

# Sussex County, Delaware



## REQUEST FOR PROPOSALS

Financial Audit Services

March 2015

INFORMATION PACKAGE  
FOR FINANCIAL AUDIT SERVICES FOR  
SUSSEX COUNTY

CONTENTS:

- I. Public Advertisement - Request for Financial Audit Services
- II. Instructions for Proposal
- III. General Project Information
- IV. Scope and Deliverables
- V. Required Submittals
- VI. Insurance Requirements
- VII. Price Proposal
- VIII. Evaluation and Selection Process

DATE RELEASED: February 27, 2015

## **REQUEST FOR PROPOSALS FINANCIAL AUDIT SERVICES**

### **I. Public Advertisement - Request for Financial Audit Services**

Sussex County, Delaware, at the recommendation of the Finance Department, desires to select an independent certified public accounting firm to perform an audit for the fiscal year June 30, 2015 of the financial statements of the County, as well as the Single Audit of the County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget's (OMB's) Circular A-133 that are applicable to its federal programs. The criteria for selection shall include: experience and reputation, quality of the audit firm, capacity to perform, credentials and experience, and price. The award shall be made in writing to the respondent determined to be the most advantageous to Sussex County taking into account the evaluation criteria set forth in the RFP. No other factors or criteria will be used in the evaluation.

Based on the criteria established, an evaluation committee will be selected to read, screen, and rank in writing all proposals. In accordance with 29 Del. C. § 6982(b), the evaluation committee shall determine that all applicants meet the minimum qualifications to perform the services. It shall then interview, at a minimum, the highest ranked firm and may request a presentation from the firm(s). Interviews and presentations may result in a change of rank. At any point in the negotiation process, the evaluation committee and the requesting department may, at its discretion, terminate negotiations with any and all firms. The evaluation committee may require the firm with whom it is negotiating to execute a truth-in-negotiation certificate stating the wage rates and other factual unit costs supporting the compensation are accurate, complete and current at the time of contracting.

The deadline for submission of brief letters of interest shall be 3:00 p.m., local time, on April 17, 2015. Sealed bids will be received by the Sussex County Council, c/o Mrs. Gina Jennings, Finance Director, Sussex County Administrative Office Building, 2 The Circle, P.O. Box 589, Georgetown, DE 19947, until 3:00 p.m., local time, on April 30, 2015. To be considered, priced proposals must be submitted in writing and respond to the items outlined in this request for proposal (RFP).

Interested parties must submit three (3) written proposals to the Sussex County Finance Department, Attention: Gina Jennings, Finance Director, Administrative Office Building, 2 The Circle, Georgetown, DE 19947, by 3:00 p.m., April 30, 2015 at which time the proposals will be publicly opened, reading aloud and recording only the name of the respondent(s). All other information shall be confidential. The award shall be made in writing to the responsible respondent whose proposal is determined to be the most advantageous to the County.

The request for proposals may be obtained by visiting Sussex County's website [www.sussexcountyde.gov/e-service/rfp](http://www.sussexcountyde.gov/e-service/rfp) or by contacting Mrs. Gina Jennings, Finance Director at the Sussex County Administrative Office Building, 2 The Circle, Georgetown, Delaware, telephone: (302) 855-7741, email: [gjennings@sussexcountyde.gov](mailto:gjennings@sussexcountyde.gov). The proposals may be obtained during regular business hours which are 8:30 a.m. to 4:30 p.m., Monday through Friday. In its sole discretion, Sussex County, Delaware, may extend the time and place for opening of bids from that described in the advertisement by providing not less than two (2) calendar days' notice, by posting an Addendum on the Sussex County website and by providing notice thereof by certified delivery, facsimile machine, or other electronic means such as email, to those potential

respondents who obtained copies of the RFP and provided notice thereof to Gina Jennings at the email address provided herein.

Any firms having questions concerning the proposal should submit them in writing via e-mail no later than 12:00 p.m., April 24, 2015 to Gina Jennings, Finance Director, at [gjennings@sussexcountyde.gov](mailto:gjennings@sussexcountyde.gov).

## **II. Instructions for Proposals**

Each written proposal must be submitted in a sealed envelope, addressed to Mrs. Gina A. Jennings, Finance Director, Sussex County Administrative Office Building, 2 The Circle, P.O. Box 589, Georgetown, DE 19947. Each sealed envelope containing a proposal must be plainly marked on the outside as "2015 Audit Proposal" and bear the name and address of the respondent. If sent by mail, the sealed envelope should be sent by certified mail and be indicated as received on the certified receipt prior to the Bid Opening. Late bids will not be accepted. Sussex County may extend the time and place for opening of bids from that described in the advertisement, by providing not less than two (2) calendar days' notice, by posting an Addendum on the Sussex County website and by providing notice thereof by certified delivery, facsimile machine, or other electronic means such as email, to those potential respondents who obtained copies of the Request for Proposals and provided notice thereof to Gina Jennings at the email address provided herein.

