



COUNTY of LUZERNE  
PENNSYLVANIA  
ESTABLISHED 1786

**LUZERNE COUNTY COUNCIL  
BUDGET, FINANCE AND AUDIT COMMITTEE  
MEETING**

February 27, 2020  
Council Meeting Room  
Luzerne County Courthouse  
200 North River Street  
Wilkes-Barre, PA

**4:45 PM CALL TO ORDER**

**PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

**ROLL CALL**

**ADDITIONS TO/DELETIONS FROM AGENDA**

**ADOPTION OF AGENDA**

**AGENDA ITEM**

1. Review RFP
2. Discuss update on 2019 Audit

**PUBLIC COMMENT**

*This is an opportunity for members of the public to address the Committee on matters not listed on the Agenda, but which must be within the subject matter jurisdiction of the Committee. Speakers are requested to submit a Speaker Card before the first speaker is called and to limit individual comments to three (3) minutes. Speakers may not yield or transfer their time to another speaker.*

**ADJOURNMENT**





COUNTY *of* LUZERNE  
P E N N S Y L V A N I A  
ESTABLISHED 1786

COUNTY OF LUZERNE  
OFFICE OF THE COUNTY MANAGER  
REQUEST FOR PROPOSAL  
TO CONDUCT EXAMINATION OF  
THE COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND COMPLIANCE AUDIT PER  
THE SINGLE AUDIT ACT AMENDMENTS OF 1996 AND  
OMB CIRCULAR A-133

FINAL DATE FOR SUBMISSION: October 17, 2016

CLERK TO COUNCIL:  
SHARON LAWRENCE  
LUZERNE COUNTY COURTHOUSE  
WILKES BARRE, PA.  
PHONE: 570-825-1634  
FAX: 570-825-9343  
EMAIL: [sharon.lawrence@luzernecounty.org](mailto:sharon.lawrence@luzernecounty.org)

COUNTY OF LUZERNE  
REQUEST FOR PROPOSAL (RFP)

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COUNTY OF LUZERNE  
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

1. The County of Luzerne is requesting proposals from qualified firms of certified public accountants to audit its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2016. The audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
2. There is no expressed or implied obligation for the County of Luzerne to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
3. Communications Regarding the RFP

Upon release of this RFP, all vendor communications concerning this procurement must be directed to the Clerk to Council. Unauthorized contact regarding the RFP with other County employees of the procuring County agency may result in disqualification.

4. All communications should be in writing to the Clerk to Council (use Q&A form, in appendix I). Any oral communications shall be considered unofficial and nonbinding on the County. Written Comments, including questions and requests for clarification, must cite this RFP. The Clerk to Council must receive these written requests by the deadline specified in the RFP Proposal Calendar, section IV.
5. The County shall respond in writing to written communications. Such responses shall constitute amendments to the RFP. Only written responses to written communications shall be considered official and binding upon the County. The County reserves the right, at its sole discretion, to determine appropriate and adequate responses to written comments, questions, and requests for clarification.

6. The County shall mail copies of its written responses to written comments, to all vendors submitting a *Letter of Intent to Propose*. In addition, any update, changes, or amendments will be posted on the County's website: [www.luzernecounty.org](http://www.luzernecounty.org).
7. Required Review and Waiver of Objections by Proposers: Proposers should carefully review this RFP and all attachments, including but not limited to the *Standard* contract, for comments, questions, defects, objections, or any other matter requiring clarification or correction (collectively called "comments"). Comments concerning RFP objections must be made in writing and received by the County no later than the Deadline for Written Comments detailed in the Section IV, RFP Proposal Calendar. This will allow issuance of any necessary amendments and help prevent the opening of defective proposals upon which contract award could not be made.
8. Protests based on any objection shall be considered waived and invalid if these faults have not been brought to the attention of the County, in writing, by the Deadline for Written Comments.
9. A letter indicating a vendor's intent to respond to this RFP with a proposal should be sent to the Clerk to Council no later than the *Letter of Intent to Propose* deadline date detailed in section -, in the RFP "Proposal Calendar." *Letters of Intent to Propose* may be delivered by facsimile transmission or email. Vendors may withdraw their *Letters of Intent to Propose* at any time before the deadline for submitting a proposal.
10. To be considered, one original, five (5) hard copies and one electronic copy (CD) of a proposal must be submitted no later than **October 17, 2016 at 3:00 p.m.** Late proposals will be disqualified. The County of Luzerne reserves the right to reject any or all proposals submitted.
11. Proposals may not be delivered orally, by facsimile transmission, or by other telecommunication or electronic means.
12. The Clerk to Council shall manage the proposal evaluation process and maintain proposal evaluation records. A Proposal Evaluation Team shall be responsible for evaluating proposals.
13. During the evaluation process, the Evaluation Committee reserves the right, where it may serve the County of Luzerne's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the County of Luzerne or the Evaluation Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.



