

# CITY OF SEAT PLEASANT



REQUEST FOR PROPOSALS FOR ANNUAL FISCAL  
AUDIT AND SCOPE OF SERVICES

The City of Seat Pleasant invites proposals from qualified independent licensed municipal auditors having enough governmental and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP).

Fiscal Year 2019 through Fiscal Year 2021



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It is the intent of the City to negotiate a three-year contract, with the second and third-year contingent on the successful and timely completion of the first year of the contract. Submissions must be received by

2:00 p.m. July 1, 2019.



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### **I. CITY BACKGROUND AND ACCOUNTING SYSTEM**

The population of the City of Seat Pleasant is 4,823. The City currently has 60 full-time employees under the direction of the Chief Operating Officer. The City of Seat Pleasant operates under a Council – Manager form of government. Policy-making and legislative authority are vested in the City Council, consisting of an elected mayor and seven council members. The Chief Operating Officer is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City, under the direction and supervision of the Mayor. Financial records are maintained by the Finance Department.

The City provides a full range of municipal services including but not limited to, the department of public works for street cleaning and maintenance of city property, trash removal, and park maintenance; police services through the city’s public safety department; revitalization of the community including the elimination of blighted property and an enhanced commercial district through the economic development department; citizen participation in community events and connectivity to available County resources through the public engagement department; human resources, youth employment opportunities, and general administration.

The City operates on a modified accrual basis accounting method. Financial accounting records are computerized using NetSuite Software. Software modules include but not limited to: Accounts Payable, Accounts Receivable, Bank Reconciliation, Cash Receipts, General Ledger, Licenses and Permits, Purchase Orders, and Utility Billing. The City also uses ADP Software for Payroll. All budget appropriations are made at the general classifications prescribed by the State of Maryland.

The City currently maintains one (1) General Fund, one (1) Speed Camera, one (1) Red Light, one (1) Special Revenue Funds, one (1) Enterprise Fund, and one (1) Debt Service Fund. Within the General Fund, the expenditures are organized by Department. The adopted budget for all City operations for Fiscal Year Ending, June 30, 2019 is \$13,906,353.00. The City has received both state and federal grants however it is not subject to individual audit requirements each year.

A copy of the budget and prior year audited financial statements are available on the City of Seat Pleasant website: <https://seatpleasantmd.gov/>.



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## II. GENERAL INFORMATION AND SUBMISSION OF PROPOSALS

All information and data furnished to the audit firm by the City and all other documents to which the audit firm's employees have access during the preparation and submittal of the proposal shall be treated as confidential by the successful audit firm. Any oral or written disclosure to unauthorized individuals is prohibited.

The City of Seat Pleasant requires all audit firms to comply with equal opportunity policies. The City of Seat Pleasant's programs, services, employment opportunities, volunteer positions and contracts are open to all persons without unlawful regard to race, religion, color, gender, sexual orientation, national origin, age, disability, genetic information, veterans' status, marital status, or any other status protected by applicable federal, Maryland or local law.

- A. All written proposals must be submitted by mail and via email on **July 1, 2019**

Mail to:

Chief Financial Officer:  
Adeoye Aganga-Williams  
311 68<sup>TH</sup> Place  
Seat Pleasant, MD. 20743

Email:

[billing@seatpleasantmd.gov](mailto:billing@seatpleasantmd.gov)

For questions or additional information contact Chantell Tyler, 301-336-2600 ext. 2257 or email: [Chantell.Tyler@seatpleasantmd.gov](mailto:Chantell.Tyler@seatpleasantmd.gov).

All written submissions must be physically received by the City by 2:00 pm on July 1, 2019.

These written submissions shall become the property of the City of Seat Pleasant without obligation.

Fax submissions will not be accepted.

B. The City of Seat Pleasant reserves the right to reject any and all proposals, with or without cause, and has the right, in its sole discretion, to accept the proposal it considers most favorable to the City's interests. The City reserves the right to seek clarification of any proposal submitted. The City also reserves the right to require other evidence of technical, financial, or other abilities prior to selection. The City of Seat Pleasant may make an award based upon initial proposals received without discussion of such proposals with the submitting entity.



