



Eaton County
Road
Commission

REQUEST FOR PROPOSAL
FOR
INDEPENDENT AUDITING SERVICES

FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2015
THROUGH SEPTEMBER 30, 2017

Contact: Lori N. Friedlis, CPA, *Finance Director*

1112 Reynolds Road | Charlotte, MI 48813

Ph 517-543-1630 x202 | Fax 517-543-2608

lfriedlis@eatoncountyrad.com

www.eatoncountyrad.com

INTRODUCTION

The Eaton County Road Commission (ECRC) is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending September 30, 2015 through September 30, 2017. These audits are to be performed in accordance with generally accepted auditing standards applicable to financial audits as contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with the applicable standards set forth by the following:

- Government Accounting and Standards Board (GASB);
- American Institute of Certified Public Accountants (AICPA);
- Government Finance Officers Association (GFOA);
- U.S. Office of Management and Budget Circular A-133, if required; and the
- Michigan Department of Treasury

To be considered, proposals must be received by the Eaton County Road Commission at 1112 Reynolds Road, Charlotte, MI 48813, Attn: Lori Friedlis, by 4:30 pm, October 8, 2015. Proposals may be delivered electronically to lfriedlis@eatoncountyroad.com. Proposals will be evaluated and a selection made on October 13, 2015.

The Board of Eaton County Road Commissioners reserves the right to reject any or all proposals, waive irregularities and to make the award in any manner deemed in the best interest of the Road Commission.

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

ECRC reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted.

A 3-year contract is contemplated. Each year shall be subject to the annual review of the Eaton County Road Commission.

DESCRIPTION OF THE EATON COUNTY ROAD COMMISSION

The Eaton County Road Commission was established in 1912 by resolution of the County Board of Supervisors and now maintains over 1,170 miles of county roads, including 500 miles of gravel surfaced roads.

ECRC is a discretely presented component unit of Eaton County and is governed by a five-member Board. Road Commissioners are appointed to six-year terms by the Eaton County Board of Commissioners.

The main office and garage of the Road Commission is located in Charlotte, just southwest of Lansing, Michigan. ECRC also maintains satellite garages in Vermontville and Delta Township. ECRC employs approximately 35 full-time employees who provide routine maintenance and support services for the county road system. Most construction, heavy maintenance work and some routine maintenance operations are performed by contractors selected through competitive bids.

ECRC has no taxing authority and receives most of its funding from fuel taxes and vehicle registration fees via the Michigan Transportation Fund (MTF). Additionally, in 2014, Eaton County voters approved a 12-year, 1.5 mill property tax levy to fund the rehabilitation and repair of the County's local road system.

Additional financial and budgetary information may be found on the Road Commission's website at www.eatoncountyroad.com.

Contact and Personnel Information

The principal contact with ECRC will be Lori N. Friedlis, CPA, Finance Director, who will coordinate the assistance to be provided by the Road Commission.

The Finance Director and staff are responsible for routine accounting tasks, financial statement preparation, and budgeting and reporting.

An organizational chart is attached for reference.

Financial and Data Processing Systems

ECRC uses Precision Road Software to perform traditional accounting functions as well as to manage fixed assets and road equipment, human resources, material and parts inventory, fleet maintenance, permits and service requests. Precision Road Software is a specialized program for road commissions.

NATURE OF SERVICES REQUESTED

The objective of the audit is to express an opinion on the fair presentation of the Eaton County Road Commission's financial statements in conformity with generally accepted accounting principles.

The auditor shall also be responsible for performing certain limited procedures involving supplementary information required by the GASB as mandated by generally accepted auditing standards.

If required, the auditor shall be responsible for a "Single Audit" and/or a Michigan Department of Transportation (MDOT) performance audit pursuant to PA 298 of 2012. ECRC is not required

to have a "Single Audit" for the fiscal year ending September 30, 2015 and does not expect to require one during the years covered by this proposal. As of the date of this RFP, ECRC has not been notified by MDOT of a requirement for a performance audit.

It is anticipated that Eaton County Road Commission records will be ready for auditing by December 1st of each year. A draft audit report shall be delivered by January 31st of each year. Preliminary records may be made available upon request. This schedule may be altered upon agreement of both parties.

ASSISTANCE TO BE PROVIDED TO THE AUDIT TEAM

The Eaton County Road Commission Finance Director and staff, and other management personnel will be available during audit fieldwork to assist the audit team by providing information, documentation and explanations as requested.

The Finance Director and staff will prepare or provide statements and schedules wherever possible and appropriate, and as requested by the audit team, and do so in a timely manner so as not to delay the issuance of the audit report.

Report preparation, editing and printing shall be the responsibility of the audit firm.

If necessary, Road Commission staff and/or a third-party information technology consultant will be available to provide assistance with systems documentation and explanations.

ECRC will provide the audit team with a reasonable workspace and reasonable access to telephones, copiers, fax machines and WIRED internet access.