14. The County of Luzerne reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County of Luzerne and the firm selected.

A. Disclosure of Proposal Contents

All proposals and other materials submitted in response to this RFP become the property of the County of Luzerne. Selection or rejection of a proposal does not affect this right. All proposal information, including detailed price and cost information, shall be held in confidence during the evaluation process. Upon the final award of contract, the proposals and associated materials shall be open for public review to the extent allowed by the *Pennsylvania Public Records Act*. By submitting a proposal, Proposer acknowledges and accepts that the contents of the proposal and associated documents shall become open to public inspection.

B. Proprietary Information

The master copy of each proposal shall be retained for official files and will become public record after the award of a contract unless the proposal or specific parts of the proposal can be shown to be exempt by law. Each Proposer may clearly label part of a proposal as "CONFIDENTIAL" if the Proposer agrees to indemnify and defend the County for honoring such a designation. The failure to so label any information that is released by the County shall constitute a complete waiver of all claims for damages caused by any release of the information. If a public records request for labeled information is received by the County, the County will notify the Proposer of the request and delay access to the material until seven working days after notification to the Proposer. Within that time, it is the Proposer's duty to act in protection of its labeled information. Failure to so act shall constitute a complete waiver.

15. It is anticipated the selection of a firm will be completed by October 25, 2016. Following the notification of the selected firm it is expected a contract will be executed between both parties by November 7, 2016.

## B. Term of Engagement

The County intends to enter into a three-year initial contract period. The County reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than 4 years, provided that the County notifies the Contractor in writing of its intention to do so at least ninety (90) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract.

## C. Standard County Contract

Proposer shall acknowledge that the County's Standard Contract has been reviewed and accepted with or without qualification in transmittal letter. A sample copy of the County's contract, with exhibits, is included in the RFP appendices. Also, this RFP, including any amendments and the successful proposal shall be incorporated into the final contract.

## D. Subcontracting

Firms that are considering subcontracting portions of the engagement to smaller audit firms, must state that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the County.

# II. NATURE OF SERVICES REQUIRED

## A. General

The County of Luzerne is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2016, with the option to audit the County of Luzerne's financial statements. This audit is to be performed in accordance with the provisions contained in this request for proposals.

## B. Scope of Work to be Performed

The County of Luzerne desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The County of Luzerne also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the

comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

The review will:

- 1) Evaluate the accuracy of the computation and adequacy of the documentation.
- 2) Determine compliance with the Appropriations Limit.
- 3) Determine if the Appropriations Limit resulting from the completion of various worksheets was adopted by the County Council.

The auditor will conduct an exit conference with the County Manager and Budget and Financial Services Director prior to the issuance of the reports.

The auditor will also provide the Budget & Financial Services Director with new accounting and auditing pronouncements, discuss their impact and implementation on the County, as needed, and make available to the staff of the Budget & Finance Services Director locally offered, in-house governmental accounting, governmental auditing, and other related training programs.

#### C. Auditing Standards To Be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-

133, Audits of States, Local Governments, and Non-Profit Organizations,  
Audits of State and Local Governments.

D. Reports to be Issued

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, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements. The report should identify areas where opportunities exist to enhance and improve internal controls.
3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required report(s) on compliance and 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. In addition, the following shall be considered reportable:

A. Conditions which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services.

B. 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 report(s) on compliance and internal controls.

The reports on compliance and internal controls shall include all instances of noncompliance.

Irregularities and illegal acts. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

- County Manager
- County Council
- County Controller
- District Attorney

7. It is anticipated that the Auditor shall provide technical training to key personnel in implementing new GASB Statements as the Statements become effective.

