



Auditing Services - Request for Proposal

Bid Due Date: Friday, April 5, 2019

The Town of Washington Grove, Maryland, ("Town") requests sealed bid proposals from qualified independent auditors having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP). The selected Auditor agrees to audit the Town's financial statements for the fiscal year ending June 30, 2019 and the four subsequent fiscal years (a one plus four-year contract), as well as to prepare the State of Maryland Uniform Financial Report "UFR" for each fiscal year.

There is no expressed or implied obligation for the Town of Washington Grove to reimburse firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract unless approved otherwise in writing by the Town.

Type of Audit

The audit will encompass a financial and compliance examination of the Town's basic financial statements, supplementary information, and compliance reports in accordance with the laws and/or regulations of the State of Maryland, which includes requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; Government Auditing Standards, 2011 version; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, including revisions published in the Federal Register; and all other applicable laws and regulations.

Period

The Town intends to continue the relationship with the Auditor for no less than five years on the basis of annual negotiation after completion of the first-year contract. Each year after negotiation has taken place, an annual contract documenting the terms of the audit will be signed. Since the Town Council may not obligate future Councils, the remaining years of the agreement are subject to Town Council approval. The Town reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with Year One being the only obligated year.

July 1, 2018 to June 30, 2019
July 1, 2019 to June 30, 2020
July 1, 2020 to June 30, 2021
July 1, 2021 to June 30, 2022
July 1, 2022 to June 30, 2023

Submission Details

Responses to this solicitation must be submitted in two copies and in a sealed envelope bearing the name of the firm or individual, and be clearly marked "RESPONSE TO RFP FOR AUDIT SERVICES." The Town must receive these responses no later than Friday, April 5, 2019 at 4:30 p.m. Submittals may be mailed to Town of Washington Grove, P.O. Box 216, Washington Grove, MD 20880 or delivered to the Town Office, 300 Grove Avenue, Washington Grove, MD 20880.

All submittals must be valid for ninety (90) days from closing date, but the contract is expected to be awarded in April 2019. Submissions received after the specified time will be considered late and returned unopened.

The Town reserves the right to reject any and all submittals or to waive any minor irregularities in the process. The Town further reserves the right to seek new proposals when it is in the best interest of the Town.

Time Schedule for Awarding Contract

Request for proposal packages will be mailed by March 8, 2019, and are available from the Town Office by request.

Two copies of proposals signed by authorized officials must be received by April 5, 2019. Proposals will be opened and publicly read at McCathran Hall in Washington Grove, Maryland, at 7:30 p.m., on Monday, April 8, 2019. Proposals will be evaluated using the following criteria: qualifications, prior experience, references and cost for services. The Mayor and Town Council will evaluate the proposals and make an award no later than April 30, 2019.

Following contract award, it is expected that the engagement agreement between the parties in a form as substantially attached, will be executed promptly.

Inquiries

Clarifications of terms and conditions of the Request for Proposals process shall be directed to Mayor John Compton at P.O. Box 216, Washington Grove, MD, telephone 240-432-5700, email: johncompton@me.com.

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, 2011 version, issued by the Comptroller General of the United States; Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, including revisions published in the Federal Register; and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

The scope of the audit and cost presented should include all approved GASB pronouncements. Although some pronouncements may not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during the contract period. The Town will require the auditor's assistance to comply with these reporting requirements, relevant to implementation and format and content of statements and footnote disclosures. These services must be included in the base bid.

The Auditor will assist the Town to prepare most year-end adjusting journal entries. The Town accepts responsibility for authorizing and recording the adjusting entries. The Auditor will be responsible for the preparation, typing, proofing, printing, and copying of the basic financial statements, supplementary information, and compliance reports. The Town Treasurer will be actively involved in the Management Discussion and Analysis (MD&A), and other schedules section preparation. The Auditor will submit a draft of the financial statements to be reviewed in detail by the Town Treasurer. This draft should be submitted to the Town of Washington Grove in time to allow ample review and corrections. The timing of this should insure final completion of the financial statements no later than the annual October 31st deadline.

