

***TOWN OF PORT DEPOSIT***

***64 S. Main Street***

***Port Deposit, MD 21904***

***REQUEST FOR PROPOSAL***

***RFP 01-2024***

***MUNICIPAL AUDIT SERVICES***

***September 16, 2024***

Town of Port Deposit, Maryland  
Request for Proposal - RFP 01-2024  
Municipal Audit Services

The Town of Port Deposit is requesting proposals for the services of a qualified Certified Public Accounting firm to conduct the Financial and Compliance Audit of the Town's operations. Services will include, but are not limited to:

- Planning and performing the audit
- Performing tests of documentary evidence
- Evaluation of internal controls
- Management Letter(s) per Financial Report
- Preparation of adjusting journal entries
- Draft and final Audit Report (includes approximately five (5) copies as well as an electronic copy)
- Preparation and filing of State Documents
- Technical assistance throughout the fiscal year
- Preparation of Year End Financial reports

**1. Background**

The Town of Port Deposit has a population of roughly 650 and provides municipal services, including (a) Administration, (b) Public Safety, (c) Public Works, (d) Parks and Recreation (e) Visitors Center (Tome Gas House) and (f) Comfort Station.

Accounts are organized using a General Fund with individual departments reflected within the Fund. The approved budget for all Town operations for Fiscal Year Ending June 30, 2024 is \$1,080,682.46. There is also a Capital Projects Fund used mainly for façade grant monies.

The Town operates under a Mayor-Council form of government. The elected body is composed of four Council and a Mayor. The Mayor and Council appoint the Town Administrator. The Town Administrator is responsible for all Town functions. The Town currently employs five (5) full-time employees and one (1) part-time employee.

The Town currently utilizes MIP Accounting software for its' financial reports and information.

**2. Auditing Standards**

The financial statements are prepared to conform fully to generally accepted accounting principles (GAAP) and to be in full compliance with the requirements of the Governmental Accounting Standards Board (GASB) and /or Financial Accounting Standards Board (FASB) as appropriate. The auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with GAAP. The auditor will also provide compliance reports as required under Federal and State law.

**3. Audit Period and Term of Engagement**

The proposal is for auditing services for a one-year term for a Fiscal Year audit of the year ending

June 30, 2025; and the future years of 2026 and 2027. It is the intent of the Town to negotiate a three-year contract with the second and third year contingent upon satisfactory completion of the first year's audit as determined by the Mayor and Council. If the contract is satisfactorily carried out for the three-year term, the successful Proposer's contract may be extended at the discretion of the Town. An engagement letter is required each year by the auditing firm. Either party may cancel the written contract by giving notice, in writing, to the other party by March 1 of any given contract year.

#### **4. Audit Objectives and Scope of Work**

The Auditor, as part of this engagement, will conduct the following activities utilizing the appropriate standards noted in Section 2.

- A Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud and conformity with GAAP.
- B Perform tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions.
- C Perform tests of the Town's compliance with applicable laws and regulations and provisions of contracts and agreements.
- D Prepare a report on compliance with specific requirements applicable to major federal financial assistance programs, if required.
- E Review the internal accounting controls of the Town to the extent necessary to evaluate the system as required by applicable standards.
- F Issue a Management Report making recommendations for improvement.
- G 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 Town Administrator and Mayor.
- H Inform the Town Administrator of any matters involving internal control and its operation the Auditor considers to be reportable conditions under standards established by the American Institute of Certified Public Accountants.
- I Provide the Town with adjusting entries and a final trial balance upon completion of the field work.
- J Meetings and Progress Reports:
  - 1. Pre-audit conferences(s) with the Town management and accounting staff will be held to discuss audit schedules, working paper requirements, and report deadlines, as well as the audit program. A written list of information to be provided by Town staff to the auditors should be presented at this time.

2. Progress report meetings will be held with key audit firm personnel and Town financial management staff at regular intervals mutually agreed upon.
  3. Post audit conference(s) with Town management and key audit firm personnel will be held at a mutually agreeable date and the Auditor will be asked to present the audit to Town Council.
  4. The audit will be a single document, which will contain Financial Statements, Notes, and supplementary data, the Combined and Individual Fund and Account Group Statements, Financial Statements and Schedules. An electronic copy of the audit will also be made available. Audit reports will be provided within the periods required by the State of Maryland to meet any reporting requirements.
- K As part of the overall audit contract, the Town expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting, and or internal control questions.
- L All working papers and reports must be retained, at the auditor's expense, for a minimum of (10) years, unless the firm is notified in writing by the Town of Port Deposit of the need to extend the retention period.
- M Additional Services: proposals should contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, the audit firm may be requested to perform special projects for the Town during the year. Because of variations in demand for additional services, such work will be contracted for, provided, and billed separately to the Town on an hourly basis. Proposals should describe the types of services available from the firm, the professionals who would provide the service and the standard hourly fees to be charged for such service
- N Upon request, a copy of last year's audit will be made available to Proposers.
- O Use of Audit Reports: Ownership shall belong to the Town of Port Deposit and it is expressly understood that publication of the audit report (in whole or in part) or reference for such audit report shall be at the sole discretion of the Town of Port Deposit.

## **5. Mandatory Requirements**

The audit firm must meet the following mandatory requirements: contractor must be registered to do business in the State of Maryland; the Principal Auditor must be a Certified Public Accountant qualified to perform municipal audits in the State of Maryland; and contractor must have experience in performing municipal audits in accordance with auditing standards generally accepted in the United States of America, preparing financial statements compliant with applicable GASB requirements Government Auditing Standards and Maryland Budget Law.

