



Request for Proposals
RFP # 12-1130-01

The City of Takoma Park
Department of Finance
is accepting proposals for the following:

AUDIT OF FINANCIAL STATEMENTS

For additional information, please contact:

Yovonda D. Brooks, CPA
Phone: 301-891-7210
Fax: 301-270-8794
E-mail: YovondaB@takomagov.org

Proposal packages will be accepted until 2:00pm, February 21, 2012.
Packages shall be marked **“Sealed Proposal - RFP #12-1130-01”**
and may be mailed or hand delivered to:

Yovonda D. Brooks, Director
Department of Finance
City of Takoma Park
7500 Maple Avenue
Takoma Park, Maryland 20912

REQUEST FOR PROPOSALS

The City of Takoma Park, Maryland requests proposals from qualified Certified Public Accountant firms to audit the City of Takoma Park, Maryland's financial statements for the fiscal year ending June 30, 2012 with the option of auditing its financial statements for each of the four subsequent fiscal years.

Specifications for: RFP No. 12-1130-01 - Auditing of Financial Statements

To be considered, three copies of a proposal must be received by 2:00pm on February 21, 2012. Send to: Department of Finance, City of Takoma Park, 7500 Maple Avenue, Takoma Park, MD 20912. The City reserves the right to reject any or all proposals submitted.

Any inquiries concerning the RFP should be addressed to Yovonda Brooks, Director of Finance, at 301-891-7210.

Contact Person: Yovonda Brooks, Director of Finance, 301-891-7210.

General Information: Page 1

Scope of Work: Page 2

Proposal Requirements: Pages 6

Evaluation Criteria: Page 10

Instructions to Proposers: Page 12

Proposal Forms: Page 14

General Conditions: Page 22

Appendix A Department of Legislative Services - Audit Guidelines

NOTES: THIS COVER SHEET IS AN INTEGRAL PART OF THE PROPOSAL DOCUMENTS.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

I. GENERAL INFORMATION

- a. Purpose: The City of Takoma Park (hereinafter called “the City”) requests proposals from qualified Certified Public Accountant firms to audit its financial statements for the fiscal year ending June 30, 2012 with the option of auditing its financial statements for each of the four subsequent years.
- b. Description of Work: It is the intent of this proposal to procure auditing services, including all labor and materials, to fulfill the duties in accordance with the Scope of Services and Terms and Conditions contained herein.
- c. Amendment or Cancellation of Request for Proposal (RFP): If it becomes necessary to amend this RFP, notice of the amendment will be provided to all prospective proposers who were sent, or otherwise known to have obtained this RFP. EACH AMENDMENT WILL BE SENT BY FAX/FIRST CLASS MAIL AND EACH - PROPOSERS MUST ACKNOWLEDGE RECEIPT OF ALL AMENDMENTS. This RFP may be canceled as provided in the City Code.
- d. Submission: A proposer must submit one (1) original and two (2) copies of its proposal to the Department of Finance, City of Takoma Park, 7500 Maple Avenue, Takoma Park, MD 20912 no later than 2:00pm on February 21, 2012. Requests for extensions of the date and time will not be granted. No late proposal or late request for modification will be considered.
- e. Confidentiality: Proposals will be available for public inspection after the award announcement, except as to the extent that a proposer designates trade secrets or other proprietary data to be confidential. Material designated as confidential must be readily separable from the remainder of the proposal to facilitate public inspection of the non-confidential portion of the proposal. A proposer’s designation of material as confidential will not necessarily be conclusive, and the proposer may be required to provide justification why such material should not be disclosed, upon request, under the Maryland Access to Public Records Act, State Government Article, Section 10-611 through 10-628 of the Annotated Code of Maryland.
- f. Proposal Expenses: The City is not responsible for expenses incurred by proposers in preparing and submitting their proposals.
- g. Rejection of Proposals: The City may reject any or all proposals, in whole or in part. The City may award proposal in whole to one vendor or may award parts to different vendors.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

- h. Duration of Rates: The rates quoted by the proposer are irrevocable for a period of 180 days from the proposal due date.
- i. Acceptance of Terms and Conditions: By submitting a proposal, a proposer accepts the terms and conditions set forth in this RFP.

II. SCOPE OF WORK

The City desires the auditor to express an opinion on the fair representation of its annual financial statements of its governmental activities, each major fund, and the aggregate remaining fund information as of and for year-end and the respective changes in financial position which collectively comprise the City's basic financial statements. The auditors will be responsible for ensuring that the City's Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting principles and the GASB 34 reporting requirements. The auditor will ensure that all required disclosures/footnotes are included in the City's financial statements.

a. Auditing Standards to be Followed

To meet the requirements of the RFP, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits as set forth in the U.S. General Accounting Offices (GAO), *Governmental Auditing Standards*, (the "Yellow Book"), and *Audit Guidelines* of the State of Maryland. The auditors will comply with any new standards that become effective for the fiscal years included in the scope of the RFP.

b. Single Audit Requirements

Audits of Federal grant expenditures shall be performed as required by the Office of Management and Budget (OMB). The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on the internal control structure and compliance, are not to be included in the CAFR, but are to be issued separately. Single audits must comply with OMB Circular A-133. The City's last single audit covered fiscal year 2010.

