

**Request For Proposals (RFP)**

**Auditing Services**

**Town of Charlestown, Maryland**

**Date Issued: May 9, 2016**

**Date Due: May 31, 2016**

**Date of Proposal Opening: June 1, 2016**

Budget Data

# **Request For Proposals**

## **Auditing Services**

### **INTRODUCTION**

The Town of Charlestown, Maryland (the Town) is requesting proposals from qualified firms of certified public accountants to audit the Town's financial records, prepare the financial statement for the Town for the fiscal year ending June 30, 2016, with the option to extend for (2) two additional fiscal years.

The Town serves an area of two square miles with a population of approximately 1450. The Town's fiscal year begins on July 1 and ends on June 30.

The Town provides the following services to its citizens:

- Police Service through Cecil County Sheriff's Office
- Public Works Department
- Recreational Areas, Fishing Piers, Boat Ramp, Marina & Town Pier
- Trash Removal (Yard Waste, Bulk)
- Household Trash & Recyclable Collection (Contractor)
- Water & Sewer Services (Contractor & Cecil County Public Works)
- Zoning and Code Enforcement
- General Administration and coordination of the above services

The Town has an operating budget of \$1,386,375 for FY 2015 - 2016.

The Town is organized into three loosely organized departments:

- Administration
- Public Works
- Public Safety

The accounting and financial reporting functions of the Town are kept in the Town Hall located at 241 Market Street, P.O. Box 154, Charlestown Maryland, 21914.

The Town prepares its budgets on a basis consistent with generally accepted accounting principles.

The Financial affairs of the Town are managed by the Town Accountant (CPA), Office Manager and Town Administrator.

The Town Accountant and Office Manager will prepare the following schedules:

- Trial balance for all funds
- General ledger for all funds
- List of all bank accounts
- Copies of all bank reconciliations and list of outstanding checks for the month of June
- Schedule of receivables
- Schedule of prepaid expenditures
- List of deferred revenue by source
- Payroll reconciliation to General Ledger
- Listing and detail of all legal fees paid
- Schedule of accrued vacation and sick leave by employee
- List of accounts payable
- Other schedules upon request

#### **AUDIT TYPE**

The audits are to be performed in accordance with generally accepted auditing standards(GAAS) or, where appropriate, with generally accepted government auditing standards(GAGAS) and the statements are to be prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the U.S. General Accounting Offices (GAO) "Governmental Auditing Standards" (1994), where applicable.

#### **SCOPE OF SERVICES**

The selected auditor will prepare and express an opinion on the fair representation of its basic financial statements, as well as the combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles.

## **1. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request.

In addition, 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.

## **2. Annual State Uniform Financial Report**

Proposals are to reflect the Auditing Firm preparing the Uniform Financial Report.

## **3. Other Requirements**

The audit must be completed on or before October 31, 2016. One unbound printers proof and twelve bound copies of all reports must be rendered to the Town within this time frame. The auditors will render a management letter to the Town Council which will include any recommendations for improving accounting operations of the Town. This report will also include an opinion on the system of internal control. The auditor will be required to meet with the Town Council to discuss their findings.

## **4. Schedule for the 2016 Fiscal Year Audit**

Each of the following shall be complete by the auditor no later than the dates indicated.

1. Detailed Audit Plan

**The auditor shall provide a detailed audit plan by August 15, 2016**

2. Fieldwork

**The auditor shall complete all field work by August 30, 2016.**

3. Interim Work

**The Auditor shall complete all interim work by September 10, 2016.**

4. Draft Financial Statements, including all required notes and schedules

**The auditor shall have draft financial statements and recommendations to management available for review by the Town Accountant and Office Manager by September 15, 2016.**

5. Final Financial Statements, including all required notes and schedules

**The final financial statements, including an electronic version, preferably a PDF file, and the final management letter with Town responses included, shall be submitted to the Town on or before September 30, 2016.**

6. Review and sign-off of Maryland Uniform Financial Report

**The auditor will complete this report as part of the audit by October 31, 2016.**

7. Presentation of Audited Financial Statements to the Mayor and Council

## **PROPOSAL SUBMITTAL REQUIREMENTS**

Each prospective audit firm's proposal will consist of two sections, a "Technical Section" and a "Sealed Dollar Cost Bid" section, both of which are to be prepared in accordance with the following guidelines. Two copies of the proposal must be submitted to the Town by 2 pm on May 31, 2016. Failure to comply with these requirements will result in a disqualification of the proposal.