#### E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years following the conclusion of the contract period, unless the firm is notified in writing by the County of Luzerne 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:

- County of Luzerne
- All cognizant agencies of federal assistance
- U.S. Government Accountability Office (GAO)
- Parties designated by the federal or state governments or by the County of Luzerne as part of an audit quality review process
- Auditors of entities of which the County of Luzerne is a subrecipient of grant funds.

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.

### III. DESCRIPTION OF THE GOVERNMENT

#### A. Background Information

Luzerne County is a general law county with a population of 320,000 and an annual budget of approximately \$260 million. The governing body is elected. The County Council is responsible for the legislative activities of the County. A County Manager is appointed by the Council and serves as the Chief Executive Officer of the County. The County's fiscal year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup>.

An organizational chart and a list of key officials are included (see Appendices.).

Organizational units of the County government are under the direction of elected officials or appointed department heads.

The Budget & Financial Services Director, appointed by the County Manager, is the Chief Financial Officer of the County. Accounting records and financial statements are maintained by the Budget & Finance Services Director.

The financial statements of the County include the financial activities of the County and all agencies and special districts under the control of the County Manager.

The County of Luzerne is organized into 8 divisions.

More detailed information on the government and its finances can be found in the Proposed Budget – Fiscal Year 2016 and the County’s Comprehensive Annual Financial Report, Fiscal Year ended June 30, 2015 (see Appendices)..

**B. Fund Structure**

The County of Luzerne uses the following fund types and account groups in its financial reporting:

<u>Fund Type</u>	<u>Number of Funds Individual</u>
General fund	<u>1</u>
Special revenue funds	<u>2</u>
Debt service funds	<u> </u>
Capital projects funds	<u>1</u>
Pension	<u>1</u>

**C. Budgetary Basis of Accounting**

The County of Luzerne prepares its budgets on a basis consistent with generally accepted accounting principles.

D. Federal and State Awards

The Federal and State awards programs received by the County of Luzerne are identified and listed in the (unaudited) Schedule of Expenditures of Federal Awards for the Fiscal Year Ended December 31, 2015 (see Appendices).

E. Component Units

The County of Luzerne is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the County of Luzerne's financial statements (i.e., Statement of Net Assets and Statement of Activities).

The management of the County of Luzerne identified the following component units for inclusion in the County of Luzerne's financial statements:

F. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and should contact the Clerk to Council or visit our website at [www.luzernecounty.org](http://www.luzernecounty.org). The County of Luzerne will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted. The County reserves the right to adjust this schedule as needed.

Request for proposal issued	September 14, 2016
Deadline for Letter of Intent to Propose	September 21, 2016
Deadline for written questions and comments	September 28, 2016
Responses to written questions	October 3, 2016
Due date for proposals	October 17, 2016
Evaluation process by Evaluation	October 19, 2016

Committee and final determination

Approval by County Council    October 25, 2016

B. Notification and Contract Dates

Selected firm notified     October 26, 2016

Contract date     November 7, 2016

C. Date Audit May Commence    January 16, 2017

The County of Luzerne will have all records ready for audit and department contacts available to meet with the firm's personnel as of January 16, 2017.

D. Schedule for the 2016 Fiscal Year Audit

Each of the following should be completed by the Budget & Financial Services Office no later than the dates indicated.

1. Interim Work    January 25, 2017
2. Detailed Audit Plan     February 1, 2017
3. Fieldwork Complete     April 15, 2017
4. Draft Reports     April 30, 2017

E. Entrance Conferences, Progress Reporting and Exit Conferences

At a minimum, the following conferences/notifications will occur as indicated on the schedule:

Entrance conference with the Auditor-Controller	<u>Week of</u> January 9, 2017
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Entrance conference with all key personnel	January 16, 2017
<i>The purpose of this meeting will be to discuss prior audit problems and the field work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor to commence year-end field work.</i>	

Progress conferences with B&F Director	Weekly during engagement
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*The purpose of these meetings will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested.*

Progress notifications to Council Audit Committee Weekly during engagement

*The purpose of these notifications will be to summarize the results of the year-end review, status of the audit, and review significant findings.*

Exit conference with all key June 26, 2017

*The purpose of this meeting will be to review significant findings, discuss and finalize the reports and audit engagement.*

In addition, the auditor shall provide written reports on the progress of the audit if requested.