c. Scope of Services

- 1. The auditor will review the City's "Uniform Financial Report" prior to its submission to the State Department of Legislative Services and verify that the City is in compliance with the State of Maryland requirements.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

2. The auditor will express an opinion on the basic financial statements.
3. Review (as to content, scope and presentation) the Transmittal Letter, the Management Discussion and Analysis, the combining and individual non-major fund financial statements, budgetary schedules, and the Statistical Section of the CAFR.
4. Perform procedures to ensure that the City's CAFR is in compliance with the requirements of the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The Auditor's review shall include verification that the GFOA's prior year CAFR comments have been addressed and/or implemented.
5. In the required reports on internal controls, the auditor shall communicate any material weaknesses found during the audit. A material weakness shall be defined as a significant deficiency in the design or operation of the internal control over financial reporting, which could adversely affect the City's ability to initiate, authorize, record, process, summarize, and report financial data reliably in accordance with generally accepted accounting principles. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management.

The report on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter (see Item c(7) below).

6. The auditor must complete its audit of the City's basic financial statements and provide the Independent Auditor's Report no later than October 24th to ensure that the State Department of Legislative Services is provided with the CAFR and Uniform Financial Report by November 1.
 7. The auditor shall submit a separate management letter containing recommendations related to enhancing accounting and management controls. The auditor will have a conference with the City Manager and Director of Finance for the purpose of reviewing its audit findings and recommendations prior to the issuance of any management letters, certifications, or reports.
- d. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the City Manager, Barbara B. Matthews.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

The auditors shall also assure themselves that the Management and/or the City Council is informed of each of the following:

1. Significant audit adjustments and areas of non-compliance
 2. Any issues related to the other information in documents containing audited financial statements
 3. Difficulties encountered in performing the audit
 4. Disagreements with Management
 5. Fraudulent activities
- e. 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 City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:
- ▶ City of Takoma Park, Maryland
 - ▶ U.S. General Accounting Office (GAO)
 - ▶ Office of Legislative Audits, Maryland Department of Legislative Services
 - ▶ Parties designated by the federal or state governments or by the City as part of an audit quality review process.

In addition, the auditor shall respond to the reasonable inquiries of the City's successor auditors and allow the successor to review working papers relating to matters of continuing accounting significance.

- f. The auditor will have an annual conference with the City Council for the purpose of reviewing the CAFR and any audit findings and recommendations.

The auditors shall also address the financial and compliance reporting requirements of OMB Circular A-133 as it relates to the Single Audit of the City's Federal financial assistance programs. Single audit reports shall be issued for those fiscal years where Federal grant expenditures exceed \$500,000.

- g. The auditor shall develop a time schedule and procedures to be observed during the audit prior to the beginning of each audit. The schedule and procedures will be developed in conjunction with the City and shall be subject to approval by the City. The auditor's report for the City's financial statements must be received by October 24th of each year. The CAFR must be prepared and printed by October 30th of each year. The auditor's review of the Uniform Financial Report must be completed on or before October 30th of each year. (Any changes in this time schedule must be agreed to by the City.)

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

- h. The City serves an area of 2.4 square miles with a population of approximately 17,000. The City’s fiscal year begins on July 1 and ends on June 30.

The City provides the following services to its residents:

- 1. Full service Police Department
- 2. Full service Public Works Department
- 3. Full service Recreation Department
- 4. Housing and Economic Development Department
- 5. Library
- 6. Cable TV station and Newsletter
- 7. General administration of the services listed above.

The City has a total payroll of approximately \$8,900,000 covering approximately 170 employees.

The City is organized into seven primary departments. The accounting and financial reporting functions of the City are retained in the Department of Finance at 7500 Maple Avenue in Takoma Park, Maryland.

- 1. Fund Structure

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

<u>Fund Type</u>	<u>Number of Individual Funds</u>	<u>Number with Legally Adopted Annual Budgets</u>
General Fund	1	1
Special revenue funds	5	4
Fiduciary Funds	3	0

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

2. Pension Plans

The City of Takoma Park participates in the Maryland State Retirement System. This System is a multiple-employer cost sharing, defined benefit plan. As of July 1, 2001, the City established a defined benefit plan for police officers only. The City also has a smaller defined contribution plan to provide benefits to certain employees.

3. Department of Finance

The Department of Finance is headed by Yovonda Brooks, Director of Finance, and consists of four other employees. The principal functions performed and the employees assigned to each are as follows:

<u>Function</u>	<u>No. of Employees</u>
Assist with annual audit	5
Accounts payable	2
Payroll	1
Bank reconciliations	5
Grants	2
Accounts receivables	2

The Department of Finance will provide auditors with the City's basic financial statements, footnotes and statistical tables, management, discussion and analysis, as well as other supplemental information.

III. PROPOSAL REQUIREMENTS

Each prospective audit firm shall submit three copies of its proposal which will consist of the technical section and the price section. Both sections must follow the outline detailed in this RFP.

The firm which best meets the experience, audit approach and cost requirements, will be selected.

a. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications,

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

competence, and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than the form or manner of presentation. The technical section should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

2. **Independence**

The firm should provide an affirmative statement that it is independent of the City as defined by U.S. General Accounting Office (GAO) *Government Auditing Standards*.

3. **License to Practice in Maryland**

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

4. **Firm Qualifications and Experience**

The proposer 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 on a part-time basis, including prior relevant auditing experience.