## **TECHNICAL SECTION**

The purpose of the technical section of the proposal is to identify the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town in conformity with the requirements of this request for proposals. The substance of proposals will carry more weight than their form or manner of presentation. The technical proposal must demonstrate the qualifications of the firm and the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements. No information regarding professional fees or costs should be included anywhere in the technical section.

### **1. Explanation of Work to Be Performed**

The proposal must include a statement clearly articulating the understanding of the work to be performed and must specify the

intended scope of work of the proposal. Firms are encouraged to clearly state whether they are proposing to conduct all or a specific phase of the scope of work.

## **2. General Profile of Firm and Qualifications**

The firm is required to provide an affirmative statement that it is independent of the Town as defined by generally accepted auditing standards. An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed in Maryland.

The firm should also provide the following:

- A copy of the report on its most recent external quality control (peer) review report
- Affirmative statement that the firm is a member of the Government Audit Quality Center
- The firm's policy regarding continuing professional education
- Affirmative statement that the firm has at least five years of experience performing governmental audits

The Proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm should identify the principal, supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each person is licensed to practice as a certified public accountant in Maryland. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience. However, the Town retains the right to

approve or reject replacements.

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) 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 the name and telephone number of the principal client contact.

### **3. Contact Information**

The proposal must clearly identify the firm's contact person concerning the proposal, the firm's main and/or local addresses, telephone number, and email address where the contact person can be reached.

### **4. Schedule for Provision of Work**

The proposal must indicate the firm's anticipated availability for the project and an estimated performance schedule, if selected for the project. A detailed schedule presentation is an important consideration for the proposal review.

### **5. Specific Audit Approach**

The proposal must include a work plan, including an explanation of the audit methodology to be followed. In developing the work plan, reference should be made to such sources of information as the Town's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- Proposed segmentation of the engagement.
- Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- Sample sizes and the extent to which statistical sampling is to be used in the engagement.
- Type and extent of analytical procedures used in the engagement.

- Approach to be taken to gain and document an understanding of the Town's internal control structure.
- Approach to be taken in drawing audit samples for purposes of tests of compliance.

## **6. Other Required Inclusions**

The proposal must clearly and specifically identify any and all required Financial Statement schedules that the Town will be responsible for preparing.

The proposal is required to identify and describe any potential audit problems or issues that it anticipates encountering, the firm's approach to resolving these problems and issues, and any special assistance that will be requested from the Town.

## **SEALED DOLLAR COST BID / BASIS FOR COMPENSATION**

### **1. General Information**

The sealed dollar cost bid section of the proposal should contain all pricing information relative to providing the work as described in this request for proposals.

This section should include a statement of your firm's Basis for Compensation. For the basic services offered in this proposal, the respondent shall provide a lump sum, total all-inclusive maximum price as well as a summary of the percentage of estimated professional costs, total anticipated hours to complete the work, and the wage rate for analysts.

The Town of Charlestown will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

### **2. Inclusions**

The Sealed Dollar Cost Bid should also include the following information:

- A. Name of firm as it appears on the Federal and/or State Tax Identification forms.
- B. Certification that the person signing the proposal is authorized to represent the firm empowered to submit the bid and authorized to sign a contract with the Town of Charlestown.



- C. A "Professional Services Pay Rate" for each specific professional field that may be required to successfully complete the services identified in the submitted proposal.
- D. A "Total All-inclusive Maximum Price" for the work. The total all- inclusive maximum price is to contain all direct and indirect costs including all anticipated out-of-pocket expenses.
- E. Rates for Additional Services: the Town of Charlestown may request additional services outside the scope of this proposal. The selected firm must be available to perform these additional services at the same rates detailed in the schedule of fees and expenses included in the sealed dollar cost bid.
- F. Proposals are to include the preparation of the Uniform Financial Report.

#### **SUBMISSION OF PROPOSAL / BID**

All proposals are due to the Town of Charlestown **by 2:00 PM on May 31, 2016**, and must be either mailed or hand-delivered to:

**Town of Charlestown  
241 Market St., Box 154  
Charlestown, MD.21914  
Attention – W.D. Pumpaly Administrator**

Questions concerning the RFP should be directed to W.D. "Wib" Pumpaly, Town Administrator, 410-287-6173.

