

ADDENDUM B

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6.0 STATEMENT OF WORK (SOW)

The Contractor will provide auditing services to the Transit Management of Central Maryland, Inc. dba Regional Transportation Agency of Central Maryland “RTA”, a wholly owned subsidiary for Profit Corporation of First Transit of North America established on March 17, 2014, to include the three major task areas as described and listed in sections 6.01 thru 6.03. RTA realizes that need for additional auditing services (which are separate and apart from those as discussed in this RFP) could occur during the term of the Contract; such a need may result in negotiation between RTA and the Contractor, and such projects might on occasion require an amendment to the Contract document. **RTA foresees that the practical work of the Contract will begin with a pre-audit session between RTA and the Contractor on or about September 16, 2016.**

Audits are to be performed in accordance with generally accepted auditing standards as set forth for financial audits in the General Accounting Office’s (GAO) Government Auditing Standards (1994, the provisions of the federal Single Audit Act of 1984 (and as subsequently amended to date), ~~the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations (and all subsequent compliance requirements as amended to date)~~, and any other relevant standards and/or best practices as established by the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants, or as are considered necessary to enable the Contractor to render expression of opinion and/or produce required reports.

An integral part of most audits, a basic understanding of RTA’s Organization and its environment, including the internal control structure of RTA, shall be required of the Contractor. While the Contractor will not be expected to determine whether all the internal controls have been properly placed in operation, the Contractor shall be expected to communicate to RTA internal control related matters that are relevant to be communicated per professional accounting standards. RTA expects an auditing regimen from the Contractor inclusive of a pre-audit meeting (entrance conference), progress conferences as needed, a post-audit session (exit conference) and a presentation of the audited statements to the RTA Commission/Partners/Board of Directors.

RTA shall make available to the Contractor all financial records and related information requested by the Contractor prior to the start of an audit, and any additional information that is reasonably possible to provide during the course of an audit. The find of information typically provided by RTA can include, but is not necessarily limited to:

- Financial Statements
- Detail General Ledger and trial Balances

- Schedule of Accounts Receivable
- Schedule of Deferred Revenue
- Schedule of Prepays
- Grant and Contract documents
- Federal and State tax returns
- Schedule of Equipment & Vehicle Upgrades
- Schedule of Furniture/Fixtures/Depreciation
- Schedule of Revenue/Receipts
- Schedule of expenditures of federal awards
- Schedule of Fixed Assets
- Schedule of Expenses
- Leases
- Minutes of the Funding Partners/Board of Directors

All working papers and reports must be retained, at the Contractor's expense, for a minimum of three (3) years after the termination of the Contract, unless the Contractor is notified in writing by RTA of the need to extend the retention period. The Contractor will be required to make working papers available, upon request, to RTA. In addition, the Contractor shall respond to the reasonable inquiries of successor Contractors and allow successor Contractors to review working papers relating to matters of continuing accounting significance.

6.01 Financial Statements Audit

RTA requires the Contractor to audit RTA's financial statements beginning with the fiscal year ending June 30, 2015, as well as financial statements beginning with the fiscal year ending June 30, 2016. RTA requires the Contractor to express an opinion on the fair presentation of RTA's basic financial statements in conformity with generally accepted accounting principles. RTA further requires the Contractor to express an opinion on the fair presentation of RTA's related statements of activities, functional expenses, cash flows for the year then ended. RTA expects this audit to include tests of documentary evidence supporting transactions recorded in the accounts, tests of the physical evidence of inventories, and direct confirmation of receivables and certain assets and liabilities. **NOTE: Strictly as a guide to Offerors since firms differ in their allocation of billable hours among Partner/Manager/Supervisor/Staff.** RTA can state that since there has been no established basis of billable hours needed for auditing services by the organization it will set a an estimated level of between (250) and (275) billable hours.

~~6.02 A-133 Audit (for State, Local governments, and for profit organizations expending Federal awards)~~

~~RTA requires the Contractor to audit RTA's financial statements beginning with the fiscal year ending June 30, 2015, as well as financial statements beginning with the fiscal year ending June 30, 2016, in particular regard to Federal government auditing standards and the provisions of OMB Circular A-133, as they relate to non-Federal entities (such as RTA) when they are recipients expending Federal awards received directly from Federal awarding agencies, or are sub-recipients expending Federal awards received from a pass-through entity (a recipient or another sub-recipient). **NOTE: Strictly as a guide to Offerors since firms differ in their**~~

~~allocation of billable hours among Partner/Manager/Supervisor/Staff.~~ RTA again has no established basis to determine the level of billable hours required and thus will set the level of between (150) and (175) billable hours.

6.03 Unspecified Accounting/Consulting Services

On an as-needed basis, RTA requires the Contractor's availability throughout the year to provide general accounting services and/or financially-related consulting services upon reasonable advance notice given to the Contractor by RTA. Level of required billable hours will be determined as deemed necessary.

6.04 Reports/Deliverables to be Issued

Following the completion of an audit and/or tax returns **[IF IT DETERMINED THAT TAX PREPARATION SERVICES ARE DEEMED NECESSARY]**, the Contractor shall typically issue, as appropriate:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles (GAAP), including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on internal control over financial reporting based on an audit of the financial statements.
3. ~~A report that addresses the compliance and internal control over compliance especially applicable to the A-133 audit.~~

Note that in the required report(s) on compliance and internal controls, the Contractor shall communicate to RTA any reportable conditions found during the audit. In the context of this document and scope of work, a reportable condition shall be defined as a significant deficiency in the design and/or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the Contractor shall be reported in a separate letter to RTA management, and shall be referenced as such in the report(s) on compliance and internal controls.

The reports on compliance and internal controls shall include all instances of non-compliance. Importantly, the Contractor shall be required to make an immediate, written report of all irregularities and/or illegal acts and/or indications of illegal acts of which they become aware of to the RTA Funding Partners/Commission/Board of Directors.