5. **Partner, Supervisory and Staff Qualifications and Experience**

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 its government auditing experience 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 should also state its policies that ensure that only qualified staff will be assigned to this engagement.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

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 requires prior notification and 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 five) performed in the last five years that are similar to the engagement described in this RFP. 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, telephone number, and email address of the principal client contact.

7. **Specific Audit Approach**

The proposer should 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 the 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 Takoma Park's internal control structure
- (f) Quality control procedures

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

8. Identification of Anticipated Potential Audit Problems

The proposal 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. Report Format

The CAFR must comply with the requirements of the Certificate of Achievement for Excellence in Financial Reporting Program of the Government Finance Officers Association (GFOA).

The City's audit reports and budget information are available on the City's website or upon request.

IV. PRICE SECTION

a. Total All-Inclusive Maximum Price

The proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in the preparation and submission of the proposal. Such costs should not be included in the proposal.

The price proposal should include the following information:

1. Name of Firm
2. Certification that the person signing the proposal is authorized to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the City.
3. A total all-inclusive maximum price for the fiscal year 2012 engagement and the subsequent four years.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

b. **Rates of Partner, Specialist, Supervisory and Staff Times Hours Anticipated for Each**

Pricing information should include a schedule of professional fees and expenses, presented in the format provided, that supports the total all-inclusive maximum price.

Estimated out-of-pocket reimbursable expenses should also be presented. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included stating that the firm will accept reimbursement for travel, lodging, and subsistence at the prevailing City rates for its employees.

c. **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 prior to year end
- ▶ Completion of year-end field work
- ▶ Rendering of final audit report and all other reports required

Payment will be disbursed following the receipt of an approved original invoice detailing the work completed with the staff time and expenses related to the Scope of Work.

V. EVALUATION CRITERIA

The criteria that will be considered in the evaluation of the proposals shall include, but not necessarily be limited to:

- 1) Overall quality and thoroughness of the proposal and work plan.
- 2) Qualifications and past experience of the firm.
- 3) Qualifications and experience of personnel assigned to the project.
- 4) Recommendations from existing and previous clients.
- 5) Fees for the requested services.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

Proposers are advised that an award may be made without discussion and negotiation; therefore, the initial proposal shall provide the Evaluation Panel with sufficient information to recommend award without discussion and should reflect the proposer's ability to perform at a reasonable price.

The City may reject any or all proposals for such reasons as it may deem proper. In acceptance of proposals, the City will be guided by considerations in the interest of the City. The City also reserves the right to negotiate further with one or more of the proposers as to any features of their proposals and to accept modifications of the work and price when such action will be in the best interests of the City.

See *Instructions to Proposers* for additional information.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

INSTRUCTIONS TO PROPOSERS

Contract Period

The contract resulting from this RFP will cover services and production of required reports for fiscal year 2012 with the option of extending the contract for four subsequent years.

Contractor Requirements

A. **Conduct**

- The firm shall observe and comply with all Federal, State, County, and local laws and ordinances.

B. **Availability**

- The engagement team or its supervisor shall be available at all times, while the contract work is in progress and must provide office telephone numbers, mobile phone numbers, and e-mail addresses.

C. **Equipment and Procedures**

- The firm shall furnish all equipment necessary for the performance of the contract.
- Firm must provide a description of the quality control procedures that will be used to ensure data collection is performed accurately and consistently.
- Firm will be responsible for loss or damage caused by its employees.

D. **Qualifications**

- Proposers are required to have engaged in the practice of conducting audits for a period of not less than five years, and show proof that the firm has sufficient staff and equipment necessary, in its employ, to adequately service this contract.

E. **Information Required with the Proposal**

To be considered complete, proposers are required to complete and submit the following documents with the proposal:

- A reference sheet which includes contact person, phone number, address, and brief description of auditing services provided
- Certification of Non-Nuclear Involvement
- Resumes of proposed personnel

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

- Proposal forms
- Proposer warranties
- No Reply Form, if applicable
- Living Wage Requirements Certification

City of Takoma Park Responsibilities

A. Office Hours

Department of Finance personnel will be available during office hours, 8:30am to 5:00pm, Monday through Friday, to answer any questions or provide reasonable assistance to the engagement team.

B. City Proposal Evaluation

In evaluating each proposal, consideration shall be given to the following criteria: (deficiency in any of the below listed areas may be adequate cause for rejection).

- Meet the state licensing requirement or other legal requirements to perform audits.
- Meet applicable independence standards of GAO Governmental Auditing Standards.
- Comply with requirements for peer review and continuing professional education.
- Possess the ability, capacity and skill to perform the contract or provide the services required.
- Ability to perform the contract or provide the services promptly, or within the time specified, without delay or interference.
- Ability to provide evidence of quality performance on previous contracts or services with other customers reported as references.
- The sufficiency of the financial resources and ability of the proposer to perform the contract or provide the service.
- Acceptance of the general conditions attached to the proposal.
- Submission of the required certifications addressed in the General Conditions section of the RFP.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

SPECIAL INSTRUCTIONS TO PROPOSERS FOR MAILING/DELIVERING PROPOSALS

Proposals must be delivered in sealed, opaque envelopes, and labeled clearly, as follows:

AUDITING SERVICES - RFP No. 12-1130-01

From:

RFP ENVELOPE

TO BE DELIVERED TO:

Yovonda D. Brooks, CPA
City of Takoma Park
Finance Department
7500 Maple Avenue
Takoma Park, MD 20912

RFP NO.: RFP 12-1130-01

DUE DATE: 02/21/12

Firm name and address must appear in the upper left hand corner of the proposal envelope. The specific RFP number, due date, and time must appear in the lower left hand corner of the proposal envelope.

