



**Request for Qualifications (RFQ)
Financial Risk Assessment and Internal Audit Service**

The Lexington-Fayette Urban County Airport Board (LFUCAB) invites the submittal of written proposals from Certified Public Accounting firms interested in 1) creating a Financial Risk Assessment for Blue Grass Airport and 2) performing high-risk internal audits as identified in the risk assessment. The contract will be administered by Blue Grass Airport staff on behalf of the LFUCAB.

The proposals will be reviewed and evaluated by the LFUCAB's Selection Committee (Airport). One firm will be selected by LFUCAB, based on qualifications as defined by the criteria established in the RFQ. Once selected, the successful Proposer shall negotiate with the LFUCAB for the services described in the RFQ.

For further information and copies of the RFQ packet, contact Don Sever, Director of Finance and Administration, at (859) 425-3150 or dsever@bluegrassairport.com. The RFQ packet is also available on the airport's website at www.bluegrassairport.com. To assist Proposers in understanding the RFQ, questions will be accepted in writing via e-mail until 3 pm local time on Tuesday, June 14, 2022. Answers will be publicly posted on the airport's website on Tuesday, June 21, 2022.

In response to this request, four (4) copies of the Proposal and letter of interest and one (1) electronic version in PDF format must be received at the LFUCAB offices no later than 10 am, local time, Thursday June 30, 2022, and must be submitted to:

U.S. Mail, Overnight, or
Courier Delivery

Don Sever
Director, Finance and Administration
Blue Grass Airport
4000 Terminal Drive, Suite 206
Lexington, KY 40510

PROJECT CONTACT

Please direct all inquiries regarding this request to Don Sever at (859) 425-3150 or by e-mail at dsever@bluegrassairport.com. Responses to all inquiries will be posted in an addendum on the airport's website.

BACKGROUND

Lexington's Blue Grass Airport (the Airport) is operated by the Lexington-Fayette Urban County Airport Board under the authority of Kentucky Revised Statute 183.132. The Airport operates as an enterprise fund and, while it is an independent unit of government, its financial statements are included in the Lexington-Fayette Urban County Government's Comprehensive Annual Financial Report as a discretely presented component unit, and it maintains numerous other relationships with the Lexington-Fayette Urban County Government. The Airport serves more than 1.3 million passengers annually and is served by four airlines providing non-stop service to 13 destinations and convenient connecting service to business and leisure destinations worldwide. Blue Grass Airport is located just five miles from downtown Lexington and within 20 minutes of all local hotels and most major employers. The Airport is easily accessible from all points of Central and Eastern Kentucky. A copy of the Airport's latest annual report is on the Airport's website at (www.bluegrassairport.com) for your review.

INTENT OF THIS REQUEST FOR QUALIFICATIONS (RFQ)

Through this RFQ, the Airport is initiating a selection process to select and award a contract to one Certified Public Accounting firm to develop and provide a written Financial Risk Assessment. The selected firm will then perform high-risk internal audit services for the Airport based on the risk assessment.

We expect the financial risk assessment and related internal audit services will provide the Airport the guidance and assurance the Airport needs to ensure that the appropriate internal audit work is being performed and that this work may assist our external audit firm in the annual financial audit.

The Airport did have an internal auditor on staff from 2010 through 2021 but this position has been eliminated and the Airport does not expect to replace this position.

PROPOSED SCOPE OF SERVICES

The Airport is seeking an experienced Certified Public Accounting firm to oversee and manage all phases of this project from conception to final product. Proposed scope includes: (and see detailed questions under COMMENT section below)

- 1) Develop a written financial risk assessment. Work will include looking at the financial statements and conducting interviews with staff and reviewing current documentation of accounting policies and procedures.
- 2) The firm will work with staff to use the financial risk assessment to develop a written internal audit plan. This plan will be approved by the Finance & Audit Committee and will be used to coordinate and conduct the internal audits as identified by the risk assessment and the Finance and Audit Committee.
- 3) The firm may be asked to help perform an annual review and update of the internal audit plan and risk assessment to ensure the Airport is continuing to focus their internal audit work on the appropriate risk areas.

SCHEDULE

The schedule for the selection process is as follows. Please note that all times listed are local time.