PROPOSAL REQUIREMENTS

Inquiries concerning this Request for Proposal and the services to be provided must be made to:

Lori N. Friedlis, CPA, *Finance Director*
Eaton County Road Commission
1112 Reynolds Road
Charlotte, MI 48813
517-543-1630 ext 202
lfriedlis@eatoncountyroad.com

Proposals must be received in the office of the Eaton County Road Commission by 4:30 pm on October 8, 2015. Proposals may be submitted electronically via e-mail. ECRC reserves the right to reject any or all proposals submitted after this date.

The purpose of the proposal is to demonstrate the competence, experience and capability of the firm submitting the proposal. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the capabilities of the firm and should identify the audit approach that will be used to meet the RFP requirements.

Specifically, proposals shall include the following:

- An affirmative statement that the firm is independent of the Eaton County Road Commission, the County, and any other component units of that entity;
- An affirmative statement that the firm and all key engagement personnel are licensed to practice in the State of Michigan;
- A history and description of the firm and its governmental audit practice, highlighting Michigan road commission experience;
- The location of the office from which work on this engagement will be performed, and the number and nature of the staff expected to perform the audit. Please include the resumes of the principal and “in-charge” professional expected to be assigned to the engagement;
- References from similar engagements, including the scope and dates of the engagement, and the name, telephone number and e-mail address of the principal client contact(s);
- A work plan, including an explanation of the audit methodology to be followed;
- Total fees for each fiscal year to be audited inclusive of expenses but excluding the cost of preparing a “Single Audit;”
- The additional annual fee for preparing a “Single Audit,” if one is required;
- The hourly rate structure of the firm to be utilized in the event that additional work is requested;
- An affirmative statement that the firm agree to the provisions contained in this Request for Proposal; and
- A copy of the firm’s most recent Peer Review Report.

EVALUATION PROCEDURES

Road Commission staff will evaluate the proposals and make a recommendation to the Board of Eaton County Road Commissioners at its regular meeting on October 13, 2015 at 8:30 am. It is anticipated the Board will make its selection at that same meeting.

The Board of Eaton County Road Commissioners reserves the right to reject any or all proposals, waive irregularities and to make the award in any manner deemed in the best interest of the Road Commission.

NON-DISCRIMINATION

The Eaton County Road Commission, in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Transportation issued pursuant to such Act, hereby notifies all bidders that it will affirmatively ensure that in any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.

BOARD OF EATON COUNTY COMMISSIONERS

BOARD OF EATON COUNTY ROAD COMMISSIONERS

Benjamin S. Lyons, Chairman
Dorothy E. Maxwell, Vice Chairman
Duane A. Eldred, Timothy J. Lamoreaux, Darrell R. Tennis, Members

Engineer-Manager

Blair E. Ballou, P.E.

Administrative Services

Finance Director
Lori N. Friedlis, CPA
Staff (3)

Road Maintenance & Operations

Superintendent
Daniel Parshall

Permits & Enforcement

Permit Department
Vacant
Sign Department Supervisor
Steven Shaver
Staff (1)

Engineering Department

Assistant County Engineer
Matthew Hannahs, P.E.
Staff (3)

Building & Equipment

Equipment Supervisor
Vacant
Staff (5)

DELTA GARAGE

Delta Area
Area Supervisor
David Baker

Route Drivers & Equip Operators (4)

CHARLOTTE GARAGE

Eaton Rapids Area
Area Supervisor
Vacant

Route Drivers & Equip Operators (3)

Bellevue Area
Area Supervisor
Vacant

Route Drivers & Equip Operators (4)

VERMONTVILLE GARAGE

Vermontville Area
Area Supervisor
Don Blakney

Route Drivers & Equip Operators (5)

Serves:

Benton Township (Summer)
Delta Charter Township
Oneida Charter Township
Windsor Charter Township

Serves:

Benton Township (Winter)
Brookfield Township
Eaton Township
Eaton Rapids Township
Hamlin Township

Serves:

Bellevue Township
Carmel Township
Kalamo Township
Walton Township

Serves:

Chester Township
Roxand Township
Sunfield Township
Vermontville Township



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

March 27, 2015

Board of County Road Commissioners

This letter is to inform you of changes required by Public Act 298 of 2012. In lieu of the Michigan Department of Transportation (MDOT) hiring auditors to comply with the new performance audit requirements, MDOT has worked with both the County Road Association of Michigan and Michigan Municipal League to establish additional audit testing to be done by your Certified Public Accountant (CPA) at the time of your annual financial audit.