Sussex County reserves the right to reject any and all bid proposals, to waive any informalities in bids received, except with respect to the date, time and place where the documents are submitted, to cancel this RFP in whole or in part, to reissue this RFP and/or to accept or reject items of bids received. In the event this RFP is cancelled in whole or in part prior to the opening of proposals, all respondents shall receive a notice of cancellation and all proposals received shall be returned to the respective respondents unopened.

FAX proposals will not be accepted.

Interested parties are asked to submit three (3) written proposals to the Sussex County Finance Department, Attention: Gina Jennings, Finance Director, Administrative Office Building, 2 The Circle, Georgetown, DE 19947, by 3:00 p.m., April 30, 2015 at which time the proposals will be publicly opened, reading aloud and recording only the name of the respondent. All other information shall be confidential.

Awards, if any, will be performed by a Certified Public Accountant in accordance with provisions of Sections 348 and 7002(j), Title 9, of the Delaware Code Annotated.

Mailing Address: Mrs. Gina A. Jennings, Finance Director  
Sussex County  
Administrative Office Building  
2 The Circle  
P.O. Box 589  
Georgetown, DE 19947

Delivery Address: Mrs. Gina A. Jennings, Finance Director  
Sussex County  
Administrative Office Building  
2 The Circle  
Georgetown, DE 19947

Telephone Number: (302) 855-7741

### **III. General Information**

Sussex County has a dedicated, experienced group of financial professionals ready to assist you in the performance of the audit. The Finance Department, as well as other County Departments, have well-organized paper and electronic records to assist the auditors in being able to easily locate needed documents. Also, Sussex County has a strong internal control system over financial reporting, and has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for 12 consecutive years. These factors are indications that the selected audit firm should expect to be able to perform an efficient and effective audit, one free from any unnecessary time delays.

Proposed schedule:

Release date of RFP	February 27, 2015
Due date for questions	April 24, 2015
Deadline for submission of Brief letters of interest	April 17, 2015
Receipt of proposal responses	April 30, 2015
Selection of vendor	May 15, 2015

The official financial records of the County are maintained by the Finance Department, 2 The Circle, Georgetown, DE 19947. Copies of the Sussex County Comprehensive Annual Financial Report (CAFR) and annual budget, as well as other information about Sussex County Government, are available from our website:

<http://www.sussexcountyde.gov/comprehensive-annual-financial-reports>

<http://www.sussexcountyde.gov/county-budget>

The initial contract will be for three years, Fiscal Year 2015 through Fiscal Year 2018. Sussex County reserves the right to extend the contract for a period of two additional years, one year at a time, by mutual agreement of both parties.

The RFP, and the selected audit firm's proposal, will become a part of the contract.

Progress billings shall include support for the billing (e.g., explanation that the audit is a certain percentage completed with a justification for how the firm determined this).

### **INFORMATION FOR SINGLE AUDIT**

The Single Audit Report issued for Fiscal Year 2014 (FY 2014) is a separate section in the County's FY 2014 CAFR, which can be accessed from the Finance Department page on the County's website [www.sussexcountye.gov](http://www.sussexcountye.gov). This section includes the Independent Auditor's Report, the Schedule of Expenditure of Federal Awards, and the Schedule of Findings and Questioned Costs.

#### **IV. Scope and Deliverables**

The following audits will be included in the engagement:

1. Audit the financial statements of the Governmental Activities, the Business-Type Activities, each major fund, Fiduciary funds, and the aggregate remaining fund information, which collectively comprise the basic financial statements for the fiscal year ended June 30, 2015 (The Comprehensive Annual Financial Report as it is prepared currently).
  - This audit includes the "row offices" (i.e., Recorder of Deeds, Register of Wills, Sheriff, and Clerk of Peace), which are separately elected offices but whose financial information appears on the County's financial statements.
  - This engagement will also include the review and/or compilation of the eleven independent libraries in the County. The review and/or compilation of these libraries are to be performed in alternating years. For example 5 reviews and 6 compilations one year than the next year it's alternated, 6 reviews and 5 compilations.
2. In accordance with the Single Audit Act of 1984 (plus the 1996 amendments), audit Sussex County's compliance with the applicable compliance requirements in the U.S. Office of Management and Budget's (OMB's) Circular A-133 that are applicable to each of the County's major federal programs for the year ended June 30, 2015 (the Single Audit). This audit will include the preparation of the Data Collection Form to the Federal Audit Clearing House for Single Audit Reports, and if applicable the electronic submission of the Real Estate Assessment Center (REAC) report to the United States Department of Housing and Urban Development (HUD).

