

CITY OF LAUREL, MARYLAND

REQUEST FOR BIDS-AUDITING SERVICES FY2010-FY2012

I. INTRODUCTION

A. General Information

The City of Laurel, Maryland (“the City”) requests bids from qualified firms of certified public accountants to audit its financial statements, and prepare the State of Maryland Uniform Financial Report (“UFR”) for the fiscal year ending June 30, 2010 with a possible option of auditing its financial statements for each of the two (2) subsequent fiscal years subject to the City’s approval. An annual audit is required pursuant to the City Charter, Article 500, Section 519. Additionally, the City requests bids from qualified firms of certified public accountants to perform a single audit, if necessary.

B. Submission of Bids

To be considered, three (3) sets of the bid, which include the attached appendices A-E, **must be received by 4:00 p.m. on Thursday, April 29, 2010**, time being of the essence, addressed to:

Ms. S. Michele Saylor
Director of Budget and Personnel Services
City of Laurel
8103 Sandy Spring Road
Laurel, Maryland 20707

ANY BID RECEIVED AFTER THAT TIME SHALL BE AUTOMATICALLY REJECTED AND RETURNED UNOPENED AS REQUIRED BY THE CITY’S POLICIES REGARDING BIDDING

The City of Laurel reserves the right to reject any or all bids submitted. A bid shall only be accepted after formal approval by the City pursuant to its normal procedures for awarding bids. During the evaluation process, the City reserves the right, where it may serve the City’s best interest, to request additional information or clarification from proposers. At the discretion of the City, firms submitting bids may be requested to make oral presentations as part of the evaluation process.

Submission of a bid indicates acceptance by the firm of the conditions contained in this bid request, unless exceptions are clearly and specifically noted in the bid submitted.

The successful applicant must enter into a written retainer agreement, acceptable to the City, within thirty (30) days of the approval of the bid by the City. If not concluded within the thirty (30) days, the City shall go to the second low bidder. The City reserves the right to cancel any contract, if, in its opinion, there has been a failure by

the CPA firm to adequately perform in accordance with the stipulations of this Request for Bid and the written contract.

II. SCOPE OF WORK

A. Opinion of Auditor

The Auditor shall express an unqualified opinion unless the Auditor furnishes, on a timely basis, to the City reasons for (a) qualifying the opinion, (b) disclaiming an opinion, or (c) rendering an adverse opinion.

B. Annual State Uniform Financial Report

The auditor will prepare the City's "Uniform Financial Report" prior to its submission to the State Department of Legislative Services.

C. Auditing Standards

To meet the requirements of this Request for Bids, the audit must be performed in accordance with:

1. Generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS) and requirements as defined by Government Auditing Standards issued by the Comptroller General of the United States and the Maryland Public Accounting Act and any revisions effective during the audit.
2. Generally accepted auditing standards as defined by the American Institute of Certified Public Accountants (AICPA), and any revisions effective during the audit.
3. The Single Audit Act of 1984 (as amended) and Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments. The provisions of "Standards of Audit of Governmental Organizations, Programs, Activities, and Functions," promulgated by the Comptroller General. The OMB's "Major Compliance Features of Programs Administered by State and Local Governments," and guidelines for Financial and Compliance Audits of Federally Assisted Programs, issued by the U.S. General Accounting Office and any revisions effective during the audit period.
4. Specifications of the State of Maryland Annotated Code Article 19, Section 40, and any revisions effective during the audit period.
5. Requirements of the Government Accounting Standards Board (GASB).

D. Reports to be Issued

1. The Auditor shall immediately report all irregularities and illegal acts or indications of illegal acts to the Director of Budget and Personnel

Services and the City Administrator. If in the Auditor's opinion, the irregularities or illegal acts are of sufficient significance, they shall be reported to the Mayor and City Council.