## **6. Proposal Requirements**

The proposal should demonstrate that the firm would furnish the services in a manner that will

be cost effective for the Town of Port Deposit. Those proposals that do not contain all the information required by this RFP or are otherwise non-responsive may be rejected immediately; however, the Town has discretion to accept a proposal that does not conform with all RFP requirements if the Town determines that the non-compliance is not substantial or material. If a proposal is unclear, or appears inadequate, the Town may at its discretion give the firm an opportunity to explain how the proposal complies with the RFP requirements. The proposal must contain at least the following information:

1. Name(s) and title(s) of the person(s) authorized to submit the proposal and execute the personal services agreement.
2. A letter, submitted on the firm's letterhead and signed by the corporate agent, owner, or principal, describing how the firm satisfies the mandatory requirements noted above and the firm's experience in performing municipal auditing in the State of Maryland, not to exceed two (2) pages.
3. A history of the firm as a business entity, including information that demonstrates the firm's financial stability and entity stability.
4. Names and Maryland Municipal Audit Roster numbers of the partners, Administrators, and key staff employees assigned to this engagement. Describe their roles and provide a brief description of their professional experience. Please identify the audit team leader and describe your firm's personnel development program and your continuing professional education requirements including the specialized areas of municipal accounting and auditing.
5. Describe your local office's experience and knowledge in performing examinations in accordance with the provisions of the Single Audit Act, as amended by OMB Circular A- 133. Attach one recent example of your work in this area to your proposal.
6. Provide a list of your firm's current municipal auditing engagement clients in Maryland and Washington, a few non-current engagements served within the last five years and respective contact information including the client's address, phone number and email contact. All entities must be public entities.
7. Attach to your proposal one sample of a management letter and a municipal audit report that you have recently issued covering an audit of a Maryland municipality of comparable services to the Town of Port Deposit.
8. Comment on your firm's ability and willingness to provide constructive suggestions for improving the Town's internal accounting controls, administrative procedures and financial processes.
9. Explain how you would propose to use Town personnel to assist you during the audit and indicate the approximate time requirement.
10. Comment on your ability to assist Town personnel in qualifying for GFOA's Certificate of Achievement in Financial Reporting program.
11. Provide a copy of your firm's most recent Peer Review report and related comment letter.

12. Disclose legal settlements within the last two years and pending or threatened legal actions related to audit services provided by the local firm.
13. Provide a proposed work schedule and work plan for completing the audit. The work schedule should be structured so as to deliver the 2025 audit to the Town Council no later than the Town's first Council meeting of January 2026, and subsequent audits should be structured so as to deliver the audit to the Town Council no later than the Town's first Council meeting in November each year.
14. Provide a fee schedule and estimated project cost showing the cost for each of the three-year contract period, including out-of-pocket expenses and estimated hours each audit firm employee is expected to spend annually on the audit.
15. As part of the overall audit contract, the Town expects to receive from the audit firm a variety of technical assistance throughout the fiscal year that may include inquiries regarding accounting, reporting and internal control issues. Indicate fees for these services and/or if they are included in your total annual base fee.

Proposers may submit additional questions and clarification requests to Vicky Rinkerman, Town Administrator, or Patti Gray, Town Treasurer using the contact information listed at the end of this RFP. Firms may modify or withdraw their proposals at any time prior to the closing date by providing a written request for modification or withdrawal to the Town of Port Deposit Town Administrator's Office. Any amendments to this RFP will be in writing and will be issued to all persons or businesses that have indicated an interest to receive RFP amendments. No proposal will be considered if it is not responsive to any issued amendments.

## **7. Evaluation of Proposals**

Proposals will be evaluated based on the scope of work and submission requirements listed above to determine which firm best meets the needs of the Town. After meeting these requirements, the following factors will be used to evaluate proposals:

- A. Quality and comprehensiveness of the audit approach.
- B. Experience and knowledge with GAAS and Government Auditing Standards reporting requirements and auditing standards identified in Section 2.
- C. Qualifications and experience of the firm and members assigned to the Town's engagement.
- D. Ability to provide a comprehensive range of auditing and financial services.
- E. References and past experience.
- F. Audit Services Costs.

## 8. Proposal Award Schedule

September 16, 2024	RFP issued
October 14, 2024	Proposals due by 3:00 pm (no exceptions)
October 21-25, 2024	Presentations/Interviews with Budget Committee
November 5, 2024	Recommendation to Council and Contract Awarded by Town of Port Deposit

The Budget Committee will review the proposals submitted and make a recommendation to the Town Council. At the option of the Town, top ranking firms may be asked to make a presentation of their proposal. The presentations/ interviews will be scheduled by the Town Administrator.

Note: Deadline to file an audit report with the State Office of Legislative Audits is October 1<sup>st</sup>. The Town will request an extension of the deadline to submit the audit report until January 1, 2026 for the Fiscal Year ending June 30, 2025 only.

## 9. Proposal Submission

Submittal Deadline: Four (4) copies of your proposal must be received at Town Hall by 3:00 pm on Monday, October 14, 2024. Town Hall hours are Monday through Thursday from 8:00 am to 4:30 pm for hand delivered proposals. Proposals received after the deadline will not be eligible for consideration.

Proposals should be directed to:

Town of Port Deposit  
Vicki Rinkerman – Town Administrator  
64 S. Main Street  
Port Deposit Maryland 21904

Questions and clarification should be directed to:

Vicky Rinkerman or Patti Gray  
Phone: 410-378.2121  
[vrinkerman@portdeposit.org](mailto:vrinkerman@portdeposit.org)  
[pgray@portdeposit.org](mailto:pgray@portdeposit.org)