Attached you will find an overview of PA 298 of 2012. The attached was developed with the assistance of the Michigan Association of Certified Public Accountants and is intended to help in deciphering PA 298 of 2012, which reads as follows: "In addition to the financial compliance audits required by law, the department may conduct performance audits and make investigations of the disposition of all state funds received by county road commissions, county boards of commissioners, or any other county governmental agency acting as the county road authority, for transportation purposes to determine compliance with the terms and conditions of this act. Performance audits shall be conducted according to government auditing standards issued by the United States general accounting office. The department shall develop performance audit procedures and reporting requirements sufficient to determine whether funds expended under this section were expended in compliance with this act by September 1, 2012 and shall report to the transportation committees of the senate and house of representatives no later than October 1, 2012 on the additional audit procedures and reporting requirements. The department shall provide notice to the county road commission, county board of commissioners, or any other county governmental agency acting as the county road authority, as applicable, of the standards to be used for audits performed under this subsection. The notice shall be provided 6 months prior to the fiscal year in which the audit is conducted. The department shall notify the county road commission, county board of commissioners, or any other county governmental agency acting as the county road authority of any subsequent changes to the standards. County road commissions, county boards of commissioners, or any other county governmental agencies acting as county road authorities, as applicable, shall make available to the department the pertinent records for the audit. Performance audits may be performed at the discretion of the department or upon receiving a request from the speaker of the house of representatives or the senate majority leader."

This attachment is a useful tool to share with your CPA and to refer during your audit process. All audit periods starting October 1, 2015 and after, will need to ensure the attached overview is complied with by your CPA when conducting your annual financial audit. If you have any questions, please contact myself or Andrea Mowry at 517-335-2366 or via email at MowryA@michigan.gov.

Sincerely,

Edward A. Timpf, Administrator
Financial Operations Division
Bureau of Finance and Administration

Enclosure

PERFORMANCE AUDITING UNDER PUBLIC ACT 298 of 2012

OVERVIEW/INTRODUCTION

Public Act 298 of 2012 allows the Department of Transportation to request the local agency (road commission, county, city or village expending Act 51 monies) to engage an auditor to conduct a “performance audit” of whether it has expended funds in compliance with Act 51 of 1951, as amended (Act 51)ⁱ. Any local agency that is required to engage for such an audit will be notified by the Department of Transportation at least 6 months prior to the fiscal year for which the audit is to be conducted.

Performance audits completed under the provisions of Michigan Public Act 298 of 2012 must be performed by an independent certified public accountant that is currently licensed to practice in the State of Michigan or by an employee of the Department of Transportation. Such performance audits shall be made in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAS). The objective of performance audits under these procedures is to determine whether State funds received by county road commissions, county boards of commissioners, any other county governmental agency acting as the county road authority, cities, and villages (hereinafter collectively referred to as Auditee) for transportation purposes were expended in compliance with provisions of (Act 51).

ENGAGEMENT

Practitioners should plan and perform the performance audits to determine compliance with Act 51. In addition to reviewing Act 51, practitioners can find guidance on Act 51 compliance using the Michigan Department of Treasury’s audit guides for local agenciesⁱⁱ and road commissionsⁱⁱⁱ when designing procedures to assess each Auditee’s compliance with such requirements.

In carrying out the performance audits, as stated in Chapter 6^{iv} of GAS^v, practitioners must assess internal control relative to the audit objective (Auditee compliance with Act 51).

The practitioner’s assessment of an Auditee’s internal control might identify internal control deficiencies and will serve as a basis for designing procedures to test and assess the Auditee’s compliance with Act 51 and, generally, will serve as a basis for the “cause” element of report findings, as noted in section 6.76 of GAS and mentioned later in this document.

REPORTING

Practitioners should prepare audit reports that contain (1) the objectives, scope (regarding both internal control and compliance), and methodology of the audit; (2) the audit results,

including internal control and/or compliance findings, conclusions, and recommendations, as appropriate; (3) a statement about the practitioner's compliance with GAS; (4) a summary of the views of responsible officials; and if applicable, (5) the nature of any confidential or sensitive information omitted^{vi}.

When practitioners identify significant control deficiencies, such as a poor design or an ineffective implementation of a well-designed control, the practitioner should include such deficiencies as findings in their performance audit report.^{vii}

When practitioners conclude, based on sufficient, appropriate evidence, that fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse either has occurred or is likely to have occurred which is significant within the context of the audit objectives, they should report the matter as a finding^{viii}. Each audit finding should contain a condition, criteria, cause, effect, and the resultant recommendation^{ix}.

Reports should also contain the practitioner's overall conclusions on the audit objectives which are based on related audit findings and other evidence considered by the practitioner; report conclusions are logical inferences about the program based on the practitioner's findings, not merely a summary of the findings^x.

ⁱ See *MCL 247.662* and *MCL 247.663*

ⁱⁱ Refer to the *Audit Manual for Local Units of Government in Michigan*

ⁱⁱⁱ Refer to the auditing procedures within the *Uniform Accounting Procedures Manual for County Road Commissions*

^{iv} See *GAS 6.16-6.27*

^v All references are to the 2011 Revision of GAS

^{vi} See *GAS 7.08*

^{vii} See *GAS 7.19*

^{viii} See *GAS 7.21*

^{ix} See *GAS 6.37, 6.74-6.77, and 7.14*

^x See *GAS 7.27*