2. If warranted, the Auditor shall submit a separate management letter containing recommendations related to improving accounting and management internal controls plus any other related improvements. The Auditor will have a conference with the City Administrator and Director of Budget and Personnel Services for the purposes of reviewing its audit findings and recommendations prior to the issuance of any management letters, certifications or reports.
3. The Auditor is required to attend and present its opinion and management letter to the Mayor and City Council at one or two meetings. These meetings are held at evening sessions.
4. **The final audit report and UFR must be completed by October 25th.** One unbound printer's proof and twenty (20) bound copies of all reports must be rendered to the City on or before this date. Additionally, a PDF copy of the final report shall be provided to the Director of Budget and Personnel Services. Drafts of the audit report and management letter shall be available for the review of the City Administrator and Director of Budget and Personnel Services by October 10th.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's office and at his expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Laurel of the need to extend the retention period, in which event, such working papers and reports shall be retained by the auditors for such extension period. The auditor will be required to make working papers available, upon request.

In addition, the firm shall respond to the inquiries of successor auditors to review working papers.

F. Scheduling and Procedures

The auditor shall develop a time schedule and procedures to be observed during the audit and prior to the beginning of each audit by June 30th. The schedule and procedures shall be subject to change and/or approval by the City.

The final audit report and UFR must be completed by October 25th. One unbound printer's proof and twenty (20) bound copies of all reports must be rendered to the City on or before this date. Additionally, a PDF copy of the final report shall be provided to the Director of Budget and Personnel Services. Drafts of the audit report and management letter shall be available for the review of the City Administrator and Director of Budget and Personnel

Services by October 10th.

G. Optional Services

There are additional services for which the City would like to have Bids that includes but is not limited to the following:

1. The City wishes to consider having the auditors assist in the preparation of all statements/reports necessary for submission to the Government Finance Officers' Association (GFOA) to achieve the Certificate of Achievement for Excellence in Financial Reporting, including the transmittal letter.
2. The City wishes to consider having the auditors assist in the preparation of all statements/reports necessary for a Comprehensive Annual Financial Report (CAFR) which meets the requirements of the State of Maryland Department of Fiscal Services and complies with the GFOA Certificate of Achievement Program.
3. The City wishes to consider having the auditors review and evaluate the internal controls in place at the six remote locations in the City where cash is collected.
4. The City wishes to consider having the auditors review and assess the City's internal accounting control over the data processing operation. At a minimum, the auditor shall prepare a bid for making detailed recommendations regarding the adequacy of documentation and procedures, segregation between the staff, and security.
5. The City wishes to consider having the auditors perform the annual financial audit of the corresponding fiscal year for the Laurel Volunteer Fire Department and/or the Laurel Volunteer Rescue Squad.

All options noted above shall be priced separately in accordance with the format displayed in Appendix E.

III. DESCRIPTION OF THE GOVERNMENT

A. Background Information

The City of Laurel is comprised of an area of 4.3 square miles with a population of 21,360. The City's fiscal year begins on July 1 and ends on June 30.

The City provides the following services to its citizens:

Full service Police Department
Full service Public Works Department
Full service Parks and Recreation Department

The City of Laurel is the only municipality within Prince George's County that exercises its own planning and zoning authority.

The City has a total payroll of \$12.7 million, covering 180 full-time and 150 seasonal and part-time employees and is organized into 6 departments. The accounting and financial functions are centralized and are located in the Department of Budget and Personnel Services, Laurel Municipal Center, 8103 Sandy Spring Road, Laurel, Maryland 20707

B. Fund Structure

The City uses the following fund types and account groups in its financial reporting:

<u>Type</u>	<u>Number of Individual Funds</u>
General Fund	1
Capital Projects Fund	1
Trust and Agency Funds	1
General Fixed Assets Account Group	1
General Long-term Debt Account Group	1
Special Revenue Fund	1

C. Budgetary Basis of Accounting

The policy established by the Mayor and Council with respect to the City budget does not conform with generally accepted accounting principals. The difference between the budgetary and GAAP basis is that under the budgetary basis, encumbrances are recorded as the equivalent of expenditures. The difference shall be shown in a footnote of the financial statements document.

The general operating budgets for fiscal years 2006-2010 are on the City's website at <http://www.laurel.md.us/content/city-budget>.

D. Pension Plans

The City provides its own defined benefit pension plans: one for all sworn police personnel and another for all other regular full-time and part-time employees. Participation is mandatory for all eligible employees.

E. Department of Budget and Personnel Services

The Department is headed by the Director of Budget and Personnel Services, and consists of six (6) other full-time employees, as follows:

Deputy Director/Human Resources Officer	1
Fiscal Specialist II	3

Personnel Specialist	1
Fiscal Clerk	1

The Department staff will be available during the audit to assist the firm in the preparation of financial statements by providing information, documentation and explanations. The City will provide a year-end trial balance. The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, copy machine and FAX machine.