THE CITY OF TAKOMA PARK, MARYLAND RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS WITHOUT EXPLANATION.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Maryland laws with respect to foreign corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing an adequate amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

ALL INCLUSIVE PRICE
FOR THE AUDIT OF THE FY 2012 FINANCIAL STATEMENTS

Total all-inclusive maximum price for Fiscal Year 2012 audit \$ _____

Price:

Annual Audit for Year 2 \$ _____

Annual Audit for Year 3 \$ _____

Annual Audit for Year 4 \$ _____

Annual Audit for Year 5 \$ _____

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Scope of Work.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE
 FY 2012 FINANCIAL STATEMENTS**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Other (Specify): _____	_____	_____	_____	_____
SUBTOTAL				_____
Total for services described in Section II of the RFP (detail on subsequent pages)				_____
Out-of-Pocket expenses				_____
Meals and lodging				_____
Transportation				_____
Other (specify): _____				_____
Total all-inclusive maximum price for FY 2012 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.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

TAKOMA PARK, MARYLAND RFP NO. 12-1130-01
NO BID REPLY FORM

Proposer:

To assist us in obtaining reasonable competition on our Request for Proposals, we ask that each firm that has received an RFP, but does not wish to submit a proposal, state their reason(s) below. This information will not preclude receipt of future RFPs unless you request removal from the RFP List by so indicating below.

Unfortunately, we must offer a “No Reply” at this time because:

- _____ 1. We do not wish to participate in the proposal process.
- _____ 2. We do not wish to submit a proposal under the terms and conditions of the Request for Proposals document. Our objections are:

- _____ 3. We do not feel we can be competitive.
- _____ 4. Other: _____

Firm

Signature

Date

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

CITY OF TAKOMA PARK, MARYLAND
CERTIFICATION OF NON-INVOLVEMENT
IN THE NUCLEAR WEAPONS INDUSTRY

KNOW ALL PERSONS BY THESE PRESENTS:

Pursuant to the requirements of Chapter 14.04 of the Takoma Park Code, the Takoma Park Nuclear Free Zone Act, the undersigned person, firm, corporation or entity hereby certifies that he/she/it is not knowingly or intentionally a nuclear weapons producer.

Note: The following definitions apply to this certification per section 14.04.090:

A “nuclear weapons producer” is any person, firm, corporation, facility, parent or subsidiary thereof or agency of the federal government engaged in the production of nuclear weapons or its components.

“Production of nuclear weapons” includes the knowing or intentional research, design, development, testing, manufacture, evaluation, maintenance, storage, transportation or disposal of nuclear weapons or their components.

“Nuclear weapon” is any device the sole purpose of which is the destruction of human life and property by an explosion resulting from the energy released by a fission or fusion reaction involving atomic nuclei.

“Component of a nuclear weapon” is any device, radioactive substance or nonradioactive substance designed knowingly and intentionally to contribute to the operation, launch, guidance, delivery or detonation of a nuclear weapon.

IN WITNESS WHEREOF, the undersigned has signed and sealed this instrument this ____ day of _____, 2012.

Contractor Name: _____

By: _____
Signature

Print Name & Title

State of _____, County of _____:

Subscribed and sworn to before me this ____ day of _____, 2012.

Notary Public

My commission expires: _____

Failure to complete this Certification will cause your bid to be considered non-responsive.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

LIVING WAGE REQUIREMENTS CERTIFICATION
(Takoma Park Code, section 7.08.200.B)

Business Name: _____
Address: _____
City, State, Zip Code: _____
Phone Number: _____
Fax Number: _____
E-Mail: _____

Please specify the contact name and information of the individual designated by your business to monitor your compliance with the City's living wage requirements, unless exempt under Section 7.08.190 (*see* item B below):

Contact Name: _____ Title: _____
Phone Number: _____ Fax: _____ E-Mail: _____

CHECK ALL APPROPRIATE LINES BELOW THAT APPLY IN THE EVENT THAT YOU ARE AWARDED THE CONTRACT AND BECOME A "CONTRACTOR."

A. Living Wage Requirements Compliance

_____ This Contractor as a "covered employer" will comply with the requirements of the City of Takoma Park Living Wage Law (*Takoma Park Code, Section 7.08.180 et. seq. - Ordinance No. 2007-55*). Contractor and its subcontractors will pay all employees who are not exempt from the wage requirements and who perform measurable work for the City related to any contract for services with the City, the living wage requirements in effect at the time of the City contract. The bid price submitted under this procurement solicitation includes sufficient funds to meet the living wage requirements.

B. Exemption Status (if applicable)

This Contractor is exempt from the living wage requirements because it is:

_____ A contractor who employs fewer than 10 employees when the contractor submits the bid or proposal. Contractor will continue to be exempt as long as it does not employ 10 or more employees at any time the City contract is in effect as a result of performing the contract.