F. Date Final Report is Due

The Budget & Financial Services Director shall prepare draft financial statements, notes and all required supplementary schedules (and statistical data) by May 31, 2017. A final report shall be delivered by June 30, 2017.

G. Presentation of Audit report and findings July 11, 2017  
to Luzerne County Council at public meeting

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Office

County staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor.

B. Information Technology (IT) Assistance

IT personnel will be available to assist the auditor.

IT personnel will also be available to provide systems documentation and explanations.

The auditor will be given access only to the software programs currently in

use by Luzerne County which are necessary to conduct and complete fieldwork only during the period of the audit engagement.

C. Statements and Schedules to be Prepared

The staff of the Budget & Financial Services Office will prepare the following statements and schedules for the auditor by the dates indicated:

- Schedule of Expenditures of Federal Awards for the Fiscal Year ended December 31, 2016
- Basic financial statements and required supplementary information for the Fiscal Year Ended December 31, 2016.

D. Work Area, Telephones, Photocopying and FAX Machines

The County of Luzerne will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities and FAX machines.

E. Final Report Preparation

Final Report preparation, editing and printing shall be the responsibility of the auditor.

## VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposal and the subject of the request for proposal must be made to the Clerk to Council:

CLERK TO COUNCIL:  
SHARON LAWRENCE  
200 N. RIVER ST.  
WILKES BARRE, PA. 18711  
PHONE: 570-825-1634  
FAX: 570-825-9343  
EMAIL: Sharon.lawrence@luzernecounty.org

CONTACT WITH PERSONNEL OF THE COUNTY OF LUZERNE  
OTHER THAN THE CLERK TO COUNCIL REGARDING THIS  
REQUEST FOR PROPOSAL MAY BE GROUNDS FOR ELIMINATION  
FROM THE SELECTION PROCESS.

## 2. Submission of Proposal

The following material is required to be received by **October 17, 2016, 3:00 pm (EST)** for a proposing firm to be considered:

- a. A master copy (original, so marked) of a Technical Proposal and five hard copies and one electronic copy (CD) to include the following:

- i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

A signed letter of transmittal briefly states the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer.

The letter shall also include a statement of acknowledgement that the County's Standard Contract has been reviewed and accepted with or without qualification. If qualifications are involved, those items requiring adjustment or modification must be identified and listed along with suggested modifications to the contract. If no modifications to the contract are noted, then the County will assume that the Proposer is capable of performing all normal managerial tasks and services without reservation or qualification to the contract.

- iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section -. of this request for proposal.

- v. Compensation

Compensation and manner of payment should follow the order set forth in Section -. of this request for proposal.

- vi. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix C and Appendix D).

- b. The proposer shall submit an original and five hard copies and one electronic copy (CD) in an envelope marked as follows:

RFP  
FOR  
COUNTY OF LUZERNE  
TO CONDUCT EXAMINATION OF  
THE COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND COMPLIANCE AUDIT PER  
THE SINGLE AUDIT ACT AMENDMENTS OF 1996 AND  
OMB CIRCULAR A-133  
FOR FISCAL YEAR ENDED DECEMBER 31, 2016

- c. Proposers should send the completed proposal to the following address:

CLERK TO COUNCIL  
SHARON LAWRENCE  
LUZERNE COUNTY COURTHOUSE  
200 N RIVER ST.  
WILKES BARRE, PA. 18711

## B. Technical Proposal

### 1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County of Luzerne in conformity with the requirements of this request for proposal. As such, the substance of the proposal will carry more weight than their form or manner of presentation. The Technical Proposal 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.

The Technical Proposal should address all the points outlined in the request for proposal. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

## 2. Independence

The firm should provide an affirmative statement that is independent of the County of Luzerne as defined by generally accepted auditing standards/the U.S. Government Accountability Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of the County of Luzerne as defined by those same standards.

The firm should also list and describe its professional relationships involving the County of Luzerne or any of its agencies or component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the County of Luzerne written notice of any professional relationships entered into during the period of this agreement.

## 3. License to Practice in the State of Pennsylvania.

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered/licensed to practice in the State of Pennsylvania.

