

COUNTY OF LUZERNE
Luzerne County Employees' Retirement System
REQUEST FOR PROPOSAL
AUDITING SERVICES

1. Purpose. Luzerne County Employees' Retirement System ("LCERS") is inviting qualified firms of Certified Public Accountants to submit a proposal to conduct the annual audit of the financial statement for Luzerne County Employees Retirement System for the year ending December 31, 2009. The audit is to be conducted in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards, the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, and the Pennsylvania Department of Public Welfare Single Audit Supplement.

2. Issuing Office. This Request for Proposal ("RFP") is being issued by the Luzerne County Employees Retirement Board. The issuing board is the only point of contact for this RFP. **Proposals must be submitted to Richard Hummer, Pension Coordinator, 20 N. Pennsylvania Blvd, Suite 213, Wilkes-Barre, PA 18701 no later than Monday, November 30, 2009 at 12:00 PM.**

3. Objective. The objective of the RFP is to identify the Certified Public Accountant that can offer the highest quality service in the most timely manner possible and at the best value to the LCERS. The successful respondent will be expected to prepare all required audit reports/documents including the Final Management Letter to the County, as described more fully in the Scope of Services section of the RFP.

4. Scope of Services. LCERS desires the audit firm to express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The financial statements will be presented in accordance with the financial reporting model described in GASB Statement No. 34. The auditor is to provide an opinion on the respective financial position of the Luzerne County Employees' Retirement Fund.

The scope of the audit includes the following funds of the County:

- Luzerne County Employees' Retirement System Fund held with our custodian, Morgan Stanley Smith Barney.
- Reports to be issued – Audited Financial Statements

5. Auditing Standards to be followed. To meet the requirements of this RFP, the audit shall be performed in accordance with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants Auditing Standards Board;
- the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (as amended) (also known as the Yellow Book);
- the Single Audit Act Amendments of 1996; and,
- the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement for the Single Audits of State and Local Governments* (as amended) and the Pennsylvania Department of Public Welfare Single Audit Supplement (as amended).
- Audits of States, Local Governments and Non-Profit Organizations.
- Any future audit conventions, audit procedures or audit pronouncements from or by any state or federal funding agency, entity establishing generally accepted accounting standards, or statute from a governmental entity or regulation from a grantor agency or other authoritative entity concerning audits of funds or programs operated, administered or managed by the County.

6. Special Considerations.

- GASB No. 34. The County has implemented GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, during the year ending December 31, 2002.
- All necessary journal entries and other accrual schedules required to prepare the financial statements of the County in accordance with GASB 34 will be completed and proposed by the outside auditors.
- All audit working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the LCERS 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:
 - Luzerne County
 - U.S. General Account Office
 - Parties designated by the federal and state governments or by the County as part of an audit quality review process

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.

7. Response to Request for Proposal. Each respondent must, at a minimum, provide the following information/data.

- Detail your firm's experience in providing accountant services to government units, as well as, entities of a comparable size to LCERS.
- Provide information on whether you provide services to any related industry associations or groups.
- Identify the three largest clients your firm (or office) has lost in the past three years and the reasons. Also discuss, in instances where loss of the client was due to an unresolved auditing or accounting matter, the process of attempting to resolve the issue(s). Include contact information for the clients.
- Identify the partner, manager, and in-charge accountant who will be assigned to our job if you are successful in your bid, and provide biographies or resumes for each. Indicate any complaints against them that have been leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these individuals.
- Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that may be requested by the LCERS.
- A detailed statement of the scope of services to be provided with a proposed segmented work plan and schedule for completion.
- Set forth your fee proposal for the services requested, with whatever guarantees can be given regarding increases in future years. The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive price range to be bid is to contain all direct and indirect costs including out-of-pocket expenses.
- Furnish the current standard billing rates for the classes of professional personnel that will be engaged, by the respondent, for this audit. In addition, provide the rates, for these same professional personnel, for each of the last three years.
- Provide the names and contact information for other, similarly sized clients of the partner and manager that will be assigned to our organization for reference purposes.

- Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our auditors is the best decision that could be made for the LCERS.
- Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.
- Any additional information you consider relevant to the selection process.

8. Proposal Review Criteria. Each response may be reviewed and judged, at a minimum, on the following criteria.

- Responsiveness of the written proposal to the purpose and scope of the project.
- Reputation and professional qualifications of the specific individuals assigned to complete the project.
- Experience with governmental entities.
- Cost of work
- Timeline for the completion of the project
- Adherence to all requirements and conditions of the request for proposals.
- Results of possible project scope and completion plan interview with respondent(s).

9. Assignability. The successful respondent cannot transfer any interest or provide for assignment of professional services contract with Luzerne County either in whole or in part, without the expressed written consent of the LCERS.

10. Payment. Payment for services rendered will be based upon receipt of an itemized statement from the audit firm. The itemized statement shall describe hours spent by staff level.

All billings should indicate the percentage of work completed. Amounts billed of the maximum price will not exceed the percentage of completion. Not more than 70% of the fee will be paid prior to receipt of a draft copy of the audit firm's opinion letter for the Financial Report and the management letter comments.

11. Ownership. The LCERS will own and have a right to use and reproduce any data, analyses and materials which are collected or developed by the successful respondent.

Working papers must be available for references by the LCERS for a period of three (3) years from submission of the reports. Copies of adjusting entries and trial balances, if applicable, will be provided to the LCERS upon completion of the audits.

Any materials, information and data provided to the successful respondent by the LCERS are for use solely with respect to the project and are not to be used by the respondent's officials, employees and agents for any other purpose outside the scope of the work requested by the LCERS without the specific written consent of the LCERS.

12. Special meetings. A planning meeting will be held prior to the start of audit work each year at the request of the LCERS.

Progress meetings will be held as deemed necessary by the LCERS to gauge audit progress and assist in facilitating the timely completion of the audit.

An exit conference will be held at the end of the audit to discuss findings and recommendations resulting from the audit work performed and a draft copy of the audit will be provided at this time. In addition, special meetings will be scheduled when matters involving the potential of fraud, theft, misuse or misrepresentations on financial or grant reports or similar matters are discovered that require notification and/or the determination of a course of action. Scheduling of these meetings will be the responsibility of the audit firm.

13. General Information.

- The RFP is not to be construed as creating a contractual relationship between the LCERS and any firm submitting a response to this RFP.
- The LCERS shall have no obligation or liability to any firm responding to this RFP. All costs associated with responding to this RFP are borne solely by the respondent.
- The LCERS may require follow-up oral interviews with selected respondents and may require the respondents to participate in negotiations.
- The LCERS reserves the right to reject any or all responses, to modify the scope with one or more of the respondents, and to waive any/all requirements which the LCERS deems to be in its or its employees' best interest.
- By submitting this information the firm represents that it has examined and understands this RFP and has become fully informed of all the requirements of the RFP. All terms and conditions set forth in this document are accepted and must be incorporated in the submission unless explicit exception is made to individual items and accepted by the LCERS.

- By submitting a response, the firm represents that it has the ability to meet the requirements outlined herein.
- Firms should contact Richard Hummer, Pension Coordinator, at (570) 825-1628, for information or questions concerning this RFP.

After evaluation of the responses, the LCERS will make its selection based on the response which best meets the needs of the Retirement System, in the sole discretion of the Retirement System. The Request for Proposals is not intended to create a public bidding process, and the proposal with the lowest quoted fees will not necessarily be accepted, nor will any reason for the rejection of any proposal be indicated. The LCERS reserves the right to privately negotiate with any firm with respect to the requirements outlined in this Request for Proposals.