

County of Cortland, New York
Request for Proposals
For Professional Auditing Services

Cortland County
County Office Building
60 Central Avenue
Cortland, New York 13045
Issued: August 7, 2012
Due: August 31, 2012

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I. INTRODUCTION

A. General Information

The County of Cortland, New York, (the "County") is requesting proposals from qualified certified public accounting firms to perform audit and other services for the fiscal years ending December 31, 2012, 2013 and 2014 (and optional extensions for 2015 and 2016). The audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (2003), the provisions of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*.

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

To be considered, five (5) copies of your "Technical" proposal and five (5) copies of your "Cost" proposal must be received by Jeremy Boylan, Legislative Clerk, County of Cortland, County Office Building, 60 Central Avenue, Cortland, New York 13045 no later than August 31, 2012.

The "Technical" and "Cost" proposals must be submitted in separate packages and such packages must be clearly labeled "Technical" or "Cost". The County reserves the right to reject any or all proposals submitted.

During the evaluation process, the County reserves the right, where it may serve the County's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

The County 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 and the firm selected.

The County will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

It is anticipated that the selection of a firm will be completed by September 27, 2012.

Term of Engagement

The award period will cover the fiscal years ending December 31, 2012, 2013, and 2014. The award period will include an option exercisable by the County for auditing services for the two subsequent fiscal years – December 31, 2015 and 2016.

II. NATURE OF SERVICES REQUIRED

Scope of Work to be Performed

The County is requesting proposals from qualified certified public accounting firms to:

- perform an audit of the County's basic financial statements in accordance with the provisions referred to in Item I-A of this RFP.
- review and provide editorial comments to the County's Management Discussion Analysis and Notes to the Financial Statements within the basic financial statements.
- perform a the Schedule of Federal Financial Assistance in compliance with the requirements of the Single Audit Act
- prepare an Independent Auditors Report on Compliance and Internal Controls over State Transportation Assistance Expenditures
- prepare GASB 34 adjustments to the Fund Financial Statements with all corresponding schedules and notes
- audit the Consolidated Fiscal Report for the Department of Mental Health
- prepare a written report to the County Legislature on matters to be communicated to the audit committee (SAS 61 as amended by SASs 89 &90)
- meet with the County Budget and Finance Committee and review the current year financial statements and trends
- address routine accounting and auditing inquiries throughout the year including applicability of Government Accounting Standards County ("GASB") pronouncements to the County.

A. Working Paper Retention and Access to Working Papers

All working papers in 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 County of the need to extend the retention period.

The auditor will be required to make working papers available, upon request, to the following parties:

- County;
- New York State Comptroller;
- Parties designated by the federal or state governments or by the County as part of an audit quality review process;
- Auditors of entities of which the County is a sub-recipient of grant funds; and
- Other parties as deemed appropriate or necessary by the County.

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. Name of Contact Person

The auditors' principal contact with the County will be Martin D. Murphy, County Administrator who will coordinate the assistance to be provided by the County to the auditor.

B. Background Information

One of the 62 counties of the State of New York, Cortland County was founded in 1808. With departments ranging from the approximately 130 employees of the Department of Social Services, to the one member of the Department of Weights and Measures, the County is charged with providing necessary and incidental services to its 48,000 residents.

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families and Safety Net. The County also provides services and facilities in the areas of culture, recreation, education, police, youth, health, senior services, and roads, these general government programs and services are financed by various taxes, state and federal aid and departmental revenue (which are primarily comprised of service fees and various types of program-related charges).

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;

Request for proposals issued	August 7, 2012
Due date for proposals	August 31, 2012

B. Notification and Contract Dates

Recommendation to Budget & Finance Committee	September 20, 2012
Anticipated Legislative Authorization	September 27, 2012

C. Date Audit May Commence

After November 15, 2012, the County's management personnel will be available to meet with the firm's personnel to discuss specific scheduling of 2012 audit.

D. Schedule for the December 31, 2012 Fiscal Year Audit

The auditor should complete each of the following no later than the dates indicated:

1. **Detailed Audit Plan** - The auditor shall provide the County by December 15, 2012, both a detailed audit plan and a list of all schedules to be prepared by the County.

2. **Fieldwork** - Interim fieldwork should be performed in late November/December to assist the County in preparation for its year-end closing, and should include tests of existing internal control procedures. The auditor shall complete fieldwork for year-end on or before, but no later than June 30th.

