

County of Union – Request for Proposals for Audit Services

Request for Proposals (RFP) for Audit Services

RFP Title: County of Union Audit Services

RFP Response Due Date that Time:

Issue Date:

4:30 P.M. EST/ July 27, 2020

July 7, 2020

Issuing Agency Information

County of Union Commissioners' Office

155 N. 15th Street

Lewisburg PA 17837

Single Point of Contact (SPOC): Jeffrey McClintock: 570-524-3877, jmclintock@unionco.org

Instructions to Firms

Return Sealed Statement to:

Mark Face of Envelope/Package With:

County of Union Commissioners' Office

RFP Response-Audit Services

155 N. 15th Street

Lewisburg, PA 17837

Attn: Susan Greene

Firm Must Complete the Following

Firm Name/Address

(Name/Title)

(Signature)

Print name and title and sign in ink. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.

Type of Entity (e.g., corporation, LLC, etc.)

Phone Number: _____

E-mail Address: _____

Fax Number: _____

Firm must return this cover sheet with RFP responses

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The County of Union Board of Commissioners is requesting proposals from qualified certified public accounting firms to conduct annual financial statement audits for three (3) fiscal years ending December 31, 2020, December 31, 2021, and December 31, 2022. These audits are to be performed in accordance with generally accepted governmental auditing standards.

The firm selected to provide these services will be required to enter into a three (3) year contract. County of Union reserves the right to attempt to negotiate a subsequent two (2) year contract extension with the awarded firm. If a satisfactory agreement cannot be reached for the extension between the firm and County of Union, the audit services will be re-advertised.

RFP Submittal Terms: The Single Point of Contact (SPOC) for this solicitation is:

Jeffrey McClintock, County of Union Finance Director

155 N. 15th Street, Lewisburg, PA 17837

570-524-3877, jmclintock@unionco.org

- Question about this RFP must be submitted via e-mail or in writing to the SPOC by 5:00p.m. on July 22, 2020. No additional RFP questions will be addressed after this date.
- Statements must be submitted to the County Commissioners' Office at 155 N. 15th Street Lewisburg, PA 17837, no later than 4:30 p.m. on July 27, 2020.
- Three (3) copies of the RFP response statement must be submitted as well as one (1) electronic version.
- Please label outside of response package envelope as: **RFP Response-Audit Services**
- Proposals are scheduled for opening by the Chief Clerk at 9:30a.m., July 28, 2020 in the Commissioners' Boardroom located at 155 N. 15th Street Lewisburg, PA 17837.
- The Notice of Award is intended for August 4, 2020.

Target Schedule of Events

<u>Event</u>	<u>Date</u>
Deadline for Receipt of Written Questions on RFP	July 22, 2020
RFP Statements Due to Commissioners' Office	July 27, 2020
RFP Opening of Statements	July 28, 2020
Intended Date for Contract Award	August 4, 2020

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Expenditures:

County of Union government's annual fiscal year (FY) operating budget runs from January 1 to December 31. In FY 2020 the budget totals \$17.9 million. During Fiscal Year 2019, the County received approximately \$2.1 million in federal financial awards.

Revenue Structure:

The County bills property taxes for all jurisdictions and collects 7 jurisdictions within the County of Union. The County collects taxes for one school district. These receipts are accounted for in variety of agency funds.

Payroll:

County of Union Government offices employ approximately 165 employees. Payroll for all employees are processed bi-weekly by the County of Union Finance department. In FY 2020, the payroll budget totals \$7.25 million.

Accounting Software:

The computerized accounting records are processed using New World ERP accounting software. The modules used by the County include GL, Accounts Payable, Budget, Payroll, Receipts, and Fixed Assets.

Data for the system resides in SQL Server housed on the County Network. The County's in-house technology personnel are responsible for security, backups and installing vendor upgrades.

Prior Year Audit Information:

The FY 2018 audit included the following major funds: General Fund, Capital Project Fund, Affordable Housing Fund, Domestic Relation Fund and other audited funds are selected based on threshold criteria.

County of Union was audited for Fiscal Year 2018 by Baker Tilly Virchow Krause, LLP. A copy of their report and the Fiscal Year 2018 CAFR are available upon request from SPOC.

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Scope of Work from Audit Firm

The audit firm will be required to express an opinion on the fair presentation of County of Union's financial statements in conformity with Generally Accepted Accounting Principles in the United States of America. The auditor is not required to express an opinion on the introductory section or the statistical section of the report.

The auditor will also provide the following assistance to County of Union

- Provide guidance on any new GASB pronouncements.
- Provide financial reporting guidance on difficult or unusual circumstances.
- Complete a Single Audit and issue required statements in compliance with Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards.

Auditing Standards:

To meet the requirements of this request for proposals, the audit shall be performed in accordance with Generally Accepted Auditing Standards and the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards.

Deliverable Reports Required:

Reports will be issued for County of Union

- 1) A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, 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 compliance and internal control over compliance applicable to each major federal program.
- 3) All other reports required by the Generally Accepted Auditing Standards.

