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January 12, 2017

**Amendment No. 1 to  
Audit Services Contract  
Task Order Request for Proposals ASC-2016-12-001 (MDTA)**

**Financial Audit Services**

This Amendment No. 1 is being issued to amend and clarify certain information contained in the above named TORFP. All information contained herein is binding on all Master Contractors who respond to this TORFP. Specific parts of the TORFP have been amended. The following changes/additions are listed below; new language has been double underlined and marked in bold (ex. **new language**) and language deleted has been marked with a strikeout (ex. ~~language deleted~~).

- 1.) **Revise** Section Attachment A-Scope of Work as shown below:

**4.0 The Master Contractor will complete the requirements as indicated to meet the Agency's goal through the following objectives:**

**A. GENERAL.** For each audit performed there shall be an audit report. The report should be submitted as specified by the Agency Task Order Manager. Generally a draft of the audit report should be submitted to the Agency Task Order Manager within 10 working days of the completion of the audit. Required changes to the draft report should be submitted to the Agency Task Order Manager within 10 working days of receipt of comments from the Agency Task Order Manager regarding the draft report. If certain information is prohibited from General disclosure, the audit report should state the nature of the information omitted and the requirement that makes the omission necessary.

- B. FINANCIAL STATEMENT AND COMPREHENSIVE ANNUAL FINANCIAL AUDIT REPORTS (CAFR).** The Financial Audit and CAFR Reports should state in the opinion whether the financial Statements are presented in accordance with GAAP. The report on the financial statements should either:
- (1) describe the scope of the Contractors' testing of compliance with laws and regulations and internal control over financial reporting and present the results of those tests; or
  - (2) refer to the separate report(s) containing that information. In presenting the results of those tests, Contractor shall report fraud, illegal acts, other material

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noncompliance, and reportable conditions in internal control over financial reporting.

The following items are subject to audit: Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements, and to the extent necessary, other supplemental schedules are also to be included in the audit.

Audit reports should state whether the audit was made in accordance with one of the following standards:

- (1) Uniform Grant Guidance, Subpart F (Single Audit);
- (2) Generally Accepted Government Auditing Standards (GAGAS);
- (3) Generally Accepted Auditing Standards (GAAS);
- (4) Statement of Auditing Standards (SAS); or
- (5) Statement on Standards for Attestation Engagements (SSAS).

Three authoritative bodies or generally accepted accounting principles are the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the sponsors of the Federal Accounting Standards Advisory Board (FASAB). GASB establishes accounting principles and financial reporting standards for state and local government entities. FASB establishes accounting principles and financial reporting standards for non-government entities.

**Audited Financial Statements Due Date:** Annually, the MDTA is required to submit the audited financial statements to the Comptroller's Office by October 1st immediately following the fiscal year end. ~~In order to meet this deadline, the final Audited Financial Statements must be reviewed and an audit opinion submitted to the TOM no later than by September 20<sup>th</sup> of each year.~~ MDTA prepares a preliminary prepared by client list (PBC) with support documentation for the Audit firm to begin their preliminary audit work in May. In early September, the Audit firm returns to the MDTA office to complete the audit. Prior to their arrival, the MDTA prepares a final PBC list and documentation for the audit firm to finalize their audit review. A final draft of the Financials Statements are prepared and presented by the MDTA to the Audit Firm by September 20<sup>th</sup> of each year. The final draft of the Audited Financial Statements must be reviewed, and an audit opinion submitted to the TOM no later than by September 27<sup>th</sup> of each year.

**Management Letter(s) Due Date:** As a result of each audit, the Offeror will issue a management letter (if necessary) for the MDTA, that will recommend improvements in internal controls or in the conduct of its fiscal affairs. Management letters shall be issued within thirty (15) days of the Auditor's Report on the MDTA's financial statements

**CAFR Due Date:** TheMDTA submits the CAFR to the Government Finance Officers Association (GFOA) annually in December to earn the Certificate of Achievement for Excellence in Financial Reporting. In order to meet this deadline, the CAFR must be reviewed with an audit opinion submitted to the TOM no later than by **December 20<sup>th</sup>** of each year.

**C. The Federal Highway Administration (FHWA),section #129 Loan Attestation Report the Fort McHenry Tunnel and the Intercounty Connector (ICC):** This

Report is a requirement for the MDTA and must document established fiscal controls and accounting procedures sufficient to ensure proper accounting for Section 129 loans made and payments received. For additional information, see the U. S. Department of Transportation, Federal Highway Administration, Section 129 Loan Program Guidance. This Audit must be completed by **December 1st** of each year.

**D. The Annual SSAE-16 Report** of the electronic tolling system (E-ZPass). This is a (SOC 1), Type 2 audit covering services provided by the E-ZPass vendor, a third party service provider on behalf of the MDTA. Thus, some work may be required to be performed at the E-ZPass vendor's location in Baltimore. The current third party service provider is Xerox. This audit will determine if the controls in place by MDTA and the E-ZPass vendor are adequate, and to determine the risk of material misstatement of the MDTA's Financial Statements. The Final report must be submitted to the TOM by **September 1st** of each year.

**E. THE UNIFORM GRANT GUIDANCE, SUBPART F (Single Audit Report):**

A Single Audit is required as a part of the annual audit. The audit shall be performed in accordance with American Institute of Certified Public Accountants (AICPA) Standards, Government Auditing Standards, the Single Audit Act Amendments of 1996, and the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (for federal grants awarded prior to December 26, 2014) (or for federal grants awarded after December 26, 2014) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 (Uniform Grant Guidance (UGG) Subpart F ,as amended. Federal funds are currently limited to police related grants and confiscated assets. During the term of the contract the receipt of federal funds could substantially increase or decrease below the minimum requirement of \$750,000 in Federal Grants which requires the MDTA to perform a Single Audit. The Single Audit must be completed with an audit opinion submitted to the TOM no later than by **September 20th 27<sup>th</sup>** of each year.

**F. Additional Financial related responsibilities of the Master Contractor may include, but are not necessarily limited to the following items:**

Audits of segments of financial statements; financial information (e.g. Statement of Traffic Revenue), Statement of Cash receipts and Disbursements, Statements of Fixed Assets; budget requests; and variances between estimated and actual financial performance.

Should you require clarification of the information provided in this amendment to the TORFP, please contact Ms. Joy Epstein at 410-260-7570 at the DBM Contracts Management Office.

Date Issued: January 12, 2017

By *Joy Epstein*  
Joy Epstein  
DBM Contract Manager