_____ The total value of the contract for services (based on the bid or proposal being submitted under this procurement solicitation) is less than \$20,000.00.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

_____ A public entity.

_____ A nonprofit organization that has qualified for an exemption from federal income taxes under Section 501c(3) of the Internal Revenue Code.

_____ A contractor who is prohibited from complying with the City's living wage requirements by the terms of an applicable federal or state program, contract, or grant requirement. **(Must specify the law and/or furnish a copy of the contract or grant.)**

C. Living Wage Requirements Reduction.

_____ This Contractor provides health insurance to the employees who will provide services to the City under the City contract and it desires to reduce its hourly rate paid under the living wage requirements by an amount equal to, or less than, the per employee hourly cost of the employer's share of the health insurance premium. This Contractor certifies that the per employee hourly cost of the employer's share of the premium for that health insurance is \$_____. **(Must submit supporting documentation showing the employee labor category of all employee(s) who will perform measurable work under the City contract, the hourly wage the Contractor pays for that employee labor category, the name of the health insurance provider and plan name, and the employer's share of the monthly health insurance premium.)**

Contractor Certification and Signature

Contractor submits this certification in accordance with *Takoma Park Code* section 7.08.200.B. Contractor certifies, under penalties of perjury, that all of the statements and representations made in this Living Wage Requirements Certification are true and correct. Contractor and any of its subcontractors that perform services under the resultant contract with the City of Takoma Park, will comply with all applicable requirements of the City's living wage law.

Authorized corporate, partner,
member, or proprietor signature: _____

Print name: _____

Title of authorized person: _____

Date: _____

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

CITY OF TAKOMA PARK
GENERAL CONDITIONS

The General Conditions set out below shall apply to all formal solicitations for the City of Takoma Park, Maryland. Proposers are responsible for informing themselves of these requirements prior to submission of proposals. The term "bid" and "bidder" as used in these General Conditions, shall include the term "proposal" and "offeror."

I. **RECEIPT OF PROPOSALS**

If received after the Proposal due date set forth in the Request for Proposal, formal bids, amendments thereto, or requests for withdrawal of bids will not be considered.

Properly marked proposals received prior to the Proposal Due Date will be securely kept unopened, in the office of the Director of Finance. The Director of Finance or her duly appointed representative will determine when the specified time has arrived and, with the following exception, no proposal will be received thereafter. Should a proposal arrive by mail after the due date, but before an award is made, and the Director of Finance is satisfied that the non-arrival was solely due to delay in the mail, beyond the proposer's responsibility, it will be received and considered.

No liability will attach to the City or appointed City representative(s) for the premature opening of an improperly addressed or improperly identified proposal.

II. **BID OPENING**

When applicable, bidders are encouraged to attend the Public Bid Opening and offer constructive suggestions as to format or ways in which the City may realize greater savings. Bids are available for public inspection subsequent to the Public Bid Opening for a period of not less than 120 days. Abstracts and tabulations are not prepared for distribution. Bids are not subject to telephone recaps unless the City Manager deems it feasible to do so.

Unless otherwise specified by the City, all formal bid submitted will be binding for City acceptance for one hundred eighty (180) days from the date of the bid opening.

III. **AWARD OR REJECTION OF PROPOSALS**

A contract will be awarded to a responsive and responsible bidder. Unless otherwise specified, the City reserves the right: (1) to award in part or in whole, (2) to reject any or

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

all bids, (3) to waive any information in bids, and (4) to award so as to best serve the interest of the City.

The City also reserves the right to reject the proposal of a bidder who has previously failed to perform properly or complete on time contracts of a similar nature, or a proposal of a bidder who, investigation shows, is not in a position to perform the contract.

The bidder must supply all information required by the RFP, Instructions to Bidders, Specifications, and Bid Forms. The Bid Form must include an itemization of costs and hours. Failure to supply all information may result in disqualification of the bid.

A written notice of award (or acceptance of bid) shall be provided to the successful bidder within the specified acceptance period. If a formal contract is required, it will be written and issued for execution.

IV. QUOTATION

Prices proposed shall not include Federal, State, or Local taxes. The City of Takoma Park is exempt from taxes, however, the contractors/vendors are not agents and/or employees of Takoma Park. Therefore, contractors/vendors shall pay all applicable taxes that may arise while attempting to obtain goods, services, and/or any other merchandise for this bid.

Bidders must submit any and all exceptions to conditions of specifications in writing at time of bid as part of the bid submission.

The City reserves the right to require a performance bond as it deems may be in the City's best interest to do so at time of award.

V. PURCHASER'S RIGHT OF SELECTION

The City reserves the right to accept proposals by items or as a whole, or in its discretion, reject any and all proposals and re-advertise. The City reserves the right to award items to various vendors. The City reserves the right to increase or decrease the estimated quantities. The City reserves the right to reject any and all proposals which comply with these specifications, or to accept a higher bid which complies, provided that, in the judgement of the City, the items offered under the higher bid have additional values or functions which justify the difference in price.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

VI. **BILLING AND PAYMENT**

Original and one copy shall be forwarded to the City of Takoma Park. Payment will be made only upon final acceptance by the City of Takoma Park. Refer to the price section of the RFP.