3. **Draft Reports** - The auditor shall have drafts of the audit report(s), notes and supplemental schedules for review by County management on or before, but no later than July 31, 2013.

E. Date Final Report is Due

The final report is due on or before, but no later than September 15, 2013, (with a similar deadline each year). Similar schedules will be followed for each subsequent annual audit.

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

A. Fiscal Department, Treasurer's Office and Clerical Assistance

The Fiscal Department staff, Treasurer's Office 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 shared responsibility of the County and the auditor for the preparation of routine letters and memoranda.

B. Electronic Data Processing (EDP Assistance)

EDP personnel will be available to provide systems documentation and explanations. The auditor may be provided computer time and the use of the County's computer hardware and software.

C. Work Area, Telephones, Photocopying and Fax Machines

The County will provide the auditors with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephones, photocopying facilities, fax machines and the Internet.

D. Report Assembly

Report compilation, assembly, editing and printing shall be the responsibility of the auditor. The County requires twenty-five (25) copies of each written communication, including reports and letters, discussed in Item IA. In addition, the Auditor will be expected to deliver an electronic copy (i.e. in "pdf" format) of the audit reports to the County.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries - Inquiries concerning the request for proposals may be made to:

Cindy Monroe, County Treasurer
County of Cortland
60 Central Avenue
Cortland, NY 13045
607-753-5048

2. Submission of Proposals - The following material is required to be received by August 31, 2012 for a proposing firm to be considered:

a. Five (5) copies of the "Technical" proposal 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 contract person; and the date of the proposal.

(ii) *Table of Contents*

(iii) *Transmittal Letter* - A signed letter of transmittal briefly stating 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.

(iv) *Detailed Proposal* - The detailed proposal should follow the order set forth in Section VI-B of this request for proposals.

(v) *Evidence of Insurance*- The proposal must contain evidence (in the form of an insurance binder) to demonstrate that the firm has met the insurance requirements (note that the lack of proof of meeting at least the minimum requirements will result in immediate disqualification).

b. The proposer should send five (5) copies of its "Cost" proposal. Such proposal should contain the estimated "all-inclusive not to exceed" dollar cost for professional fees and out-of-pocket expenses for the fiscal years ending December 31, 2012, 2013, and 2014 as well as the two option years. The dollar cost should be broken down between the County's Basic Financial Statement audit and Single Audit. In addition, the proposal should contain the estimated professional hours to complete each segment of the audit, detailed by partner, supervisory staff, and staff.

c. Proposers should send the completed "Technical" and "Cost" proposals under separate cover to the following address:

Jeremy Boylan, Legislative Clerk
County of Cortland
60 Central Avenue
Cortland, NY 13045

B. Proposal

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

The proposal should address all the points outlined in our 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 proposals. While additional data may be presented, the following subjects, item Nos. 2 through 9 must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence - The firm should provide an affirmative statement that it is independent of the County as defined by generally accepted auditing standards, U.S. General Accounting Office's Government Auditing Standards (2003).

3. License to Practice in New York State - An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in New York State.

4. Insurance Requirements- The firm shall have, at a minimum, \$1,000,000 of liability coverage. The proposal should provide proof of such coverage. The lack of evidence of the appropriate insurance coverage will immediately exclude such firm from consideration. Before execution of any agreements the firm will also be expected to provide certificates of insurance for workers compensation and disability insurance

5. Firm Qualifications and Experience - The proposer should state the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

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.

It is extremely important to the County that the Firm selected be professional, competent and experienced in auditing NYS Counties. Accordingly, the Firm selected must be peer reviewed for at least 3 cycles – each of those cycles including audits of governmental clients and each peer review report being unqualified. Additionally, the Firm must be a member of the AICPA Government Audit Quality Center. Firms must also describe their involvement in professional organizations increasing their knowledge of government auditing in general and NYS Counties in particular (i.e. NYSAC, GFOA, etc.).

The County realizes that its annual audit is a time consuming, labor intensive process. The County desires its audit to be performed in a “hands on” manner meaning that all of the field work is to be performed at the County offices – the County does not wish to be audited from afar by phone calls, e-mail and fax.

