**TOWN OF BOONSBORO, MARYLAND**
**REQUEST FOR PROPOSAL**
**PROFESSIONAL AUDIT SERVICES**

## I. PROJECT OVERVIEW

The Mayor and Council of Boonsboro, Maryland, is seeking proposals from firms with qualifications and experience to provide professional audit services to the Town of Boonsboro for the Fiscal Year ending **June 30, 2020**. Services will include, but are not limited to:

- Planning and Performing the audit
- Performing tests of documentary evidence
- Evaluation of internal controls
- Performing tests of compliance with state and/or federal award expenditures
- Review of Management letter
- Review of adjusted journal entries
- Draft and final audit report
- Preparation and filing of State documents
- Technical assistance throughout the fiscal year
- Review of the Year End Financial Reports

## II. BACKGROUND

The Town of Boonsboro has a population of 3,510 and provides municipal services, including administration, public works, water and sewer, engineering, planning and zoning, parks and recreation, and police and public safety.

Accounts are organized using funds such as the General Fund, Water Fund, and Sewer Fund. Within the General Fund, expenditures are set up by programs/departments. The approved budgets for General, Water, and Sewer Funds total approximately $4 million. The Town has state and federal grants; however, is not currently subject to individual audit requirements.

The Town operates under a Mayor and Council form of government. The Town Council is composed of six elected Councilmembers and an elected Mayor. The Mayor, with approval from the Council, appoints the Town Manager. The Town Manager is responsible for all Town management functions. The Town currently employs 20 full-time employees.

The Town utilizes Sage 50 Peachtree Accounting Software, for its financial reports and information.

## III. AUDITING STANDARDS

The financial statements are prepared to conform fully to generally accepted accounting principles (GAAP) and to be in full compliance with the requirements of the Governmental Accounting Standards Board (GASB) and/or Financial Accounting Standards Board (FASB) as appropriate. The auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with GAAP. The auditor will also provide compliance reports as required under Federal and State law, if applicable. The audit of the financial statements will be in accordance with:

- Generally Accepted Audit Standards, issued by the Comptroller General of the United States

## IV. AUDIT PERIOD AND TERM OF ENGAGEMENT

The proposal is for auditing services for a one-year term for the **Fiscal Year ending June 30, 2020**, with the option to extend for four (4) additional one-year terms, at the sole discretion of the Mayor and Council.

## V. AUDIT OBJECTIVES AND SCOPE OF WORK

The Auditor, as part of this engagement, will conduct the following activities utilizing the appropriate standards noted in Section III.

A. Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud and conformity with the GAAP.
B. Perform tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions.
C. Perform tests of the Town's compliance with applicable laws and regulations and provisions of contracts and agreements.
D. Prepare a report on compliance with specific requirements applicable to major federal and/or state financial assistance programs, if required.
E. Review the internal accounting controls of the Town to the extent necessary to evaluate the system as required by applicable standards.
F. Issue a Management Report making recommendations for improvement.
G. Inform the Town Manager of any matters involving internal control and its operation the Auditor considers being reportable conditions under standards established by the American Institute of Certified Public Accountants.
H. Provide the Town with adjusting entries and a final trial balance upon completion of the field work.
I. Meetings and Progress Reports:
    i. Pre-audit conferences with Town management and staff will be held to discuss audit schedules, working paper requirements, and report deadlines, as well as the audit program. A written list of information to be provided by Town staff to the auditors should be presented at this time.
    ii. Progress report meetings will be held with Town management and key audit firm personnel at regular intervals mutually agreed upon.
    iii. Post audit conference(s) with Town management and key audit firm personnel will be held at a mutually agreeable date and the Auditor will be asked to present the audit to the Town Council.

iv. The audit will be a single document which will contain Financial statements, Notes, and supplementary data, the Combined and Individual Fund and Account Group Statements, Financial Statements, and Schedules. An electronic copy of the audit will also be made available.

J. As part of the overall audit contract, the Town expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting, and/or internal control questions.

K. 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 Boonsboro of the need to extend the retention period.

L. Additional Services: Proposals should contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, the audit firm may be requested to perform special projects for the Town during the year. Because of variations in demand for additional services, such work will be contracted for, provided, and billed separately to the Town on an hourly basis. Proposals should describe the types of services available from the firm, the professionals who would provide the service, and the standard hourly fees to be charged for such service.

## VI. PROPOSAL CONTENT AND ORGANIZATION

The proposal shall demonstrate that the firm will furnish the services in a manner that will be cost effective for the Town of Boonsboro. Those proposals that do not contain all the information required by this RFP or are otherwise non-responsive may be rejected immediately; however, the Town has discretion to accept a proposal that does not conform with all RFP requirements if the Town determines that the non-compliance is not substantial or material. If a proposal is unclear, or appears inadequate, the Town may at its discretion give the firm an opportunity to explain how the proposal complies with the RFP requirements. The proposal must contain at least the following information:

A. The transmittal letter should include the name, title, address, phone number, and original signature of an individual with authority to negotiate on behalf of and to contractually bind the auditing firm, and who may be contacted during the period of proposal evaluation. Only one transmittal letter needs to be prepared to accompany all copies of the technical and cost proposals.