Report preparation, editing and printing shall be the responsibility of the auditor, as well as at his/her expense.

F. Availability of Prior Year Working Papers and Audit Reports

The City's financial statements for fiscal years 2006 – 2009 were prepared by Lindsey and Associates, Certified Public Accountants, Towson, Maryland. They will make their prior year working papers available to new auditors upon request. The City's financial statements for fiscal years 2005 – 2009 are on the City's website at <http://www.laurel.md.us/content/audit-reports>.

IV. BID REQUIREMENTS

A. Submission of Bid and Evaluation

Each prospective audit firm shall submit three (3) copies of both sections of the bid, which will consist of a technical section and a sealed dollar cost bid. **FAILURE TO DO SO SHALL RESULT IN AUTOMATIC REJECTION OF THE BID.** Both sections must follow the outline detailed in this bid proposal. Please see appendices A-E

A copy of any contract, retainer letter or other such agreement which the proposer may request the City to execute shall also be attached to the bid.

The technical section will be evaluated first. The most responsive five firms from this section will have their sealed dollar cost bid opened and evaluated.

The firm best meeting experience, capability, audit approach and cost requirements as determined by the City will be selected. The City's evaluation will be based on the requirements contained in this bid, the proposed fees and expenses, and any other factors which the City considers relevant including the proposed contract and references.

B. Technical Bid

1. General Requirements

The purpose of the technical bid is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an

independent audit of the City in conformity with the requirements of the bid proposal. As such, the substance of bids will carry more weight than their form or manner of presentation. The technical bid shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this agreement. It shall also specify an audit approach that will meet bid proposal requirements.

THERE SHALL BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL BID DOCUMENT.

2. Independence

The firm shall provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards.

3. License to Practice in Maryland

A certified statement that the firm and all assigned key professional staff are properly licensed to practice in Maryland shall be included.

4. Firm Qualifications and Experience

The proposer shall state the size of the firm, the size of the firm's governmental audit staff, the location of the offices 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 is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm shall 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 such person is licensed to practice as a certified public accountant in Maryland. The firm shall also provide information on the government auditing experience and other professional 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 shall 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 shall 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 City retains the right to approve or reject replacements.

6. Similar Engagements with Other Government Entities

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 bid. 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. The City reserves the right to make appropriate inquiry.

7. Specific Audit Approach

The bid shall set forth 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 City'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:

- (a) Proposed segmentation of the engagement
- (b) Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- (c) Sample size and the extent to which statistical sampling is to be used in the engagement.
- (d) Type and extent of analytical procedures to be used in the engagement.
- (e) Approach to be taken to gain and document an understanding of the City of Laurel's internal control structure.
- (f) Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The bid should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

9. Appendix A

Appendix A-Proposer References and Certifications should be included with the Technical Bid.

10. Report Format

The bid should include sample formats for required reports.

C. Sealed Dollar Cost Bid

Use the forms provided in Appendix D, Parts 1-3 in the Sealed Dollar Cost Bid. These should be the first three pages of the sealed dollar cost bid package.

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid shall contain all pricing information relative to performing the audit engagement as described in this request for bid proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the technical bid or the sealed dollar cost bid. Such costs shall not be included in the bid.

2. Rates by Partner, Specialist, Supervisory and Staff Level. Times Hours Anticipated for Each.

The sealed dollar cost bid shall include a schedule of professional fees and expenses, presented in the format provided in the appendix that supports the total all-inclusive maximum price. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees. Copies of these rates may be obtained from the Office of Finance.

3. Rates for Additional Professional Services

The City may solicit additional services outside the range of this audit. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

4. Manner of Payment

Progress payments may be submitted during the course of the engagement based on hours of work completed in accordance with the following schedule:

Completion of field work

Rendering of draft report

Rendering of final audit report and all other reports required

All bids, which shall include the provided forms in Appendices A-E, must be properly identified and submitted by **4:00p.m., Thursday, April 29, 2010**, time being of the essence, addressed to: Ms. S. Michele Saylor, Director of Budget & Personnel Services, 8103 Sandy Spring Road, Laurel, Maryland 20707.