The Town Treasurer should be updated on any concerns and requests for additional information during the audit assignment. In order to expedite the audit process, the Town requests that the audit team make a detailed and comprehensive request for information that will need to be compiled or Provided by Client (PBC) schedules to complete at least three weeks in advance of fieldwork visit(s). Understandably the need for additional information may surface during the audit process, but such advance planning and communication allows for work to be completed in and around staff schedules and absences, and greatly facilitates completion of the engagement.

The audit must be completed and reports rendered by October 31 of each year.

The Auditor will prepare, type, and print the audited financial statements. Twelve copies of the audit report and management letters must be supplied to the Town Treasurer by October 31 of each year. In addition, the Auditor is responsible for submitting both a hard copy and an electronic version (preferably in PDF format) of the audit report to the Maryland Legislative Auditor by October 31. The Auditor must also electronically file the Uniform Financial Report with the Maryland Department of Legislative Services on or before October 31 of each year.

The financial audit opinion will cover the financial statements for the governmental activities of the Town's General Fund, which constitutes the basic financial statements. The schedules and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Auditor shall also express an opinion on the budgetary comparison information for the General Fund. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the Town Council.

Audit Contract and Payment of Audit Fees

The audit contract must be approved by the Town Council. Invoices are subject to approval by the Town Treasurer prior to payment. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements and Uniform Financial Report, both of which must be approved by the Town Treasurer before final payment.

Other Services

The Town Treasurer may periodically request the Auditor's advice on accounting procedures and/or seek guidance on completion of certain schedules/documents to assure that financial information is determined correctly and reported properly.

At the Mayor's request, the Auditor may attend one Town Council meeting in November or December for presentation of the audit results.

Guidance will be required for new note disclosures, all approved GASBs as well as GASB implementations, and other reporting requirements. These services will be included in the base bid.

Description of Selection Process

Two copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Submission Details."

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Town Council will evaluate the auditor/firm on educational and technical qualifications. The accepted firms from the first section will have their second section opened and evaluated. The firm best meeting the Town's expectations for experience, audit approach, and cost requirements will be selected as the Auditor.

Please keep in mind that cost, while an important factor, will not be the sole determining factor. The lowest bid will not automatically be awarded preferential consideration.

The Town requests that no Town officials be contacted during this process. The Town Treasurer may be contacted only to clarify questions concerning the RFP content.

The Town reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserves the right to make the award in the best interest of the Town.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

First Section

The first section should address the requested information below. The corresponding responses should begin with the number below for the requested information.

1. Indicate the number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the local office's current and prior government audit clients, indicating the types of service(s) performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
5. Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on each job, and his/her position while on each audit.
6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions.
8. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
9. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), 2011 version. Provide a copy of the firm's Statement of Policy and Procedures.
10. Is the firm adequately insured in cover claims? Describe liability insurance coverage arrangements.
11. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

Second Section

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate, sealed envelope marked – "Cost Estimate." The Town plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

This second section should consist of completed cost estimate sheets, which will include the following information:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.

5. Information that will be contained in the management letter.
6. Assistance expected from the Town's staff, if other than as outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Specify costs using the format below for the audit year July 1, 2018 to June 30, 2019. For the two audit years that follow, list the estimated costs. The cost for the audit year ending June 30, 2019 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount.

Personnel costs

Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.

1. Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor's office.
2. Rate per hour.
3. Total cost for each category of personnel and for all personnel costs in total.

Travel

Itemize transportation and other travel costs separately.

Cost of supplies and materials

Itemize.

Other costs

Completely identify and itemize.

If applicable, note your method of determining increases in audit costs on a year-to-year basis.

Please list any other information the firm may wish to provide.

Please include the Summary of Audit Costs Sheet with your proposal.