These audits shall be in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, in the case of the Single Audit, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The scope of each audit shall include examination of transactions and areas of operation in sufficient detail to allow the Audit Firm to render an audit opinion.

Given the absence of any unnecessary delays on the part of Sussex County, we require the following for each of the above audits. (Dates may change in subsequent years but will approximate the dates provided for 2015):

- A formal pre-audit conference with the Finance Department and any other applicable members of management. This pre-audit conference will include explanations of the tests to be performed that will enable the firm to form its audit opinion, as well as a discussion on key deliverables and target dates.
- Timely manager and partner review during the course of the audit.

- Weekly update meetings with the Finance Director and any other applicable members of management.
- Phone calls and e-mails returned by the firm on a timely basis during the course of the audit.
- Timely resolution of issues during the course of the audit but with resolution of all outstanding issues by November 25, 2015.
- A formal post-audit conference with the Finance Department and any other applicable members of management. This post-audit conference will include explanations of any findings developed as a result of the audit, the level of materiality of each finding, and which report, if any, the finding will appear in.
- The issuance of the draft audit reports by December 15, 2015.

## **V. Required Submittals**

The following information shall be provided in the proposal. Failure to respond to any request for information may result in rejection of the proposal in the sole discretion of the County:

- (1) Delaware business license: Provide evidence of a valid business license to practice certified public accounting in the State of Delaware.
- (2) Conflict of interest: Audit firm ownership, management, and team members must not be employees or related to employees of Sussex County, Delaware.
- (3) The audit firm's office of engagement must have demonstrated experience in the following:
  - Audit of governmental financial statements and with helping the audited entity in obtaining the GFOA Certificate of Excellence in Financial Reporting.
  - Single audits.

Please provide a record of the firm's experience in these areas. List the most significant engagements performed in the last three years that are similar to the engagement described in this RFP, and provide references for at least two of these engagements. Also, please provide a copy of the report of the firm's most recent external quality control review (as well as a copy of the letter of comment if applicable) with an indication whether the review includes specific government engagements.

The firm shall certify that it has not been suspended or debarred from performing government audits or any other government activity, and that it has not been the subject of any disciplinary action in any jurisdiction during the past three years.

- (4) The Audit Firm's audit approach and proposed work plan. Proposers are required to submit the following information at a minimum:
  - The proposed phases of the audit and what is included in each phase.
  - The level of staff and approximate number of hours to be assigned to each proposed phase.
  - Approach used to identify internal controls.

- Approach to be taken in drawing samples for testing.
- Use of any computer software.

(5) Support for how the Audit Firm can perform in the required timeframes. Please state the size of the firm, the size of the firm's governmental audit staff, the staff has received adequate professional education, the location of the office from which this work is to be performed, and the number of professional staff to be working on this engagement. Please provide the approach to be taken in managing the audit and in ensuring appropriate time and staff commitments to meet deadlines.

(6) Proposed audit team: The Audit Firm shall include the qualifications/experience of the proposed Audit Partner(s), Audit Manager(s), Audit In-Charge(s) and Audit Staff for each engagement. Also indicate how the quality of the Audit Team over the term of the agreement will be assured.

### **PROPOSAL MODIFICATIONS**

Any changes, amendments, or modifications to a proposal must be made in writing, submitted in the same manner as the original response, and conspicuously labeled as a change, amendment, or modification to a previously submitted proposal. Changes, amendments, or modifications to proposals shall not be accepted or considered after the time and date specified as the deadline for submission of proposals.

Proposals which do not meet or comply with the instructions of this RFP may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Finance Director.

The County reserves the right to:

- Reject any and all proposals received in response to this RFP, or to make no award, or to issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.

### **VI. Insurance Requirements**

The awarded Audit Firm shall be required to secure, maintain and provide evidence of insurance, acceptable to the County, as indicated below:

- Professional liability (or errors or omissions liability) insurance that insures against claims alleging acts, errors and omissions arising out of or in connection with the services provided to the County, with minimum limits of \$2,000,000 per occurrence and \$2,000,000 annual aggregate.
- Employee theft insurance including client's property coverage, insuring all employees providing services to the County, with minimum limits of \$2,000,000 each occurrence.

- Worker’s Compensation – Statutory limits for all of the Audit Firm’s employees and employers’ liability insurance with minimum limits of \$100,000 each accident for bodily injury by accident; \$100,000 each employee for bodily injury by disease; and \$500,000 policy limit for bodily injury by disease.
- Commercial general liability insurance that insures against bodily injury, property damage, personal and advertising injury claims arising out of or in connection with the services provided to the County. The minimum limits of liability for this insurance are \$1,000,000 combined single limit each occurrence; \$1,000,000 personal and advertising injury; \$2,000,000 combined single limit general aggregate; and \$1,000,000 combined single limit products/completed operations aggregate.

