



**Town of Forest Heights
5508 Arapahoe Drive
Forest Heights, MD 20745**

**REQUEST FOR PROPOSAL
4-RFP-2021**

PROFESSIONAL AUDITING SERVICES

Date Issued: September 14, 2021

Date Due: September 30, 2021

AMENDMENT NO-2 Delivery date change; Tuesday, September 28, 2021, via email and hand-delivered to attention Linwood Robinson or lrobinson@forestheightsmd.gov no later than 3:00pm. (local time) Town of Forest Heights, 5508 Arapahoe Drive, Forest Heights, MD 20745.

I. PURPOSE & OVERVIEW

The Town of Forest Heights, Maryland (the Town), is requesting proposals from qualified firms of certified public accountants to conduct an audit of the Town's financial records and prepare the financial statement for the Town for the fiscal year ending June 30, 2021, with the option to extend for two (2) additional fiscal years upon mutual agreement of both parties.

Proposals may be submitted to the attention of Linwood Robinson, Town Administrator hand-delivered or via email, lrobinson@forestheightsmd.gov, received no later than 3:00 p.m. (local time) on Tuesday, September 28, 2021, Town of Forest Heights, 5508 Arapahoe Drive, Forest Heights, MD 20745. Any proposals received after the above-noted time will not be accepted under any circumstances.

Firms or companies interested in providing Professional Auditing Services for the Town shall submit an original proposal to the Town of Forest Heights by the submission deadline to the attention of:

No faxed submissions will be accepted.



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

II. GENERAL INFORMATION

The Town of Forest Heights is a municipality of the State of Maryland established in 1949, serves an area approximately 1.63 square miles with a population of approximately 2,447 residents. The Town's fiscal year begins on July 1 and ends on June 30.

The Town provides the following services to its citizens:

- Police Service
- Public Works Department
- Trash Removal - Household, Yard Waste and Bulk (Contractor)
- Metal Pick-up (Public Works Department)
- Recycle Collection (Prince George's County)
- Code Enforcement
- General Administration and coordination of the above services

The Town had an operating budget of \$7,262,116.25 for FY 2020 - 2021.

The Town is organized into three functional departments:

- Administration
- Public Safety
- Public Works

The accounting and financial reporting functions of the Town are housed and administered in the Town Hall located at 5508 Arapahoe Drive, Forest Heights, MD 20745.

The Town prepares its budget on a basis consistent with generally accepted accounting principles.

The financial affairs of the Town are managed by the Town Treasurer and the Town Administrator and approved by the Mayor and Town Council.

The Town Treasurer will provide the following schedules:



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- Trial Balance
- General Ledger
- List of all bank accounts
- Copies of all Bank Reconciliations
- Schedule of receivables
- Schedule of prepaid expenditures
- List of deferred revenues
- Payroll reconciliation
- Listing and detail of all legal fees paid
- Schedule of accrued vacation and sick leave per employee
- List of accounts payable
- Other schedules upon request

The General Fund is the only operating fund of the Town. This fund is used to account for all financial resources. All general tax revenues and other receipts that are not restricted by law or contractual agreement are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs are paid from the General Fund.

A copy of the most recent financial statements and budget can be found on the Town's website: www.forestheightsmd.gov.

III. SCOPE OF SERVICES

The selected auditor will prepare and express an opinion on the fair representation of the Town's basic financial statements, as well as the combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles.

IV. SPECIFIC REQUIREMENTS

1. The auditor shall audit and express an opinion on the fair presentation of the basic financial statements of the Town in conformity with general accepted accounting principles (GAAP).



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2. The auditor shall be responsible for applying certain limited procedures to required management's discussion and analysis and other required supplementary information in accordance with generally accepted auditing standards.
3. 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 the need to extend the retention period. The auditor will be required to make working papers available upon request.

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

4. The auditor shall provide an opinion on other supplementary information for combining and individual non-major governmental funds or other supplementary information in relation to the basic financial statements to be taken as a whole.
5. The audit firm may not subcontract work under this agreement without express, written permission of the Town. Any subcontractors selected and approved must comply with the same terms and conditions of this agreement.
6. The auditor will complete and sign-off on the Fiscal Year 2021 Financial Statements and the Maryland Uniform Financial Report by October 31, 2021. One unbound printer proof and 10 bound copies of all reports must be rendered to the Town within the scheduled time frame. The auditor will render a management letter to the Town Council which will include any recommendations for improving accounting operations of the Town. This report will also include an opinion on the system of internal control.
7. Proposals are to reflect the Auditing Firm preparing the Uniform Financial Report (UFR).
8. Presentation of Audited Financial Statements to the Mayor and Council.