B. Proposal (Cont.)

5. Firm Qualification and Experience (Cont.)

The County understands that Information Technology is part of an annual audit. The County also knows that while IT aids the County in delivering services efficiently to its constituents, there are also risks as operations become more and more technology oriented. Accordingly, the County requires that its audit firm have IT professionals on staff who can assess and comment upon the informational technology controls affecting the financial and data assurance processes. The County's minimum expectations regarding the skill sets to be employed need to include an ability to assess and report on Informational Technology General and Application (ITGC) controls in those areas that apply to all systems components, processes, and data for the County within the information technology (IT) environment.

The County is a complex organization and may utilize component units such as LDCs, IDAs, and TASCs to assist in its mission of providing the residents of the County with the services they need. The County desires an auditor who has significant experience with these types of entities.

6. Partner, Manager and Supervisory 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 licensed to practice as a certified public accountant in New York State. Provide information on the government auditing experience of each person for the past three (3) years and membership in professional organizations relevant to the performance of this audit. The Partner in charge of the audit must be a CPA licensed in good standing with NYS and must have a minimum of 10 years experience overseeing audits of NYS counties of a size and nature similar to Cortland County. The staff assigned to the engagement fieldwork must include at minimum a Manager who is a CPA licensed in NYS and who has a minimum of 5 years experience supervising audits of NYS counties of a size and nature similar to Cortland County. This Manager must be physically present at the County for a substantial portion of field work (at least 80% of days spent in field). Indicate how the quality of staff over the term of the agreement will be assured. Engagement partners, 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. However, in either case, the County retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the County, 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.

7. Prior Engagements

A. List separately all county engagements within the last five (5) years, ranked on the basis of staff hours, (i.e., audit, management advisory, 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.

B. For the engagement team that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last two (2) years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total entity annual revenue as defined in paragraph 143 of GASB 34. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

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 proposals. In developing the work plan, reference should be made to such sources of information as the County'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. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- b. Sample size and the extent to which statistical sampling is to be used in the engagement.
- c. Extent of use of EDP software in the engagement.
- d. Type and extent of analytical procedures to be used in the engagement.
- e. Approach to be taken to gain and document an understanding of the County's internal control structure.
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- h. Approach to be taken in conducting the Single Audit.

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.

C. Sealed Dollar Cost Proposal

1. Total All-Inclusive Maximum Price - The dollar cost proposal should be an all inclusive not to exceed fee to performing the services required as described in Section II. The total all-inclusive maximum price to be proposal for the engagement is to contain all direct and indirect costs, including all out-of pocket expenses.

The first page of the dollar cost proposal should include the following information:

a. Name of Firm.

b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the County.

c. A Total All-Inclusive Maximum Price for each year ending December 31, 2012, 2013 and 2014 (and two option years).

Rates by Partner, Specialist, Supervisory and Staff Levels Times Hours Anticipated for Each - The second page of the dollar cost proposal should include a schedule of professional fees and expenses with total estimated hours that supports the total maximum price.

2. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates - All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the dollar cost proposal. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

3. Rates for Additional Professional Services - If it should become necessary for County to request the auditor to render any 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 County and the firm.

If your firm intends to charge for review of Official Statements *and/or* permission to use the audit opinion as an exhibit within Official Statements, please clearly state the rates for such services within your cost proposal.

Please be advised that the County's component units (Cortland County Soil and Water Conservation District, Cortland Business Development Corp. and the Cortland Tobacco Asset Securitization Corporation may also use the hourly rates and information set forth in the proposals for selecting a firm to perform audits or other services.

4. Manner of Payment - Progress payments 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 proposal. Interim billing shall cover a period of not less than a calendar month.

Basis for Evaluating Proposals:

The County will award the contract based upon all aspects of the project and the needs of the County. The award will go to the proposer who provides the best value as determined by the County.

Factors used to evaluate the proposals will include:

- Technical capabilities as demonstrated by the proposed work plan.
- Qualifications and Experience:
 - Past performance in auditing NYS Counties
 - Quality of work (peer review, client references)
 - Depth of experience
- Understanding scope of work
- Staffing – quality and experience of staff assigned
- Cost

Oral Presentations

During the evaluation process, the Selection Committee at their discretion may request anyone or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions that the Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

Final Selection

The County will select a firm based upon the recommendation of the Selection Committee.

It is anticipated that a firm will be selected by September 27, 2012.

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 and the firm selected.

The County reserves the right without prejudice to reject any or all proposals.