Description of the Governmental Entity and Its Accounting System

Entity

Town of Washington Grove is a municipal corporation governed by an elected Mayor and an elected Town Council. The Town provides the following services as authorized by its charter: streets, sanitation, recycling, recreation, public park improvements and general administrative services. Its major sources of revenues are derived from real estate taxes, income taxes and usage taxes.

Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. The General Fund is the Town's primary operating fund and is used to account for all financial resources.

Grants, Entitlements, and Shared Revenues

The Town receives State of Maryland highway user revenues and a municipal tax duplication rebate from Montgomery County, Maryland. Both of these revenue sharing sources are used to maintain Town roads and walking paths.

Pension Plan

The Town provides retirement benefits for all of its full-time employees through a deferred compensation plan. All full-time employees are eligible to participate. The Town currently has no employees participating in the plan.

Budgets

Annual budgets are adopted for all Town funds. For day-to-day management control, expenditures may not exceed budget at the department level. The Town Council may subsequently amend the budget subject to limitation on total expenditures. All appropriations lapse at the end of the budget year to the extent they have not been expended or lawfully encumbered.

Accounting Records

The Town maintains all its accounting records in the office of the Town Treasurer, 503 McCauley Street, Washington Grove, MD 20880. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts payable ledger in Intuit QuickBooks Desktop Pro 2018.

Assistance Available to Auditor

The Town will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available at a mutually agreed upon time in order to meet the deadlines specified in the RFP. The audit team can expect the Town Treasurer will pull and/or prepare all financial information as required for testing, compliance and that is needed for the firm to be able to complete the audit engagement and successfully prepare the financial statements. Auditors can expect that the books will be completely balanced and all bank account reconciliations will be complete such that auditor adjusting entries to the financial records of the unit will be minimal, with the exception of any entries needed for financial statement presentation only, which will be the responsibility of the audit team.

Size and Complexity of Unit

Personnel/Payroll

Number of employees	2 full-time, 17 part-time
Frequency of payroll	bi-weekly
Number of payroll direct deposit advises	2

Purchasing

Number of invoices paid	25-50/month
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Bank Accounts

Number of bank accounts	9
Average monthly activity in main accounts	
Number of deposits	4/month
Number of checks	30-80/month
Direct Deposit Payroll	2

Management Information Systems

Number of PCs on the premises	1
Number of employed programmers capable of modifying the operating system and the application programs	0

The following financial applications are on the computer system: General Ledger, Accounts Payable, Payroll



**Town of Washington Grove
Request for Proposal
Auditing Services**

BID PROPOSAL FORM

SUMMARY OF AUDIT COSTS SHEET

Name of Firm: _____

Contact Name: _____

Date: _____

Telephone: _____

Email: _____

Federal ID: _____

- | | | |
|----|---|----------|
| 1. | Base Audit:
Includes personnel costs, travel, and on-site work | \$ _____ |
| 2. | Financial Statement Preparation | \$ _____ |
| 3. | Extra Audit Service
\$ _____ per hour | \$ _____ |
| 4. | Other (explain) | \$ _____ |
| 5. | Other (explain) | \$ _____ |

TOTAL PROPOSAL YEAR ONE \$ _____

Special Terms and Conditions

- A. Failure to properly and completely fill in all blanks may be cause for rejection of this proposal.
- B. It is understood that the proposal price will be firm for a period of ninety (90) calendar days from the closing date, and that, if the undersigned is notified of award of contract within this time period, the Bidder shall execute a contract for the above stated compensation.

Non-Collusion Affidavit

TO BE SUBMITTED WITH BID

_____, being duly sworn on oath, deposes and says:

That he/she is the _____
(Owner, Partner, Title if on behalf of a Corporation)

of _____,
(Name of Business, Corporation or Partnership)

the party submitting the foregoing Bid; that (he has not) (no officer of the said Corporation has) (no partner of the said Partnership has) nor has any person, firm or corporation acting on (his/her) (its) (their) behalf; agreed, conspired, connived or colluded to produce a deceptive show of competition in the compilation of the Bid being submitted herewith; and that (he/she) (the said Corporation) (the said Partnership) has not in any manner, directly or indirectly, entered into any agreement, participated in any collusion to fix the Bid Price of the Bidder herein or any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the within Bid is submitted; that in making this Affidavit, the affiant represents that he/she has personal knowledge of the matters and facts herein stated. The Affiant hereby declares and affirms under the penalties of perjury that the foregoing is true to the best of his/her knowledge and information.