VII. **RESERVATIONS AND ANNULMENTS**

The right is reserved by the City to reject bids for any and all of the items, and/or to waive technical defects if in its judgement the interest of the City shall so require. The City also reserves the right to annul any contract, if in its opinion there will be a failure, at any time, to perform faithfully any of its stipulations. Any willful attempt to impose upon the City materials, products, and/or workmanship inferior to that required by the Contract, or any action taken in a pursuance of this latter stipulation will not affect or impair any rights or claims of the City to damages for the breach of any covenant of the Contract by the Contractor.

Should the Contractor fail to comply with the conditions of this Contract or fail to complete the required work within the time stipulated in the Contract, except for the circumstances beyond his control, including but not limited to an Act of God, war, flood, governmental restrictions and inability to obtain transportation, the City reserves the right to complete the required work at the expense of the Contractor, and to withhold all money that may be due or become due and apply same to any incurred expenses to the City that may be consequent on the Contractor's failure.

Should the Contractor be prevented from furnishing any item or items, or from completing the required work included in this Contract, by reason of such failures caused by circumstances beyond his control, including but not limited to an Act of God, war, flood, governmental action, and inability to obtain transportation, the City reserves the right to withdraw such items or required work from the operation of this contract without incurring further liabilities on the part of the City thereby.

VIII. **SUB-CONTRACTORS**

The Contractor shall give its personal attention constantly to the faithful execution of this Contract, shall keep the same under his control, and shall not assign by power of attorney or otherwise, sublet the work or any part thereof without the previous consent of the City Manager in writing of the name of such sub-contractor intended to employ, the portion of the material to be furnished, the location of the business, and such other information as the City Manager may require.

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

The Contractor shall not legally or equitably assign any of the monies payable under the contract or its claim thereto, unless by and with like consent of the City Manager.

IX. COMPLIANCE WITH SPECIFICATIONS

The Contractor shall abide by and comply with the true intent of the specifications and not take advantage of any unintentional error or omission, but shall fully complete every part as the true intent and meaning of the specifications, as decided by the City Manager and as described herein.

X. CONTRACTOR'S CERTIFICATION OF NON-INVOLVEMENT IN THE NUCLEAR WEAPONS INDUSTRY (REQUIRED)

All proposers shall fulfill requirements of Section 6 of Takoma Park Ordinance No. 2703, Takoma Park Nuclear Free Zone Act, by furnishing, as an attachment with the proposal, a notarized original of the Contractor's Certification of NON-INVOLVEMENT in the Nuclear Weapons Industry.

XI. CONFLICT OF INTEREST

No employee of the City will be entitled to any share or part of this Contract or to any benefit that may arise therefrom.

XII. CONTRACT

The proposal, with respect to all items accepted, and all papers accompanying the same, including the Schedule and continuation sheets, if any, the Specifications, the Instructions to Bidders, these General Conditions, and other papers and documents referred to in any of the foregoing, including lease or purchase agreements and service contracts, shall constitute the formal Contract between the bidder and the City of Takoma Park.

The foregoing conditions will be binding on all sealed bid solicitations unless specifically deleted or amended by reference within the bid documents.

XIII. BREACH OF CONTRACT

The City has the option to deem the Contractor in breach of Contract for any or all of the following reasons:

- Repeat violations of any of the Contract terms,
- Criminal conduct,

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

- Incompetence or negligence in carrying out the Contract terms, and/or
- Abandonment of work due to bankruptcy.

If the City determines the Contractor to have breached the Contract, the City shall notify the Contractor by written notice of the determination of breach of Contract. The City may also grant the Contractor an opportunity to cure the breach within fifteen (15) days from the date of receipt of notice. The City may also, at its option, elect to terminate the Contract upon ten (10) days notice to the Contractor. This notice of termination may be included in the City's written notice of Breach of Contract. The City shall not be obligated to pay the Contractor any additional sum after the Contract termination for services performed or supplies delivered after the Contract termination date. Furthermore, the City may pursue whatever legal action is at its disposal to recover financial damages or excess costs which result from default of services, including withholding any payment for services performed prior to determination of breach, conclusive upon the parties thereto. In the meantime, the Contractor shall diligently proceed with the work as directed. It is further agreed that the above procedures will be considered precedent to litigation and payment.

XIV. COVENANT AGAINST CONTINGENCY FEES

The undersigned person authorized to execute this agreement on behalf of the contracting firm hereunder warrants that he or she or any member of the contracting firm has not employed or retained any representative, individual or firm, other than a bona fide employee working solely for the contracting professional or firm to solicit or secure any contracts hereunder and furthermore warrants that there has not been any payment or promise or agreement to pay anyone a fee, commission, percentage, gift, or any other consideration contingent upon or resulting from the award of a contract under this proposal.

XV. AWARDS

It is the intention to award this Contract to the proposer submitting the most favorable price with consideration being given to the proposer's ability to perform the Contract. The City reserves the right to make awards according to the best interest of the City of Takoma Park, Maryland.

XVI. INSURANCE/TAX BENEFITS

Prior to commencement of work under any contract awarded as a result of the proposal, the proposer must obtain at its own expense and keep in force for the term of any contract sufficient amount of worker's compensation insurance and general commercial liability insurance. The City must be named as an additional insured on all liability policies. The proposal should include a statement agreeing to this provision. All income taxes,

CITY OF TAKOMA PARK, MARYLAND
RFP for Auditing of Financial Statements

retirement, workers' compensation, and other fringe benefits shall be the responsibility of the firm.