Proposal and Award Schedule:

May 30, 2019	Publish notice and distribute RFP
July 1, 2019	Proposal Due Date
July 5, 2019 2019	Selection of Finalists
July 8, 2019	Contract Award Approval via resolution by City Council
July 15, 2019	Complete Contract Process (sign Engagement Letter)
July 19-July 30, 2019	Preliminary work by auditing firm if necessary
August 5, 2019	Auditing firm to begin field work
October 1, 2019	Draft audit due to the City Council
October 8, 2019	Final Audit due to the City Council for adoption
October 31, 2019	Uniform Financial Report (UFR) Report and audit of financial statement due to State of Maryland

**III. AUDIT OBJECTIVES AND SCOPE OF SERVICES**

The City of Seat Pleasant is requesting proposals for the services of a qualified Certified Public Accounting firm to audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City of Seat Pleasant. Services will include, but not be limited to; planning and performing the audit; performing tests of documentary evidence, evaluating internal controls; preparing the draft and final Audit Report (includes approximately 20 copies and an electronic copy); preparing and filing State Documents; and providing technical assistance throughout the fiscal year.

- A. The auditing services performed by the auditor shall allow the firm to:
- Express an opinion on whether the financial statements of the City present fairly the financial operations in conformity with Generally Accepted Accounting Principles (GAAP).
  - Express an opinion on whether the City has complied with laws and regulations that may have a material effect on the audited financial statements in accordance with Government Auditing Standards.
  - Report on internal controls related to the financial statements and major programs and issue an opinion on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Budget Circular No. A-133; and Audits of States, Local Governments, and Non-Profit Organization.
  - Issue a management letter.



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- B. The financial and compliance audit shall apply industry standards for auditing, and shall be made in accordance with all the following:
- Generally accepted governmental procedures as prescribed in the American Institute of CPAs (AICPA) Industry Audit Guide – Audits of State and Local Government Units and in Governmental Accounting, Auditing, and Financial Reporting (GAAFR)
  - Generally accepted auditing standards, Government auditing standards, and Oregon minimum standards
  - Applicable laws and regulations
- C. Recommendations based upon the auditing firm’s review of the adequacy of internal accounting controls and other audit investigations shall be made a part of a formal management report separate from the financial audit. Such associated costs shall be included in the audit fee. The discussion of these recommendations shall be with the Chief Operating Officer and Chief Financial Officer. Recommendations to management, opinion, comments or recommendations relating to internal controls, accounting systems, compliance with laws, rules and regulations, or any other matters that come to the attention of the auditor during the audit must be discussed with appropriate City officials prior to publication.
- D. The auditor shall meet with the Chief Financial Officer prior to the commencement of each audit to discuss the planned approach to the audit work and to provide a list of schedules to be prepared by City personnel prior to the beginning of field work. An exit conference is required of the auditing firm on completion of all field work to inform the Chief Operating Officer and Chief Financial Officer of pertinent findings. A summary presentation of the audit findings shall be made to the City Council.
- E. Expectation of services to be provided by auditors not already outlined above:
- The Auditor should be familiar with and prepared to advise City staff on how best to implement both current and proposed GASB Statements. In addition, the Auditor is also expected to provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting.
  - Provide the City with adjusting entries and a final trial balance upon completion of the field work.
  - Draft and prepare final audit report – Auditor will be expected to prepare the final audit report and provide (20) hard copies and an electronic copy to the City.
  - Prepare and file all required State Documents.
  - Prepare a report on compliance with specific requirements applicable to major federal financial assistance programs, if required.



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- All working papers and reports must be retained, at the auditor's expense, for a minimum of ten (10) years, unless the firm is notified in writing by the City of Seat Pleasant of the need to extend the retention period.

Any unusual conditions encountered during the audit, where services of the auditing firm must be extended beyond the normal work anticipated, will require written notification to the Chief Financial Officer who will respond in writing concerning the additional services.

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.

### **IV. ASSISTANCE AVAILABLE TO AUDITOR**

The City will make available to the auditor enough help to pull, re-file, and mail all necessary records. A trail balance will be made available. The following accounting procedures will be completed, and documents prepared by the City's staff.