## 4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the its 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 the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent

external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Pennsylvania. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

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. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the County of Luzerne. However, in either case, the County of Luzerne retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the County of Luzerne, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the County of Luzerne

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the County of Luzerne by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. 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 - 5) performed in the last five years that are similar to the engagement described in this request for proposal. 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 and telephone number of the principal client contact. The County reserves the right to contact these agencies for the purpose of references/

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as the County of Luzerne'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. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the County of Luzerne's internal control structure
- g. Approach to be taken in determining laws and regulations that will be

subject to audit test work

- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. 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 County of Luzerne.

10. Report Format

The proposal should include sample formats for required reports.

C. Compensation

1. Total All-Inclusive Maximum Price

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal.

The following information should be included:

- The total estimated hours and total all-inclusive maximum price (not to exceed amount) to complete the examination, and to prepare and submit a final report on the examination and a management letter plus the necessary financial and compliance audits required by the OMB Circular A-133, and the Single Audit Act.
- A statement describing the firm's ability to identify audit costs attributable to each entity, grant, or fund, which may be used to assist in charging each organization for their share of audit costs.

2. Rates by Partner, Specialist, Supervisory and Staff Level times Hours Anticipated for Each

The proposal should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price. The cost of special services should be disclosed as separate components of the total all-inclusive maximum price.

3. Rates for Additional Professional Services

If it should become necessary for the County of Luzerne to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as 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 County of Luzerne and the firm. Any such additional work agreed to between the County of Luzerne and the firm shall be performed at a negotiated (agreed upon) rate relative to the contracted service fee.

#### 4. Manner of Payment

For the contracted service fee, progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billing shall cover a period of not less than a calendar month.

### VII. EVALUATION PROCEDURES

#### A. Evaluation Committee

1. The Clerk to Council shall manage the proposal evaluation process and maintain proposal evaluation records. A Proposal Evaluation Committee shall be responsible for evaluating proposals. This Committee shall include the County Council Audit Committee members, the County Budget & Finance Director, and the County Manager or his/her designee.

#### B. Review of Proposals

The Evaluation Committee will use a point formula during the review process to score proposals. Each member of the Evaluation Committee will first score each technical proposal by each of the criteria described below. The full Evaluation Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with a technical score less than 70 may be eliminated from further consideration.

After the composite technical score for each firm has been established, the proposed contract service fee (price) will be reviewed and additional points will be added to the technical score based on the proposed fee. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The County of Luzerne reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

#### C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of Pennsylvania.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the County.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Quality: (Maximum Points - 100)

- a. Expertise and Experience
  - (1) The firm's past experience and performance on comparable government engagements
  - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- b. Audit Approach
  - (1) Adequacy of proposed staffing plan for various segments of the engagement
  - (2) Adequacy of sampling techniques
  - (3) Adequacy of analytical procedures

3. Price: (Maximum Points - 30)

**The evaluation process is designed to award the procurement not necessarily to the Proposer of least cost, but rather to the Proposer with the best combination of attributes based upon the evaluation criteria.**

#### D. Oral Presentations

During the evaluation process, the Evaluation Committee may, at its sole discretion, request any the top ranked firms to make oral presentations. The firm's personnel to be assigned to the engagement shall be present at the oral presentation. Such presentations will provide proposers with an opportunity to answer any questions the Evaluation Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations. Also, the County reserves the right to re-rank proposals based upon the interview. The County will not assume any costs to vendors in the event interviews are requested.

#### E. Final Selection

The Evaluation Committee will make the final recommendation to the County Council based on the proposal that best meets the needs of the County.

It is anticipated that a firm will be selected by October 25, 2016. Following notification of the firm selected, it is expected a contract will be executed between both parties by November 7, 2016.

#### F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County of Luzerne and the firm selected.

The County of Luzerne County reserves the right to reject any or all proposals, or any part or parts thereof as may deem to the best interest of the County of Luzerne. The County also reserves the right to cancel the award at any time before the execution of the contract.

#### G. Disputes

All disputes arising under this RFP shall be litigated exclusively in the Court of Common Pleas of Luzerne County.

APPENDICES

Non-Collusion Contract

Sample of County Contract

Organizational Chart

List of Key Officials

List of Funds

Proposed Budget FY 2016

Comprehensive AFR for FY ending June 30, 2015

Schedule of Expenditures of Federal Awards for FY ending December 31, 2015