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles;



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2. A report on internal control over financial reporting and compliance based on an audit of the financial statements;
3. Any other report which may be required during the contract period based on new accounting pronouncements or procedures.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

V. PROPOSAL SUBMITTAL REQUIREMENTS

Each prospective audit firm's proposal should consist of two sections, a "Technical Section" and a "Dollar Cost Bid" section, both of which are to be prepared in accordance with the following guidelines. The proposal must be submitted to the Town by 3 P.M. on September 3, 2021. Failure to comply with these requirements will result in a disqualification of the proposal.

TECHNICAL SECTION

The firm is to provide a separate transmittal letter stating the proposer's understanding of the work to be performed, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer of the engagement period.

The Transmittal Letter shall have an original signature of an authorized official of the firm who has been designated to submit the proposal on behalf of the firm.



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In order to evaluate the firm, proposals must include the following elements:

Mandatory Elements:

Firms meeting the following mandatory criteria will have their proposal evaluated and cored for technical qualifications.

1. The firm is independent and licensed to practice in the State of Maryland.
2. The firm submits a copy of its most recent external quality control (peer) review report and the firm has a record of quality audit work.
3. The firm's policy concerning continuing professional education.
4. Affirmative statement the audit firm has at least five years of experience performing governmental audits.
5. The firm adheres to the instruction in this request for proposals on preparing and submitting the proposal.

Expertise and Experience of the Audit Firm:

1. Provide a description and history of the audit firm. Please include the size of the firm and size of the governmental staff.
2. Provide a list of governmental clients for which an audit was performed by your firm in the last three years, designating those which are currently clients. Please include a contact and reference and phone number for each of the audits listed.
3. Please include resumes of partner, manager and senior staff who will be assigned to this audit.
4. Discuss the firm's process of ensuring that all individuals who will be performing audit work have received adequate continuing professional education within the two preceding years.
5. Please include results of the firm's recent peer review and its status under the AICPA peer review program.
6. Describe regulatory action taken against the firm by an oversight body, if any, and any disciplinary actions that have been brought against the firm.
7. Provide a brief discussion about the firm's expertise and experience, including Single Audits and test of compliance with laws and regulations.
8. Give a description of the firm's ability to perform additional services and provide technical support throughout the period of engagement.



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Technical Approach:

1. Clearly describe the scope of the required services to be provided including a full discussion of your firm's auditing techniques and procedures to be used for both financial and compliance aspects of the engagement.
2. Describe the firm's approach to becoming familiar with the new client's operation.
3. Discuss the firm's approach and level of client staff support necessary to complete the work as outlined in the proposal.
4. Provide a schedule showing the firm's approach to planning the audit and timing of fieldwork and sampling techniques to be performed.
5. Address how key personnel (partner, manager) will be adequately involved and accessible through the performance of the audit.
6. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

Contact Information:

The proposal must clearly identify the firm's contact person concerning the proposal, the firm's main and/or local addresses, telephone number, and email address where the contact person can be reached.

Schedule for Provision of Work:

The proposal must indicate the firm's anticipated availability for the project and an estimated performance schedule, if selected. A detailed schedule presentation is an important consideration for the proposal review.

PROOF OF PROFESSIONAL LIABILITY INSURANCE

The successful respondent shall provide at its own cost and expense during the life of the contract, the following insurance coverages to the Town of Forest Heights (30) thirty business days' prior to the commencement of any work. All service providers including any independent contractors and subcontractors utilized must comply with these requirements. All insurance policies shall be issued by companies authorized to do business under the laws of the State of Maryland. The insurance shall be evidenced by certificates and/or policies including premiums as determined by the Town of Forest Heights. It shall be an affirmative



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obligation upon the Service Provider to advise the Town Administrator, Linwood Robinson, Town of Forest Heights, 5508 Arapahoe Drive, Forest Heights, MD 20745 within 24 hours or the next business day of cancellation, non-renewal or modification of any stipulated insurance and failure to do so shall be construed to be a breach of this Agreement/contract. The Town of Forest Heights reserves the right to require additional coverages and limits based upon the particular service or change in service provided by the Service Provider.

If the service provider maintains higher limits than the minimums shown below, the Town requires and shall be entitled to coverage for the higher limits maintained by the service provider.