The commercial general liability policy shall specifically name Sussex County and its elected and appointed officials, officers, directors, employees, agents, consultants as an additional insured, on a primary and non-contributory basis.

Liability insurance as required hereunder shall be in force and current evidence of insurance must be on file with the County, throughout the term of the contract. Each policy shall be endorsed to provide that the policy is not subject to cancellation or non-renewal until sixty (60) days' advance written notice has been given to the County. For cancellation due to non-payment of premium, ten (10) days prior written notice is due to the County.

All insurers underwriting Audit Firm’s insurance must be allowed to do business in the State of Delaware and acceptable to the County. The insurers must have a Best’s Financial Strength Rating of “A-“ or better, and a Financial Size Category of “Class VII” or higher , unless the County grants specific approval for an exception.

If any liability insurance purchased by the Audit Firm has been issued on a “claims made” basis, Audit Firm must comply with the following additional conditions. The limits of liability and the extensions to be included remain the same.

Audit Firm must either:

1. Agree to provide certificates of insurance to the County evidencing the claims-made coverages for three (3) years after termination of the contract. Such certificates shall evidence a retroactive date no later than the beginning of services under the contract; or
2. Purchase a three (3) year extended reporting period endorsement for each such “claims made” policy in force as of the date of termination of the contract, and evidence the purchase of this extended reporting period endorsement by means of a certificate of insurance and a copy of the endorsement itself. Such certificate or copy of the endorsement shall evidence a retroactive date no later than the beginning of services under the contract.

Any deductibles or retentions of \$5,000 or greater shall be disclosed by the Audit Firm, and are subject to the County’s written approval. Any deductible or retention amounts elected by the Audit Firm or imposed by the Audit Firm’s insurer(s) shall be the sole responsibility of the Audit Firm and are not chargeable as expenses.

The Audit Firm will be responsible for loss of or damage to the Audit Firm's property, equipment and materials and shall waive all rights against the County and its elected and appointed officials and employees for loss of or damage to the Audit Firm's property, equipment and materials. Any property insurance policies maintained by Audit Firm shall permit waivers of subrogation by endorsement or otherwise.

The Audit Firm shall indemnify, defend, and hold harmless Sussex County and its elected and appointed officials, officers, directors, employees, agents, consultants from and against any and all claims, demands, suits, judgments, costs, and expenses asserted by a person or persons, including agents, employees, or volunteers of vendor, by reason of death or injury to persons, or loss or damage to property, resulting from operations hereunder, or sustained in or upon the premises of the County.

## **VII. Price Proposal**

Firms shall provide the price proposal as outlined below:

Price for each audit (including support for how the price was determined such as hourly rates and number of hour):

- The price of the County Financial Statement Audit.
- The price of the Single Audit.
- The price of the eleven independent library reviews and/or compilations. Price for a review and price for a compilation.
- The hourly price for additional services that may be needed. Examples of these additional services are as follows:
  1. Audit of constitutional offices at the end of the term of the elected official.
  2. Assistance in answering technical questions or other related work as needed.
  3. Assistance with Internal Revenue Service matters if needed.
  4. Assistance with bond issues.
  5. Assistance with specific financial statements or financial schedules.
  6. Research and implementation assistance of new governmental accounting standards.
  7. Any other items not mentioned but which may develop or be required from time to time.

## **VIII. Evaluation and Selection Process**

Based on the criteria established, an evaluation committee will be selected to read, screen, and rank in writing all proposals. In accordance with 29 Del. C. § 6982(b), the evaluation committee shall determine that all applicants meet the minimum qualifications to perform the services. It shall then interview, at a minimum, the highest ranked firm and may request a presentation from

the firm(s). Interviews and presentations may result in a change of rank. At any point in the negotiation process, the evaluation committee and the requesting department may, at its discretion, terminate negotiations with any and all firms. The contract shall include a provision stating that the original contract price and any additions thereto, shall be adjusted to exclude significant sums where the requesting department determines the contract price was increased due to inaccurate, incomplete or noncurrent wage rates and other factual unit costs. Such adjustments shall be made within one (1) year following the end of the contract.

### **EVALUATION CRITERIA**

Proposals will be evaluated based on the following criteria (maximum of 100 points). The proposals will be evaluated for each of the two audits.

- **EXPERIENCE AND REPUTATION** - With performing each of the audits indicated in the request for proposal. **20 points**
- **QUALITY OF THE AUDIT FIRM** – Firm’s work plan, Audit approach, and Audit techniques. **20 points**
- **CAPACITY TO PERFORM** – Complete each audit in the necessary timeframes. **20 points**
- **CREDENTIALS AND EXPERIENCE** – Audit partners, Audit manager, Audit in-charge, and Audit staff on engagement. **20 points**
- **PRICE** - **20 points**