B. A letter, submitted on the firm's letterhead and signed by the corporate agent, owner, or principal, describing how the firm satisfies the mandatory requirements noted above and the firm's experience in performing municipal auditing in the State of Maryland, not to exceed two (2) pages. A statement in the letter shall specifically stipulate that all terms and conditions contained in the RFP are accepted by the proposer.

C. A history of the firm as a business entity, including information that demonstrates the firm's financial stability and entity stability.

D. Describe the firm's experience and knowledge in performing examinations in accordance with the Single Audit Act, as amended by OMC Circular A-133.

E. Provide a copy of the firm's most recent Peer Review report.

F. Disclose legal settlements within the last two years and pending or threatened legal actions related to audit services provided by the local firm.

G. Provide a list of the firm's current municipal auditing engagement clients in Maryland within the last five years. Include contact information for a minimum of five (5) municipal clients to be contacted for reference that includes the client's address, phone number, and email contact. All clients must be public entities.

H. Provide names and numbers of the partners, managers, and key staff employees assigned to this engagement. Describe their roles and provide a brief description of their professional experience. Please identify the audit team leader and describe the firm's personnel development program and continuing professional education requirements including the specialized areas of municipal accounting and auditing.

I. Provide a proposed work schedule and work plan for completing the audit. The work schedule should be structured so as to deliver the audit to the Town Council no later than the Town's first Council meeting of November each year.

J. Attach to the proposal one sample of a management letter that the firm has recently issued covering an audit of a Maryland municipality.

K. Comment on the firm's ability and willingness to provide constructive suggestions for improving the Town's internal accounting controls, administrative procedures and financial processes.

L. Explain how the firm proposes to use Town personnel to assist during the audit.

M. Provide any additional information that supports the scope of work to be provided as set forth above.

N. Provide a fee schedule and estimated project cost showing the cost of the Fiscal Year 2020 audit and the subsequent fiscal years for a total of five years, including out-of-pocket expenses and estimated hours each audit firm employee is expected to spend annually on the audit.

O. Provide hourly costs for technical assistance that may be needed throughout the year and/or if these costs are included in the audit cost.

P. Ten bound paper copies and one electronic copy of the proposal are required.

## VII. PROPOSAL EVALUATION AND SELECTION

The Mayor and Council and Town Manager will evaluate the proposals. Proposers may be telephoned and asked for further information, if necessary, and may be expected to appear for oral interviews. References will also be called. The Council will choose a proposal based on the scope of work and submission requirements listed above to determine which firm best meets the needs of the Town. The Town reserves the right to select a consultant based solely on written proposals and not convene oral interviews. Proposal selection will give consideration to:

a. Quality and Comprehensiveness of the Audit Approach

b. Experience and knowledge with GASB 34 and GASB 54 reporting requirements and auditing standards identified in Section III.
c. Qualifications and experience of the firm and members assigned to the Town's engagement.
d. Ability to provide a comprehensive range of auditing and financial services.
e. References and past experience.
f. Audit Service Costs.

## VIII. INQUIRIES AND RECEIPT OF PROPOSALS

Proposals must be received by the Town of Boonsboro, either by mail or hand delivery, no later than **10:00 AM** local time on _____ in a Sealed Envelope marked "**Audit Proposal**" at the following address:

Town of Boonsboro
21 North Main Street
Boonsboro, Maryland 21713

Any proposals received after the above time will not be accepted under any circumstances. Any uncertainty regarding the time a Bid is received will be resolved against the Bidder.

Any inquiries regarding this Request for Proposal should be made to Town Manager Paul Mantello at 301-432-5141 or by email at townmanager@townofboonsboro.com

Award, Waiver and Rejection of Bids: Proposals will be presented to the Mayor and Council of Boonsboro for final review and consideration for contract approval. Owner reserves the right:

a. To reject any or all Bids.
b. To waive any informality or irregularity in any Bid received.
c. To accept the Bid deemed by the Town of Boonsboro to be the most advantageous to its interests.

**Town of Boonsboro Audit Proposal for Fiscal Year 2018**

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| **Albright Crumbacker Moul & Itell, Inc**<br>1110 Professional Court<br>Hagerstown, MD 21740 | Kert Shipway, CPA<br>kshipway@albrightcpa.com<br>301-739-5300 | 40 years performing audits and other accounting services | Accounting and business management | FY2018: $13,500<br><br>**FY2019 - FY2022: $13,500** |