Comprehensive General Liability Insurance coverage with limits of liability not less than \$1,000,000 Each Occurrence/\$2,000,000 Aggregate. The Certificate of Insurance shall indicate an Occurrence Basis. The Town of Forest Heights shall be endorsed as an additional insured under the General Liability coverage. The Service Provider's General Liability coverage shall be primary and non-contributory.

For policies written on a Claims-made basis, service provider shall maintain a retroactive date prior to or equal to the effective date of the contract. In the event the policy is canceled, nonrenewed, switched to an occurrence form or there is a change in retroactive date, or any other event triggering the right to purchase a Supplemental Extended Reporting Period (SERP) during the life of this contract, the service provider shall agree to purchase a SERP with a minimum reporting period of not less than three (3) years. Coverage is to apply on a primary basis.

DOLLAR COST BID SECTION

Total All-Inclusive Maximum Price – The proposal should include all pricing information relative to performing the audit engagement for each of the three years under audit; to include direct and indirect costs and all anticipated out-of-pocket expenses.

Rates by Partner, Specialist, Supervisory and Staff Level Hours Anticipated for each. The cost proposal should include a schedule of professional fees and expenses that support the total all-inclusive maximum price. The cost of special services should be disclosed as a separate component of the total all-inclusive maximum price.



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Rates for Additional Professional Services - If it should become necessary for the Town to request the auditor to render additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement then such additional work shall be performed only if set forth in an addendum to the contract between the Town of Forest Heights and the firm. Any such additional work agreed to between the Town and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

Manner of Payment - Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost proposal. Interim billings shall cover a period of not less than a calendar month. Payment of the final billing will be made after delivery of the final report.

VI. SELECTION CRITERIA

A Town selection committee will evaluate each respondent's qualifications and will short-list and recommend to the Mayor and Town Council no fewer than three (3) firms to provide the requested services. The Town Council's selection decision shall be final.

Contract Award

Proposals submitted will be evaluated by a four-member evaluation committee. Firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

All proposals will be subject to a review and evaluation process. It is the intent of the Town that all proposers responding to this RFP, who meet the requirements, will be ranked in accordance with the criteria established in these documents. The Town will consider all responsive and responsible proposals received in its evaluation and award process.

Further, each proposal will be evaluated for full compliance with the RFP instructions to the proposers and the terms and conditions set forth within the RFP document. The Town is not obligated to make an award to the Proposer with the lowest bid or price submitted. Proposals will be evaluated and an award made to that Proposer who is determined to be responsible and responsive to this Request for Proposal and whose proposal is the most advantageous to the Town in terms of price, quality of service, the Proposer's qualifications and capabilities to



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provide the specified services and comply with the applicable conditions of this Request for Proposal and Contract, and who in the judgment of the Town will best serve the needs and interests of the Town.

The Town negotiates a contract with the firm ranked as the most qualified, at a rate of compensation that the Town deems fair, competitive, and reasonable. The firm and the Town shall hold detailed discussions to establish a clear project scope and the exact services the consultant will provide. If an agreement cannot be reached with the first firm, the Town shall begin negotiations with the second firm. Again, if an agreement cannot be reached with the second firm, the Town will begin negotiations with the next highest ranked firm.

The Town shall have the right to select who in the opinion of the Town will be in the best interest of and/or the most advantageous to the Town after considering the criteria set forth in this RFP. The Town also reserves the right to reject any Proposer who has previously failed in the proper performance of a contract or to deliver on time contracts of a similar nature with other governmental entities or who, in the Town's opinion, is not in a position to perform properly under the intended contract award. The Town reserves the right to waive any minor informalities or technicalities in proposals received, as may be deemed in the best interest of the Town. Additionally, the Town reserves the right to reject all Proposers at any time prior to execution of a contract and to resolicit (or not) in its sole discretion. A decision to terminate the solicitation process may be made at any time before the Town enters into a contract with a selected Proposer. A recommendation of contract award does not constitute a contract. The award of contract to the selected respondent is subject to Town Council's approval and the execution of a contract with terms acceptable to the Town. The review committee makes recommendations to the Mayor and Town Council, and the Town Council ultimately has the authority to award contracts, including the right to re-rank Proposers differently than recommended by the review committee.

The criteria for selection shall be based on the selection criteria above, including the firm's qualifications, service location, past performance, and reference checks. The Town reserves the right, before awarding the contract, to require a respondent to submit evidence of its qualifications, as it may deem necessary. The Town shall be the sole judge of the competency of respondents.