**ANY BID RECEIVED AFTER THAT TIME SHALL BE
AUTOMATICALLY REJECTED AND RETURNED UNOPENED AS
REQUIRED BY THE CITY'S POLICIES REGARDING BIDDING.**

APPENDICES

- A. Proposer References and Certifications
- B. Proposer Guarantees
- C. Proposer Warranties
- D. Schedule of Professional Fees and Expenses
- E. Optional Services

APPENDIX A
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Technical Bid

References:

1.)

Name : _____

Address: _____

Contact Person: _____

Title: _____

Phone: _____

Dates work performed: _____

Nature of work performed: _____

2.)

Name : _____

Address: _____

Contact Person: _____

Title: _____

Phone: _____

Dates work performed: _____

Nature of work performed: _____

3.)

Name : _____

Address: _____

Contact Person: _____

Title: _____

Phone: _____

Dates work performed: _____

Nature of work performed: _____

I certify that:

1. We are an Equal Opportunity Employer. Discrimination on the basis of age, race, gender, and/or disability status with respect to the execution of this bid is expressly prohibited.
2. We have not been charged with, found guilty of, or are knowingly engaged in, or under investigation for, violations of federal, state, or local laws.

BID CERTIFIED

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX B
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Sealed Dollar Cost Bid

PROPOSER GUARANTEES

A. The proposer certifies that his/her organization can and will provide and make available, as a minimum, all services set forth in Section II, Scope of Work, and that all provisions of this bid, including all appendices, attachments or amendments hereto, shall be incorporated by reference in any award and in any subsequent contract between the proposer and the City.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Sealed Dollar Cost Bid

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Maryland laws with respect to foreign (non-State of Maryland) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof. **A COPY OF ALL ERRORS AND OMISSIONS INSURANCE POLICIES, INCLUDING ALL DECLARATION PAGES THERETO, SHALL BE INCLUDED WITH THIS BID.**
- C. Proposer warrants that it will not delegate or subcontract his/her responsibilities under this agreement without the prior express written permission of the City of Laurel.
- D. Proposer warrants that all information provided by it in connection with this bid is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D-PART 1
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Sealed Dollar Cost Bid

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

AUDIT OF THE FY2010 THRU FY2012 FINANCIAL STATEMENTS
(including UFR)

(Complete this Appendix for each of the 3 fiscal years)

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (Specify): _____	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
Out-of-pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (specify): _____				_____
Total all-inclusive maximum price for FY____ Financial Statements				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX D-PART 2
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Sealed Dollar Cost Bid

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE FY2010 THRU FY2012 FINANCIAL STATEMENTS

SINGLE AUDIT

(Complete this Appendix for each of the 3 fiscal years)

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (Specify): _____	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
Out-of-pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (specify): _____				_____
Total all-inclusive maximum price for FY ____ Single Audit				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX D-PART 3
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Sealed Dollar Cost Bid

COMBINED SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

Name of Service to be Provided (Part 1 and 2)		TOTAL PRICE
Audit of Financial Statements and preparation of UFR	Part 1	\$ _____
Single Audit (if required)	Part 2	\$ _____
TOTAL PRICE		\$ _____

APPENDIX E
CITY OF LAUREL, MARYLAND
REQUEST FOR BIDS-AUDITING SERVICES
Bid Form – Must be returned with Sealed Dollar Cost Bid

FOR THE AUDIT OF THE FY2010 THRU FY2012 FINANCIAL STATEMENTS
 (Complete the Appendix for each of the 3 fiscal years)

SCHEDULE OF OPTIONAL SERVICES

	<u>HOURS</u>	<u>TOTAL HOURLY</u>	<u>EXPENSES</u>	<u>TOTAL</u>
CAFR PREPARATION	_____	_____	_____	_____
INTERNAL CONTROLS	_____	_____	_____	_____
EDP REVIEW	_____	_____	_____	_____
GFOA CERTIFICATE OF ACHEIVEMENT	_____	_____	_____	_____
LVFD AUDIT	_____	_____	_____	_____
LVRS AUDIT	_____	_____	_____	_____
TOTAL OPTIONAL SERVICES	_____	_____	_____	_____

Identification of Proposed Additional Services Not Identified In This RFP and Proposed Cost Thereof
