



DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.

REQUEST FOR PROPOSALS

FOR

AUDITING SERVICES

June 30, 2022

Douglas-Cherokee Economic Authority
REQUEST FOR PROPOSALS
FOR AUDITING SERVICES

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FOR AUDITING SERVICES**

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I. INTRODUCTION

A. General Information

Douglas-Cherokee Economic Authority (DCEA) is requesting proposals from qualified firms of certified public accountants to audit the Agency's financial statements for the fiscal years ending June 30, 2022 through June 30, 2024. The audit contract will be awarded for three years with the option by DCEA to extend the agreement two additional years (2025 and 2026). The Agency's legally separate component units have four different fiscal year ends. These component units are audited by a separate CPA firm. The component units' financial data is material to the overall primary government's financial statements.

The audit will be a financial and compliance audit and will be conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. Furthermore, the audit will be conducted in accordance with the provisions of the Single Audit Act and U.S. Office of Management and Budget (OMB), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and any other applicable federal management circulars. The audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

There is no expressed or implied obligation for DCEA to reimburse firms for any expenses incurred in preparing proposals in response to this request.

To be considered, DCEA must receive sealed bid proposals by February 25, 2022. The proposals will be reviewed by the Executive Director, the Fiscal Officer, and the Finance/Audit Committee of the Board of Directors. It is anticipated the selection of a firm will be completed by March 10, 2022 subject to State approval. Following the notification of the selected firm it is expected an engagement letter will be executed between both parties within 30 days of approval.

The most recent annual audited financial statements can be found on the Agency's website. <http://www.douglascherokee.org/>

DCEA utilizes MIP Fund Accounting as its financial software package.

B. Terms of Engagement

The audit contract will be awarded for three years with the option by DCEA to extend the agreement two additional years.

DCEA anticipates that agency funding will remain at approximately the same levels in terms of composition and amount throughout the next five years. Should substantial changes occur with respect to either programs or funding level, DCEA reserves the right to amend the contract based on terms mutually satisfactory to both the auditing firm and DCEA.

C. Reporting and Timeline for Audited Financials

- A draft of the audit should be completed and received by DCEA by December 1, 2022. The draft will be reviewed by the Executive Director and the Fiscal Officer and returned with comments on or before December 7, 2022.
- A final copy of the audited financial statements and federal Form 990 must be received by DCEA by December 16, 2022. DCEA requests thirty-five bound copies, one unbound copy, and an electronic copy of the audited financial statements at this time.

For every day past the December 1, 2022 deadline, the firm will be assessed a fee of \$200.00 per day. For every day past the December 16, 2022 deadline, the firm will be assessed a fee of \$500.00 per day. For each day that DCEA fails to adhere to their agreed timelines, the remaining dates will be extended an additional day.

The auditor shall meet with the Board of Directors to present the audited financial statements.

II. CONTACT INFORMATION

A. General

The auditor's principal contact with DCEA will be Haley Moore, Budget & Compliance Manager, who will coordinate the assistance to be provided to the auditor.

Phone: (423) 318-6900
hmoore@douglascherokee.org

III. NATURE OF SERVICES REQUIRED

A. Qualifying Requirements

1. Relevant Experience

The firms submitting proposals must be qualified to perform independent audits of non-profits and related governmental entities.

2. Availability of Staff with Professional Qualifications

Members of the audit team should be Certified Public Accountants and have experience auditing non-profits and related governmental entities.

3. Similar Engagements with Other Non-Profit/Governmental Entities

The firms should have significant experience auditing other similar non-profits and related governmental entities.

4. External Quality Control Review

The firms must meet the peer review standards of the AICPA and *Government Auditing Standards*.

5. Non-Discrimination

No person shall be denied or subjected to discrimination on account of any services, or activities made possible by or resulting from this agreement on the grounds of sex, race, color, creed, national origin, age, religion, disability, same sex marital status, and genetics. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part of the agreement and may result in ineligibility for further contracts. The Proposer shall at all times in the proposal and contract process comply with all applicable state, and federal anti-discrimination laws, rules, regulations and requirements thereof.

B. Scope of Work to be Performed

The auditor shall submit to the Agency's Board of Directors a printed report of the audit. This report shall contain an expression of opinion on the Agency's financial statements. Additionally, the auditor shall include a report on internal control over financial reporting and on compliance

and other matters, and the additional report required of the Single Audit Act and OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Comptroller General's *Government Auditing Standards*, requirements prescribed by the Comptroller of the Treasury, State of Tennessee.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, as required by generally accepted auditing standards, and *Government Auditing Standards*, all applicable reports in accordance with *Government Auditing Standards* and U.S. Office of Management and Budget (OMB), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and any other applicable federal management circulars.