_____ (SEAL)

To be signed by Bidder, if the Bidder is an individual; or by a Partner, if the Bidder is a partnership; or by a duly authorized Officer, if the Bidder is a corporation.

Affidavit With Respect to Non-Conviction, Non-Suspension and False Pretenses

TO BE SUBMITTED WITH BID

I hereby affirm that:

1. I am the _____ (Title) and duly authorized representative of _____ (Name of Business Entity) whose address is _____ and that I possess the legal authority to make this affidavit on behalf of myself and the firm for which I am acting.
2. Except as described in Paragraph 7 below, neither I nor the Business Entity nor, to the best of my knowledge, any of its officers, directors, or partners or any of its employees directly involved in obtaining contracts with the State, or any county, bi-county or multi-county agency or subdivision of the State have been convicted, or in an official investigation or other proceeding admitted in writing or under oath, acts or omissions which constitute bribery, attempted bribery or conspiracy to bribe under the provisions of Criminal Law Article of the Annotated Code of Maryland or under the laws of any state or the federal government (conduct prior to July 1, 1977 is not required to be reported); and
3. Except as described in Paragraph 7 below, neither I nor the Business Entity nor, to the best of my knowledge, any of its officers, directors, or partners or any of its employees directly involved in obtaining contracts with the State, or any county, bi-county or multi-county agency or subdivision of the State have been convicted under a State or federal law or statute of any offense enumerated in §16-203 of the State Finance and Procurement Article; and
4. Except as described in Paragraph 7 below, neither I nor the Business Entity nor, to the best of my knowledge, any of its officers, directors, or partners or any of its employees directly involved in obtaining contracts with the State, or any county, bi-county or multi-county agency or subdivision of the State have been found civilly liable under a State or federal antitrust statute as provided in §16-203 of the State Finance and Procurement Article.
5. Except as described in Paragraph 7 below, neither I nor the Business Entity nor, to the best of my knowledge, any of its officers, directors, or partners or any of its employees who will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction have been debarred or suspended under this subtitle.
6. Except as described in Paragraph 7 below, neither I nor the Business Entity nor, to the best of my knowledge, information and belief, any officer, director, partner, member or associate thereof; nor any of its employees directly involved in obtaining contracts with the Town, has been convicted of false pretenses, attempted false pretenses or conspiracy

to commit false pretenses under the laws of any state or federal government, based upon acts committed after July 1, 1981.

7. State "none" below or, as appropriate, list any suspension, debarment, conviction, plea or admission described in Paragraph 2 - 6 above, with the circumstances, date, court, official or administrative body, the individuals involved and their position with the firm, and the sentence or disposition, if any.

I acknowledge that this affidavit is to be furnished, where appropriate, to the Town of Washington Grove, Maryland, under Section 16-311 of the State of Maryland Finance and Procurement Article of the Annotated Code of Maryland. I acknowledge that, if the representations set forth in this affidavit are not true and correct, the Town of Washington Grove may terminate any contract awarded and take any other appropriate actions. I further acknowledge that I am executing this affidavit in compliance with Section 16-309 of the State Finance and Procurement Article of the Annotated Code of Maryland, which ordains that any person convicted of bribery (upon acts committed after July 1, 1977) in furtherance of obtaining a contract from the State or any subdivision of the State of Maryland shall be disqualified from entering into a contract with the Town.

I do solemnly declare and affirm under the penalties of perjury that the contents of the affidavit are true and correct.

Date

Signature

Printed Name