#### **EVALUATION OF PROPOSALS AND AWARD OF CONTRACT**

The submitted proposals will be publicly opened and read on June 1, 2016, 10:00 AM in the Charlestown Town Hall, 241 Market St., Charlestown, MD 21914.

The Town of Charlestown reserves the right to reject any and all RFP submissions and further reserves the right to re-issue the RFP.

Evaluations will take place between the days of June 1 and June 13, 2016 We anticipate a recommendation will go the Charlestown President and Commissioners for consideration of approval on June 14, 2016.

## **OTHER REQUIREMENTS AND INFORMATION**

### **1. Stability of Proposed Prices**

Any price offerings from respondents must be valid for a period of 90 days from the due date of the proposals.

### **2. Amendment or Cancellation of the RFP**

The Town of Charlestown reserve the right to cancel, amend, modify or otherwise change this RFP at any time if it deems it to be in the best interest of the Town of Charlestown to do so.

### **3. Proposal Modifications**

No additions or changes to any proposal will be allowed after the proposal due date, unless such modification is specifically requested by the Town of Charlestown. The Town, at its option, may seek respondent retraction and/or clarification of any discrepancy or contradiction found during its review of proposals.

### **4. Presentation of Supporting Evidence**

Respondents must be prepared to provide any evidence of experience, performance, ability, and/or financial sureties that the Town of Charlestown deems to be necessary or appropriate to fully establish the performance capabilities represented in their proposals.

### **5. Demonstration of Proposed Services**

At the discretion of the Town of Charlestown, respondents must be able to confirm their ability to provide all proposed services. Any required confirmation must be provided at a site approved by and without cost to the Town of Charlestown.

### **6. Erroneous Awards**

The Town of Charlestown reserves the right to correct inaccurate awards. This may include, in extreme circumstances, revoking the awarding of a contract already made to a respondent and subsequently awarding the contract to another respondent. Such action on the part of the Town of Charlestown shall not constitute a breach of contract on the part of the Town of Charlestown once this determination has been made.

## **7. Proposal Expenses**

Respondents are responsible for all costs and expenses incurred in the preparation of proposals and for any subsequent work on the proposal that is required by the Town of Charlestown.

## **8. Ownership of Proposals**

All proposals shall become the sole property of the Town of Charlestown and will not be returned.

## **9. Execution of Contract**

This RFP is not a contract and, alone, shall not be interpreted as such. Rather, this RFP only serves as the instrument through which proposals are solicited. If, for some reason, the Town of Charlestown and the initial selected respondent fail to reach consensus on the issues relative to the contract, then the Town of Charlestown or its agents may commence contract negotiations with other respondents. The Town of Charlestown may decide at any time to start the RFP process again.

## **10. . Oral Agreement or Arrangements**

Any alleged oral agreements or arrangements made by respondents with the Town of Charlestown, or employees of the Town of Charlestown will be disregarded in any proposal evaluation or associated award.

## **11. . Subcontractors**

The Town of Charlestown must approve any and all subcontractors utilized by the successful respondent prior to any such subcontractor commencing any work. Respondents acknowledge by the act of submitting a proposal that any work provided under the contract is work conducted on behalf of the Town of Charlestown and that the Town Administrator or their designee may communicate directly with any subcontractor as the Town of Charlestown deem to be necessary or appropriate. It is also understood that the successful respondent shall be responsible for all payment of fees charged by the subcontractor(s). The successful respondent shall provide a performance evaluation of any subcontractor promptly to the Town. The successful respondent must provide the majority of services described in the Scope of Work.

## **12. Copyright**

The selected firm must agree to execute and deliver to the Town of Charlestown any and all necessary documents to support the transfer and assignment of any and all intellectual property and copyright rights pertaining to the plan to be developed under this proposal.

## **13. Confidentiality and Care of Data**

The successful respondent agrees to protect the confidentiality of any files, data or other material pertaining to this contract and to restrict their use solely for the purpose of performing this contract. The successful respondent shall take all steps necessary to safeguard data, files, reports or other information from loss, destruction or erasure. Any costs or expenses of replacing or damages resulting from the loss of such data shall be borne by the contractor when such loss or damage occurred through its negligence.

## **14. Legal Terms**

It is the policy of the Town of Charlestown that any contract for services requires that all legal disputes are heard in a court of law in the State of Maryland and that each party is responsible to pay for the cost of their own legal fees. **The Town will not agree to terms that are not consistent with this policy.**

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**The Town of Charlestown actively seek and encourage woman and minority-owned firms to submit proposals in response to this project.**