Advertise RFQ	Sunday, June 5, 2022
Deadline for Submission of Questions – 3 pm	Tuesday, June 14, 2022
Airport's Response to Questions Posted – 3 pm	Tuesday, June 21, 2022
Deadline for Proposal Submission – 10 am	Thursday, June 30, 2022
Evaluation of Proposals and Shortlist	Tuesday, July 12, 2022
Interviews (Optional)	Tuesday, July 26, 2022
Consultant Selection	Tuesday, August 2, 2022
Scope of Work and Fee Negotiated	Tuesday, August 9, 2022
LFUCAB Contract Approval	Thursday, August 25, 2022

CONTENT

In response to this request, interested firms must submit four (4) copies of the written Proposal and letter of interest and one (1) electronic version in PDF format. The Proposal shall be limited to eight (8) double sided, or sixteen (16) single sided, 8 ½ x 11-inch sheets of paper (letter of interest is not to be counted towards total). Additional materials, including professional licenses and references may be included in attached appendices. When listing your answers, please make sure and restate the questions before each response. ***The Proposal must contain the following information:***

- (A) Cover letter including a general description of the firm's understanding and related experience regarding the services to be rendered. Letter should include the name, title, phone number and email address of the person to be contacted regarding the content of the Proposal.
- (B) Your process to transition the internal audit function to your firm, including timeline and key steps? What role do you expect management to take in this process, and how much time do you anticipate this will require?
- (C) Overview of the firm's experience with airports and governmental entities and any experience with Single/A-133 audits. Describe any other relevant experience.
- (D) Provide the main steps you plan to perform to complete the risk assessment and internal audit plan including a detailed timeline. What is your firm's risk assessment methodology? Please provide an example of the risk map or process that would be developed during the risk assessment and prioritization process.
- (E) Describe the strategy/process your firm will employ to ensure that the interface between internal and external audit is efficient, and describe management's role in this, if any.
- (F) Please provide information about your Information Technologies (IT) auditing capabilities, including performing reviews of disaster recovery plans, system and network security, PCI compliance, and other IT areas as needed.

- (G) Provide a list of any similar projects you have completed in the past five (5) years and the specific level of involvement of your team. Proposers are highly encouraged to include your approach to completing the project(s), the summary of steps taken and any key findings and/or recommendations that resulted from the study. Include professional reference for the project(s) and the references and project profiles must include the date of service and a point of contact who was directly involved with the work.
- (H) Resumes of lead partner, manager, or supervisor that will be assigned the project.

EVALUATION AND SELECTION CRITERIA

Based on an evaluation and review of information presented in the submitted RFQ, the Selection Committee will rank the consultants in order of qualifications. The RFQ will be reviewed and evaluated by the Selection Committee in accordance with the following criteria:

- (A) Professional strength of the firm and the project team, both in respect to their experience with financial risk assessments, internal audit planning/guidance, and governmental accounting.
- (B) The understanding of the scope of the project and the proposed approach to complete it.
- (C) The professionalism and overall quality of the Proposal.

SELECTION PROCESS

One firm is to be selected by the LFUCAB based on competitive negotiation. The following procedure is to be followed in determining the final consultant selection:

- 1) After receipt of Proposals, the Selection Committee will review and evaluate the Proposals in accordance with the Evaluation and Selection Criteria previously described herein. The Committee will then rank the Proposals in order of qualifications.
- 2) If needed, the Airport may contact up to three of the highest ranked consultants to schedule interviews.
- 3) Following the interviews (if required), the Airport will begin negotiations with the highest ranked consultant to refine the scope for the work.
- 4) After scoping meetings have been held with the number one ranked consultant, and the final scope of services agreed upon, Airport will negotiate a final fee with the top ranked consultant. If a mutually satisfactory final fee is negotiated by the parties, the contract will be finalized and approved. If efforts to negotiate a fair and reasonable final fee are unsuccessful with the top ranked consultant, those negotiations shall cease, and the Airport shall contact the second ranked consultant and begin negotiations with the second ranked consultant. If agreement cannot be reached with the second ranked consultant, then the same procedure will be followed with the third. If the Airport is unable to negotiate a satisfactory final fee with any of the consultants, the Committee will select additional consultants in order of their competence and qualifications and continue negotiations until a satisfactory agreement has been reached and approved by the LFUCAB.

- 5) The Airport will notify the other consultants of the results.
- 6) Final agreement for services, including fees and form of agreement, may be subject to review and approval by the airport's legal counsel and the Airport Board.
- 7) The LFUCAB reserves the sole right to evaluate the Proposals submitted for the project, waive any irregularities and/or informalities therein, select the candidate and/or reject any and all consultants that submitted Proposals, should such be deemed in the best interests of the LFUCAB. In the event that any such waivers, selections, or rejections are considered necessary, the LFUCAB will be responsible for the final decision.