the consultant selection procedure for this RFP. COG has established a DBE goal of 20% for this project. COG's DBE Policy may be viewed on its website www.mwcog.org. Responding firms shall submit with their proposals a DBE Participation Plan to meet this goal. The plan shall identify any DBE (defined in 49 CFR Part 26) that shall be participating in the project. The plan shall include the name and address of the firm, a copy of the firm's current DBE Certification from any federal, state or local government agency that certifies DBE ownership (please note only **DBE** certifications will be accepted by COG for this purpose).

SAMPLE DBE PARTCIPATION PLAN

DBE SUBCONTRACTOR		PERCENTAGE OF CONTRACT
Subcontractor:		
Address:		
Certifying State:	DBE Certification #	
Subcontractor:		
Address:		
Certifying State:	DBE Certification #	
Subcontractor:		
Address:		
Certifying State:	DBE Certification #	

Firms must submit at a minimum a good faith effort statement (defined in 49 CFR Part 26) for review by COG. Without the good faith effort statement the proposal may be declared non-responsive and may not be reviewed by the technical selection committee.

Firms that meet the goal established for the proposal will receive 15 selection points (out of a possible 15). Firms that meet less than the DBE participation goal established will be evaluated on the percentage of the goal met, and the extent of their efforts to meet the entire DBE participation goal, but will receive less than the maximum DBE participation evaluation points.

All proposers shall provide a copy of the certification of DBE ownership for those firms claiming such status. The certification must have been obtained from a Federal, state or local governmental agency that regularly issues such certification. It must have been issued within the past year or must clearly state the effective dates of the certification. Only DBE Certifications will be accepted.

XI. Late Proposals

Any proposal received at the office designated in this RFP after the exact time specified for receipt, will not be considered, and will be returned, unopened, to the sender, unless it is the only proposal received. Any modifications to a proposal will be subject to these same conditions. Proposals may be withdrawn by written or telegraphic notice received at any time prior to award.

XII. Further Information

Questions of a procedural or contractual nature may be directed to Mr. Kalish by e-mail, ckalish@mwco.org. Questions of a technical nature will be addressed at the pre-proposal meeting.

ATTACHMENT A STATEMENT OF WORK

I. INTRODUCTION

Building Partnership

In January, 1990, COG moved into its current leased office space at 777 North Capitol Street, NE., Washington, D.C. The Center for Public Administration and Service, Inc. (CPAS) was incorporated on June 26, 1987 as a non-profit membership corporation in the District of Columbia. CPAS owns the land and building at 777 North Capitol Street. The members of CPAS are COG, the International City/County Management Association (ICMA) and the International City Management Association-Retirement Corporation (ICMA-RC). On November 30, 1989, the CPAS members assigned their membership interests in CPAS to the Public Administration Holding Corp. (PAHC) as a part of the organization of PAHC. PAHC became the sole member of CPAS.

PAHC was organized on November 30, 1989 as a District of Columbia for profit stock corporation. COG was an equal shareholder in PAHC along with ICMA and ICMA-RC. The purpose of PAHC was to lease, manage and operate the office building through its related entities. PAHC was the sole shareholder of 777 North Capitol Corporation, a District of Columbia for profit stock corporation. 777 North Capitol Corporation was organized on November 30, 1989 to lease, manage and operate an office building at 777 North Capitol Street, N.E., Washington, D.C. 777 North Capitol Corporation master leased the aforementioned office building from CPAS. CPAS, PAHC and 777 North Capitol Corp. operated on a calendar year fiscal year.

The Board of Directors of the cited corporations completed a process to reorganize the existing corporate structure in order to achieve simplification, economies of operation and other benefits. The corporate structure was reorganized to be a real estate investment trust (REIT) for federal income tax purposes, effective January 1, 2007. The REIT is known as the Center for Public Administration and Service, Inc. a Maryland for profit corporation. CPAS operates on a calendar year fiscal year basis.

Automated Accounting System

COG is currently using Cost Point version 5.2 by Deltek Systems, Inc. with General Ledger, Accounts Receivable and Payable, and Labor, Leave, Payroll and Human Resources modules.