XVII. LIVING WAGE REQUIREMENTS CERTIFICATION (REQUIRED)

This Request for Bids is subject to the City of Takoma Park's living wage requirement for service contracts. The "Living Wage Requirements Certification" must be completed and submitted with your proposal. If you fail to submit and complete the required material information on the Living Wage Requirements Certification, then your proposal is unacceptable under the City of Takoma Park law and will be rejected.

The current mandatory living wage rate, payable by a contractor to employees under the City's living wage law, is \$13.20 per hour through June 30, 2012. The living wage rate is adjusted as of July 1 of each year to reflect the most current Montgomery County living wage rate and shall be applicable to any contract awarded thereafter until the date of the next adjustment. Notice of adjustments to the living wage rate can be found on the City's website (www.takomaparkmd.gov). Also, the City's living wage law reference is Takoma Park Code § 7.08.180 et. seq. (Ordinance No. 2007-55) and is available at the same website (click on Code).



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

Bruce A. Myers, CPA
Legislative Auditor

AUDIT REPORTS FILED WITH THE LEGISLATIVE AUDITOR
BY COUNTIES, INCORPORATED CITIES OR TOWNS, AND TAXING DISTRICTS

AUDIT GUIDELINES

Authority

Article 19, Section 40 of the Annotated Code of Maryland specifies that local governments in Maryland shall have audits and that the results of such audits shall be reported to the Legislative Auditor in such manner as the Legislative Auditor may prescribe. These audit guidelines have been prepared pursuant to this authority.

Definitions

County - shall include the twenty-three counties and the City of Baltimore.

Municipal Corporation - shall include the incorporated municipalities (city or town) subject to the provisions of Article XI-E of the Constitution of Maryland.

Taxing District - shall include districts with their own governing bodies and other political subdivisions of the State that levy taxes or have taxes levied on their behalf or impose assessments pursuant to authority obtained from the State.

Local Government - shall include counties, cities or towns, and taxing districts.

Audit Report - shall include the auditor's report and financial statements required for external reporting.

**Audit
Requirements**

An annual audit (except as provided in the following paragraph) shall be conducted of each county, municipal corporation, and taxing district in Maryland. The audit shall be conducted by an independent certified public accountant in the capacity of one of the following: individual practitioner, accounting firm, or official auditor of a county or municipal corporation. All certified public accountants shall comply with the provisions of the Maryland Public Accountancy Act as codified in the Business Occupations and Professions Article, Title 2 of the Annotated Code of Maryland. This section of the law generally requires that individuals practicing certified public accountancy in the State shall be licensed by the State Board of Public Accountancy, and accounting firms operating a business through which certified public accountancy is practiced generally shall hold a permit issued by the Board. The auditor shall have no direct or material indirect financial interest in the local government and shall be otherwise independent. In addition, the auditor is expected to have a thorough knowledge of generally accepted accounting principles and generally accepted auditing standards.

Article 19, Section 40 provides that the Legislative Auditor may authorize a municipal corporation or taxing district with annual revenues of less than \$250,000 in the prior four fiscal years to have an audit conducted once every four years, in lieu of an annual audit. If a municipal corporation or taxing district desires to have an audit once every four years, it must submit a written request to the Legislative Auditor to waive the annual audit requirement. The waiver

request will be considered provided that the municipal corporation or taxing district has had annual revenues of less than \$250,000 in the prior four fiscal years and:

1. the request is received prior to the completion of the fiscal year for which the waiver is being requested;
2. the request is signed by the chief official of the local government; and
3. the request includes a representation that the local government has no other legal or contractual provisions (for example, bank loan agreements) which require annual audits.

While this provision of the law was enacted to provide an option to small local governments to help alleviate the financial burden of the annual audit requirement, it should be recognized that annual audits promote government accountability to citizens and other interested parties and provide a means for management to assess a government's financial performance. Therefore, the potential benefits of annual audits should be considered before a waiver is requested.

Audit Procurement

The audit procurement process should include the following basic elements:

1. planning;
2. fostering competition by soliciting proposals;
3. evaluating technical proposals and qualifications;
4. preparing a written agreement; and
5. monitoring the auditor's performance.

The written agreement with the independent certified public accountant should document the expectations of both the local government and the auditor. Recommended for inclusion in the agreement are the following: (a) audit scope, objective, and purpose, (b) deadlines for work to be performed and the report transmitted in order to meet the contractual and legal stipulations, (c) audit cost, (d) report format, (e) type and timing of support to be provided to the auditor by the local government, and (f) professional auditing standards to be followed in performing the audit. The written agreement should also include an acknowledgment that the auditor shall comply with these audit guidelines.

Audit Scope

The audit shall include all activities, organizations, and functions of the local government in accordance with the criteria specified in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards. With regard to the offices of the County Treasurers and Collectors of State Taxes, minimum audit coverage must include determination of compliance with the applicable sections of the Tax-Property Article of the Annotated Code of Maryland.