Any findings and recommendations regarding compliance, internal control or other matters shall be discussed with the Executive Director, or her designee(s). The Executive Director or her designee(s) shall have the opportunity to respond orally or in writing on the findings. Any such responses shall be included in the audit report in accordance with the standards.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by DCEA of the need to extend the retention period. The auditor will be required to make working papers available, upon request by DCEA.

In addition, the firm shall respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.

F. Other Audit Services

Occasionally DCEA is required to have other accounting work performed. The Auditor will be expected to perform these engagements and any other audit services requested by DCEA outside of the standard audit at an hourly rate stated in the auditor's proposal.

IV. PROPOSAL REQUIREMENTS

A. General Requirements

1. Intent to Submit a Bid

A written intent to submit a bid must be made no later than February 4, 2022 by email to hmoore@douglascherokee.org

2. Inquiries Concerning Request for Proposals

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to Haley Moore, Budget & Compliance Manager.

- Written inquiries (email) should be made no later than noon, February 9, 2022.
- Written responses to inquiries will be provided no later than 4:30 pm, February 11, 2022. These responses will be provided to all firms that have issued intent to submit a bid for DCEA's audit services.

Phone: (423) 318-6900
hmoore@douglascherokee.org

3. Submission of Proposals

The following material is required by 4:30 p.m. EST on February 25, 2022 for a proposing firm to be considered:

- a. The Proposal is to be sealed and include the following:
 - Title Page - Title page showing the request for proposal's subject; the firm's name; the name, address, email address, and telephone number of a contact person; and the date of the proposal.
 - Table of Contents

- Transmittal Letter - A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period covered.
 - Detailed Proposal - The detailed proposal should follow the order set forth in Section IV B of this request for proposals.
- b. Proposers should send the completed proposal in a sealed envelope to the following address:

Douglas-Cherokee Economic Authority, Inc.
Attention: Haley Moore, Budget & Compliance Manager
534 East First North Street
Morristown, TN 37814

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 DCEA in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The technical proposal should address all the points outlined in the request for proposals. The proposal should be prepared simply, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional items may be presented, the following subjects, items Nos. 2 through 6, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of DCEA as defined by generally accepted accounting standards and the U.S. Comptroller General's *Government Auditing Standards*.

3. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's non-profit/governmental audit staff, the location of the office from which the work on this engagement is to be performed.

The firm shall also affirm that it has met the peer review standards of the AICPA and *Government Auditing Standards*.

4. 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 Tennessee.

5. Similar Engagements with Other Non-Profit/Governmental Entities

For the firm's office that will be assigned responsibility for the audit, provide at least three current non-profit/governmental references and one previous non-profit/governmental reference.

6. Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section IV of this request for proposal.

C. Professional Fees

1. Professional Fees

The proposal should include a schedule of professional fees; presented in the format encompassing all costs that supports the total all-inclusive price for each of the five years (three year contract with the option by DCEA to extend two additional years).

2. Rates for Additional Professional Services

A separate quote should be given for the preparation of federal return Form 990 for each of

the five years (three year contract with the option by DCEA to extend two additional years).

Occasionally DCEA is required to have other accounting work performed. The Auditor will be expected to perform these engagements and any other audit services requested by DCEA outside of the standard audit at an hourly rate stated in the auditor's proposal.

VII. EVALUATION PROCEDURES

The Executive Director, the Fiscal Officer, and the Finance/Audit Committee of the Board of Directors will evaluate proposals submitted.

A. Evaluation Criteria

The following represent the principal selection criteria, which will be considered during the evaluation process of proposals.

Mandatory Elements

1. The audit firm is independent and licensed to practice in Tennessee.
2. The audit firm's professional personnel have received adequate continuing professional education requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.
3. The firm has no conflict of interest with regard to any other work performed by the firm for DCEA.
4. The firm has met peer review standards of the AICPA and *Government Auditing Standards*.
5. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

Technical Requirements

1. Expertise and Experience
2. The firm's past experience and performance on comparable engagements.
3. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for consultation.
4. Audit approach describes how the firm intends to conduct the audit.

Price

1. Cost will not be the primary factor but will be considered when selecting an audit firm.

B. Final Selection

It is anticipated that a firm will be selected by March 10, 2022, subject to State approval. Following notification of the firm selected, it is expected a contract will be executed between both parties within thirty-days of approval.

C. 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 and confirmed in the contract between DCEA and the firm selected.

DCEA reserves the right without prejudice to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms, to waive minor inconsistencies with the request for proposal and to waive formalities.