II. COMPONENTS OF THE AUDIT

- A. Examination of the financial reports of COG and expression of any opinion thereof.

- B. Examination of Federal programs in accordance with the requirements of all appropriate Federal OMB circulars and coordination with, as necessary, COG's Cognizant Oversight Agency, the U.S. Department of Transportation. COG has been actively participating in the "Single Audit" concept since 1971. Proposers should be able to demonstrate knowledge of and experience with audit preparation under the "Single Audit" concept.

COG shall expect, as a result of the examinations, a management letter detailing the results of any significant weaknesses or problems found in internal controls or other areas and recommendations for improvements.

- C. The selected proposer shall be expected to prepare: 1) The detailed cash receipts confirmation based on COG's accounting system; 2) The required schedules and adjustments to arrive at the corrected fund balance and deferred revenue; and 3) The required schedules for the audit report.
- D. The selected proposer shall be expected to prepare financial statements together with the auditor's report from COG's accounting system. The auditor shall prepare: 1) Trial Balances; 2) Draft Financial Statements; 3) Statement of Net Assets; 4) Statement of Activities; 5) Balance Sheets - All Funds; 6) Statement of Revenue, Expenditures and Changes in Fund Balances; 7) Budgetary Comparison Schedule; 8) OMB Circular A-133 Supplementary Financial Reports for the audited fiscal year; and other major financial statements that may be required during the engagement term to meet generally accepted reporting requirements; 9) Data Collection Form SF-SAC; and 10) Non-Profit Tax Return Form 990.

COG shall provide limited administrative support to the selected auditor. COG shall also provide office space to the selected auditor.

- E. COG may require consulting services during the course of the engagement over and above those normally expected in connection with the annual audits and shall expect the auditor to provide such services at hourly rates consistent with those charged for the above. Additional auditing services for subcontractors to COG may also be required over and above those normally expected in connection with the annual audits. COG shall expect the auditor to provide such subcontractor audits at hourly rates consistent with those charged for the above examinations.

III. TIMING OF AUDIT

All audit work required to express an opinion of COG's financial statements must be completed by the date established in the Audit Work Plan.

To meet the foregoing timing requirements, the auditor should plan to perform such interim work as necessary before the fiscal year end (June 30). COG shall make every

reasonable effort to complete its posting of all transactions as of the fiscal year end by September 5. Draft financial reports, as currently generated by the accounting system shall be provided to the auditor in a timely manner. The auditor should not plan to perform any extensive audit work of COG's accounting system in July during the closing process.

IV. COORDINATION OF AUDIT WORK

Proper coordination of audit work and reporting shall require an understanding of the roles and responsibilities of the various levels of authority at COG. In this connection, the COG Executive Director is the Contracting Officer, with this authority vested by the Board of Directors. All audit reports and other official communication regarding the audit should be directed by the auditors to the Board of Directors after coordination with the Executive Director.

The Chief Financial Officer (CFO) has been designated by the Executive Director as the principal coordinator for the annual audit. All reports and other communications with the Executive Director should be routed through the CFO. Primary responsibility for the operation of COG's accounting system is vested with the CFO and maintained by the Manager, Accounting Operations. Inquiries in connection with the evaluation of internal control, including specific accounting policies and practices, should be directed to the CFO. Both before and during the time of the audit, the auditor shall be expected to deal with these officials as necessary for administrative support, including the arrangement of the assembly of documentation.

Before commencing the annual audit or during the audit period, as appropriate, the auditor should plan to meet with the Executive Director, the CFO and the Manager, Accounting Operations to arrange for office space and to reach agreement on such matters as 1) basis for progress payments, 2) any proposed changes in delivery dates for audit results, 3) arrangements for briefing of COG officials and 4) other coordinative activities as deemed necessary.

V. DELIVERY OF AUDIT RESULTS

Delivery dates following the end of the first year under audit shall be required for the major audit segments as follows:

SEGMENTS	DATES
Draft Auditor Financial Statement and Supplements	Established by Audit Work Plan
Draft Auditor's Comments	Established by Audit Work Plan

Deliveries of all documents relating to audit results will be made in the following number of copies:

ITEM	NO. OF COPIES
Audited Financial Statements	75

VI. RETENTION OF RECORDS AND WORKING PAPERS

The auditor shall retain the records and working papers for a minimum of three (3) years following the end of the fiscal year audited. These records and working papers shall be made available for inspection and copying by COG authorized personnel, at COG expense, during normal working hours at the Contractor's office nearest COG's office.