The books of account will be fully balanced.  
All subsidiary ledgers will be reconciled to control accounts  
All bank reconciliations for each month will be completed.

The City's personnel will prepare the following items:

#### **General**

1. General Ledger transaction detail report for each account
2. A copy of the original budget, all amendments and the final budget as of June 30
3. A copy of all ordinances and all amendments for active projects during the audit period
4. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files maintained by the City
5. A copy of board policies, including travel and investment policies
6. Schedule of insurance coverage
7. A copy of Mayor and Council Public Meeting Minutes

#### **Cash and Investments**

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end

#### **Receivables**

1. Listing all outstanding Funds receivable by account as of the fiscal year end.
2. Listing all outstanding Funds receivable in details as of the fiscal year end.
3. Schedule of miscellaneous receivables booked as of the fiscal year end.



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### Capital Assets

1. Printout of all capital asset acquisitions made during the audit year.
2. Printout of all capital asset dispositions made during the audit year.

### Current Liabilities

1. Schedule of accounts payable
2. Schedule of accrued payroll

### Long Term Debt

1. Computation of vested vacation payable as of the audit date
2. Outstanding Debt Schedules as of the audit date

### Grants

The following will be compiled for each grant:

1. Grant agreement
2. Budget
3. Correspondence with grantor agency, including monitoring reports
4. Quarterly Reports
5. All expenditures and resources associated with the grant

### Schedule of Insurance

1. All bank reconciliations for each month.
2. List of outstanding checks by account, showing check number, date and amount
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end,

## V. PROPOSAL REQUIREMENTS

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals include the items noted below and be organized in the manner specified in this part

1. Title Page – The name of the proposal's firm, firm address, telephone number, name of contact person, email address, and the date.

Organization and Assigned Personnel – State whether your audit organization is national, regional, or local. Include the names of local partners/principals and provide a list of partners, managers, and other key staff people who will be assigned to the City's account

2. Local Office Technical Qualifications – Provide resumes of persons who will be performing professional work and indicate their experience in auditing governmental jurisdictions. Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each



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3. Compliance - Disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of the proposing organization, or

warrant that no such condition is known to exist. If the proposer is a national firm, it must disclose the above information for its region and all material judgments and pending or expected litigation on a nation-wide basis. If the proposer has had a contract terminated for default during the past five (5) years, all such incidents must be described. The audit firm must not have a record of substandard work. The City will verify this requirement by communication with the Maryland Board of Public Accountancy.

4. Use of Subcontractors – State whether subcontractors will be used and provide the above information for each subcontractor.

5. Reporting Deadlines – Provide detailed information on how the audit firm proposes to meet the anticipated timelines and reporting deadline of the engagement.

## VI. PRICE

Provide the firm’s proposed all-inclusive audit fee and a statement regarding determination of increases in succeeding years should the contract be extended. Include the hourly rates for each staff employee classification, and any other fees associated with the completion of the audit. The auditing firm shall include in their auditing fee the following:

- The cost of providing (20) copies of the audit document and (1) PDF copy.
- Cost of conducting a single audit covering the City’s Federal grants as required by the Single Audit Act and the Office of Management and Budget Circular A-133, if required (an additional fee may be charged for this service).



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Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normal work anticipated will require written notification to the Chief Financial Officer who will respond in writing concerning the additional services. Additional fees must be approved by the City Council.

**VII. EVALUATION CRITERIA AND SELECTION PROCEDURE**

Proposals will be evaluated based on technical responses and price with the following points:

Experience, Qualifications and References	40%
Audit approach and understanding of RFP	30%
Cost Proposal	30%
TOTAL	100%

Any proposal that scores a zero (unacceptable) in any category will be rejected, regardless of total score.

**VIII. USE OF AUDIT**

Ownership of the audit report belongs to the City of Seat Pleasant and it is expressly understood that publication of the audit, in whole or in part, or reference to the audit, will be at the sole discretion of the City.

**IX. CONTRACT TERMINATION**

Either party may cancel the contract for an audit year by giving notice in writing to the other party at least ninety (90) days prior to July 1 of any year.