A detailed program or checklist of procedures to be followed in the audit is not presented herein in recognition of the variations of size and functions among the respective local governments; rather, the auditor must exercise judgment in the determination of the audit procedures and tests of the accounting records to be applied in the circumstances. However, the audit shall be performed in accordance with generally accepted auditing standards, as established by the American Institute of Certified Public Accountants (AICPA), and shall include an examination of evidence supporting the amounts and disclosures in the financial statements, an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. In addition, generally accepted auditing standards require that a review of internal control and compliance with laws and regulations be performed. The Codification of Statements on Auditing Standards issued by the AICPA provides guidance to auditors with respect to the consideration of internal control

and the communication of matters related thereto, as well as, guidance to auditors of governmental entities with respect to testing and reporting on compliance with laws and regulations.

Audit Report

The audit report consists of the local government's financial statements and an auditor's report. Section 2200 of the GASB Codification contains a general outline for a comprehensive annual financial report. The financial statements included in the audit report shall, at a minimum, consist of the basic financial statements and required supplementary information required for external reporting and shall be prepared in accordance with generally accepted accounting principles. The financial statements should include the basic statements that are essential to fair presentation of financial position, changes in financial position and cash flows of those fund types that use proprietary fund accounting as specified in Section 2200 of the GASB Codification. The financial reporting requirements established by the GASB are discussed in greater detail below. AU Section 411 of the AICPA Codification specifies the sources of generally accepted accounting principles applicable to local governments (primarily pronouncements of the GASB), and Section 2200 of the GASB Codification includes additional guidance regarding the presentation of financial statements in accordance with generally accepted accounting principles. Additionally, Section 2300 of the GASB Codification includes additional guidance regarding disclosures that may be necessary for the financial statements to be presented fairly in accordance with generally accepted accounting principles.

The auditor's report shall meet the requirements of AU Section 508 of the AICPA Codification (Reports on Audited Financial Statements). This Section requires that the nature of the audit be described in a scope paragraph and specifies the basic elements to be included in the report. The report shall state that the financial statements identified in the report were audited, and that the audit was conducted in accordance with auditing standards generally accepted in the United States of America. The AICPA has provided additional guidance regarding auditor report language in its Audit and Accounting Guide entitled "*State and Local Governments*." Specifically, the Guide states that the auditor must express opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the local government, and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

The AICPA Codification and the Audit and Accounting Guide also provide guidance regarding the circumstances that may require the auditor to depart from the standard report. If the auditor is unable to express unqualified opinions, a letter must be directed by the auditor to the Legislative Auditor as soon as it is determined that an unqualified opinion(s) cannot be expressed. This letter should include the reasons why an unqualified opinion(s) cannot be expressed and management's plan to enable the auditor to issue future unqualified opinions. The auditor of the local government must sign the letter and a copy is to be forwarded to the chief executive officer of the local government. An audit report containing a disclaimer of opinion does not satisfy the audit requirements of Article 19, Section 40.

Financial Statements

Section 2200 of the GASB Codification establishes the minimum requirements for general purpose external financial statements. The following is a brief summary of those minimum requirements:

1. Management's discussion and analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the government's financial activities.
2. Basic Financial Statements
 - a. Government-wide financial statements consist of a statement of net assets and a statement of activities. The statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government and should be prepared using the accrual basis of accounting. Fiduciary activities, whose resources are not available to finance the government's programs, should be excluded from the government-wide statements.
 - b. Fund financial statements consist of a series of statements that focus on the government's major governmental and enterprise funds, including its blended component units. Governmental fund financial statements should be prepared using the modified accrual basis of accounting. Proprietary and fiduciary fund financial statements should be prepared using the accrual basis of accounting.
3. Notes to the financial statements consist of notes that provide information that is essential to the user's understanding of the basic financial statements.
4. Required supplementary information, in addition to MD&A, includes budgetary comparison schedules along with other types of data as required by GASB pronouncements.

It should be noted that, in February 2009, the GASB issued Statement No. 54 entitled "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement, which is effective for the fiscal year ending June 30, 2011, establishes criteria for classifying fund balance into certain defined classifications and clarifies definitions for governmental fund types. Specifically, the Statement establishes fund balance classifications as: nonspendable, restricted, committed, assigned, and unassigned.

Filing Period

Maryland law requires the filing of the audit report by November 1 after the close of the fiscal year, or by January 1 after the close of the fiscal year for Frederick County, Queen Anne's County, St. Mary's County, Wicomico County, and for local governments having a population of more than 400,000. Howard County is to file its audit report by December 1 after the close of the fiscal year. Article 24, Section 1-102 requires that the fiscal year for each local government in Maryland begin on July 1 of a calendar year and end on June 30 of the next calendar year. The agreement entered into between the local government and the auditor should make ample allowance for the completion of the field work and the preparation and filing of the report within the allotted time. The law further stipulates that should any local government fail or refuse to file an audit report within the time prescribed, payment of all funds, grants, or State aid that the local government is entitled to receive under State law may be discontinued. An extension of time to complete the audit and file the audit report may be granted for good cause. **A written request for an extension of time to file an audit report must be made to the Department of Legislative Services prior to the original due date of the report.** A request for an extension of time will be considered provided that the request:

1. includes the detailed reasons why the reporting deadline cannot be met;
2. indicates the estimated date that the audit will be completed and the report filed; and
3. is signed by the chief financial officer of the local government.

Effective Date of Audit Guidelines

These audit guidelines shall become effective for all audits of local governments for fiscal years ending after June 30, 2010.