ATTACHMENT B ACCOUNTING SYSTEM OVERVIEW

The financial operation of the Metropolitan Washington Council of Governments (COG) is supported by COG's accounting system, named "Cost Point" by Deltek Systems, Inc. that was developed and implemented to meet COG's needs and requirements. The accounting system is composed of the Cost Point modules which support the Fund Accounting System, the Payroll and Human Resources Management System.

The Fund Accounting System is self-balancing and in compliance with the Governmental Accounting, Auditing and Financial Reporting (GAAFR) standards. It is totally interactive, menu-driven and developed for microcomputers. The systems cover the following functional areas:

1. General Ledger Accounting
2. Revenue Accounting
3. Payroll
4. Project Accounting and Reporting
5. Indirect Cost Allocation
6. Accounts Receivable
7. Accounts Payable

The financial reporting is maintained in the following hierarchical level:

1. Agencywide (highest level)
2. Project - accumulation of program elements/tasks within a program/project
3. Program Element - represents the tasks or cost center within the program/project.
4. Revenue Elements - represents revenue sources within the program(i.e. federal or state revenue)
5. General Ledger Accounts
6. Indirect Cost Allocation - The system allocates project indirect costs in accordance with COG's approved indirect cost allocation plan. It has the option of distributing either provisional or actual year to date indirect costs. It has the ability to handle multi-level indirect cost pools.

ATTACHMENT C

APPROVED INDIRECT COST ALLOCATION PLAN

The Metropolitan Washington Council of Governments' (COG) approved Indirect Cost Allocation Plan consists of four elements. In each of these elements, the salary base is used because it is the soundest way of spreading joint costs in a service type of organization in which salary costs represent, by far, the greatest expenditure of funds. The four elements are:

1. Management and Administrative Support (M&A)
2. Leave Costs
3. Fringe Benefits
4. Indirect Costs

1. MANAGEMENT AND ADMINISTRATIVE SUPPORT

M&A staff provide the supporting services for all projects undertaken at COG. This eliminates the need to staff each project with separate support capability. M&A support covers a wide variety of activities that are essential to each project undertaken at COG. Activities encompassed by this overall category are:

1. Executive Direction
2. Accounting, payroll, budgeting, financial reporting
3. Personnel and other administrative support
4. Legal Support, contracts and purchasing
5. Publications management, library and information services
6. Computer Services

These costs become part of the overall salary structure under COG's approved indirect Cost Allocation Plan.

2. LEAVE COSTS

The leave costs include annual leave expenses which is based in the amount of leave earned during the year. Other types of leave (i.e. sick leave, holiday, etc.) are based in the amount of leave taken.

3. FRINGE BENEFITS

Fringe Benefits represents those cost elements to COG, not paid directly to the employees, but are incurred for the benefit of the employees. These include: pension contributions; health, life and disability insurance; etc.

4. **INDIRECT COSTS**

Indirect costs include costs of non-personnel items which are incurred for a joint purchase and benefits two or more projects. Examples include: office rent and maintenance; general office supplies; annual audit; depreciation of office furniture and equipment; and insurance.

**ATTACHMENT D
CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, AND OTHER
RESPONSIBILITY MATTERS**

The prospective vendor certifies to the best of its knowledge and belief that it and its principals:

- Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any department or agency of the District of Columbia, State of Maryland or the Commonwealth of Virginia or any of the 22 jurisdictions comprising the membership of the Metropolitan Washington Council of Governments (COG);
- Have not within a three year period preceding this date been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated above of this certification; and
- Have not within a three-year period preceding this date had one or more public transactions (Federal, State or local) terminated for cause or default.

Vendor understands that a false statement on this certification may be grounds for rejection of any submitted proposal or quotation or termination of any award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both if federal funds are being used to support the procurement.

Typed Name of Vendor

Typed Name & Title of Authorized Representative

Signature of Authorized Representative

Date