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design 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.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.

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The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

- 4) A report disclosing any lack of compliance with state statutes, rules, regulations, or ordinances that would not have a material effect on the financial statements. This report may be combined with other reports if appropriate, or the finding may be included in a management letter. If included in a management letter, that letter must be included as part of the audit report.
- 5) Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:
 - 1) The County of Union Finance Director
 - 2) The Board of County Commissioners
 - 3) The County District Attorney
 - 4) The County Chief Clerk

Additional Audit Requirements:

- All working papers and reports must be retained, at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by County of Union of the need to extend the retention period. The firm will make these working papers available to interested parties upon request by County of Union.
- The proposal should allow time for assistance to County of Union for any new, unusual or difficult items.
- 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.

Audit Time Requirements:

It is imperative that the final report be available by June 30th of each year. County of Union will have all records ready for audit by March 31st. **If your firm cannot meet this timeline, please note a timeline in your RFP that your firm can achieve.**

1. Interim work shall be completed by June 1st of each year.
2. The auditor shall provide County of Union with a detailed audit plan and list of schedules to be provided by County of Union prior to January 5th of each year.
3. County of Union Finance Director will deliver Trial Balance to the Auditors by March 31st of each year.
4. The Auditor shall complete all fieldwork by the end of May 31st of each year. Also, the auditor shall have the audit report(s) and recommendations to management available for review by the Finance Director and Chief Clerk and presentation to the Board of Commissioners by September 30 of each year.
5. At a minimum, the following conferences should be held:
 - a. Entrance conference with Finance Director

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- b. Progress conferences with the Finance Director on an “as needed” basis during the course of fieldwork
- c. Exit conference with the Finance Director and Chief Clerk
- d. Presentation to the Board of County Commissioners
- e. Members of the audit staff will meet with the Finance Director periodically during the course of the audit to update on progress, and identify any findings.

Assistance Provided to Auditor

Financial Services Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of County of Union.

Statements and Schedules to be Prepared by County of Union Finance Department

County of Union and the firm selected will negotiate a list of schedules to be prepared by County of Union staff along with due dates by Jan 1st of each year. It is important that the Auditor maintain flexibility with regard to due dates for specific schedules within this list.

Work Area, Photocopying and Fax Machines

County of Union has limited space available, but will make every effort to provide reasonable work space, desks and chairs. The auditor will also be provided with access to photocopying facilities, and a fax machine.

Report Preparation

The auditor will be responsible for their word processing and printing of the entire comprehensive annual financial report. The auditor is expected to provide advice if needed.

Statement of Qualifications Content & Evaluation Criteria

Firms are solely responsible for all costs incurred in the preparation and submittal of the RFP. Respondents should submit three (3) full copies of their RFP response statements and one (1)

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electronic copy to the County of Union Commissioners' office, 155 N. 15th Street, Lewisburg, PA 17837, by **4:30 p.m. on July 27, 2020.** No late, fax, or email statements submittals will be accepted.,

Questions about the RFP must be submitted via e-mail or in writing to the SPOC on or before 5:00 p.m. on July 22, 2020.

Subject to exceptions provided by Pennsylvania Law, all information received in response to this RFP, including copyrighted material, is public information. Responses will be made available for public viewing and copying shortly after the statement due date and time. The exceptions to this requirement are (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by the County; (3) other constitutional protections. The County will provide a hard copy of the RFP responses for interested parties to review during regular business hours at the County Commissioners' Office, 155 N. 15th Street, Lewisburg, PA 17837. If interested parties would like a copy of the RFP, one will be provided electronically via e-mail.

Statement Content:

Statements should demonstrate that the firm has the professional capability and availability to satisfactorily complete all the tasks as described in the Scope of Work section of this RFP and be able to meet the timeline. If multiple firms team up to provide project consulting services, the following information should be provided for each firm. Responses should include:

1. Completed and signed RFP cover sheet
2. Firm's Legal name, address, telephone number and principal contact email address.
3. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to negotiate and sign a contract with County of Union.
4. Provide an affirmative statement that the firm is independent of County of Union, and any of its component units as defined by Government Auditing Standards.
5. Provide a list and describe any professional relationships involving County of Union or any of the County's agencies or component units for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audits. In addition, the firm shall give County of Union written notice of any professional relationships entered into during the period of this agreement.
6. Provide an affirmative statement indicating that the firm, any proposed subs and all assigned key professional staff are properly licensed to practice in Pennsylvania.
7. Provide an affirmative statement indicating the firm will make every effort to help the County meet the deadline and finalize the audit by June 30th of each year.
8. Provide an affirmative statement indicating the firm has performed audits in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards.

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9. The proposal should state the size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement will be performed.
10. The firm is also required to submit a copy of the report on its most recent external quality control review including a review of specific government engagements.
11. The firm shall also provide information on the results of any federal or state desk review or field review of its audits during the past three years.
12. The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.
13. The proposal should identify the managing partner and supervisor for the engagement and provide a detailed description of their qualifications, relevant continuing education and experience, including an affirmative statement that they are licensed to practice in Pennsylvania. Other specialists and staff to be used on the engagement should also be identified in the proposal along with their qualifications, experience and licensing. The descriptions of this second group need not be as detailed.
14. The firm also should indicate how the quality of the staff will be assured over the term of the engagement. Engagement partners, managers, other supervisory staff and specialists may be changed for legitimate business reasons. However, the County reserves the right to approve or reject replacements. Other engagement personnel may be changed at the discretion of the auditor provided that the replacements have substantially the same or better qualifications.
15. For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (Maximum of 3) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and name and phone number of the principal client contact.
16. The proposal should include how the firm will resolve any potential scheduling conflicts.
17. The proposal should set forth a work plan which explains the audit methodology, including the following information:
 - a. Proposed segmentation of the engagement and a tentative calendar.
 - b. Level of staff and number of hours assigned to each proposed segment of the engagement.
 - c. Approach taken to gain and document an understanding of County of Union's internal control structure.
 - d. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
 - e. Plan for EDP auditing, if any, keeping in mind the limitations of available staff and computer time laid out in this request.
 - f. Type and extent of analytical procedures to be used in the engagement.
 - g. Approach taken in drawing audit samples for purposes of tests of transactions including tests of controls and substantive testing.
 - h. Approach to maintaining positive relationships with County of Union personnel.
 - i. Auditor's philosophy about the content of the management letter.

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- j. Format of exit conference presentation.
 - k. Any anticipated problems, and the firm’s approach to resolving those problems.
 - l. Sample listing of the audit schedules that might be requested from County of Union staff.
 - m. Description of the use of technology in the audit plan to improve efficiency
 - n. Description of the methods to assess higher risk versus low risk areas and how the audit plan might change to accommodate this.
18. A total **all-inclusive maximum price** for each year of the engagement for County of Union.
- a. Rates by partner, specialist, supervisor and staff, and anticipated hours of each.
 - b. Rates for additional services should the County find them necessary.
 - c. Manner and frequency of billings.
- *The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in the request for proposal. This all-inclusive price is to contain all direct and indirect costs.

Evaluation Criteria:

Statements will be evaluated by County of Union Finance Director and Chief Clerk and scored according to the following factors:

- 1. Overall quality of the Statement of Qualifications – 25%
- 2. Related experience on similar projects (Government) – 20%
- 3. Over all pricing for services – 20%
- 4. The qualifications and experience of the professional personnel to be assigned to the project, including reference checks – 15%
- 5. The firm’s capability to meet time and project budget requirements, and the availability of personnel to respond and provide services in a timely manner – 10%
- 6. Technical approach to the audit – 10%

Consulting Firm Selection Process

Upon receipt of responses, Chief Clerk and Finance Director will evaluate all responsive Statements of Qualifications and assign a score based on the stated evaluation criteria provided in this RFP. Highest ranking firms may be asked to attend an interview or County of Union may opt to open direct negotiations with the firm that presents the most qualified, highest scoring statement. If interviews are conducted, finalists are encouraged to bring related examples of work and any other pertinent past project information. Contract negotiations will commence with the highest-ranked firm. If an appropriate agreement cannot be reached with the highest-ranked firm, the second-ranked firm will be approached, and so on. Unsuccessful firms will be notified as soon as possible.

This solicitation is being offered in accordance with federal and state statutes governing procurement of professional services Accordingly, the County reserves the right to negotiate an agreement based on

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fair and reasonable compensation for the scope of work services proposed as well as the right to reject any and all responses deemed unqualified, unsatisfactory or inappropriate.

The project involves annual auditing services for a three year contract with an option to extend the engagement for an additional two years. Payment and contract terms will be negotiated with the selected firm. Firms interested in contracting with County of Union are minimally required to provide independent contractor's insurance showing at least \$1,000,000 worth of business liability insurance, \$1,000,000 worth of auto coverage, and proof of workers' compensation coverage (or an independent contractor's exemption certificate).

In no event shall any official, officer, employee or agent of County of Union be in any way personally liable or responsible for any covenant or agreement herein contained, whether expressed or implied, not for any statement, representation or warranty made therein or in any connection with the agreement.

While County of Union has every intention to award a contract resulting from this RFP, issuance of the RFP in no way constitutes a commitment by the County to award and execute a contract. Upon a determination that such actions would be in its best interest, the County, in its sole discretion, reserves the right to:

- Cancel or terminate this RFP;
- Reject any or all statements received in response to this RFP;
- Waive any informalities or irregularities in the statements;
- Determine at any time whether a statement is unresponsive in any manner;
- Not award a contract, if it is in the County's best interest not to proceed with contract execution; or
- If awarded, terminate any contract if the County determines adequate funds are not available.

County of Union is an Equal Opportunity Employer.

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