

## ***AUDIT COMMITTEE FOR ERIE COUNTY***

Aaron Saykin, Esq.  
Steven Sanders, CPA  
Joshua Heim  
Hon. John Mills  
Hon. Thomas Loughran  
Scott Kroll, Secretary

June 6, 2016

**RE: RFP#: 1623VF**

To Whom It May Concern:

The Audit Committee for Erie County (“the Committee”) is in the process of soliciting proposals from regional recognized certified public accounting firms in the Western New York area for the annual audits of Erie County. The Request for Proposal is enclosed as Attachment A.

For your information and reference, copies of the County's 2014 Comprehensive Annual Financial Report and Single Audit Report can be found on Erie County's website at [http://www.erie.gov/comptroller/financial\\_statements.asp](http://www.erie.gov/comptroller/financial_statements.asp).

Questions relative to the County, including requests to review County records, should be directed to Scott Kroll, Deputy Comptroller – Audit at 858-8843.

Your proposal must address the original RFP and all items contained in this correspondence to be considered complete.

Written proposals must be received by 3:00 p.m. on Thursday, June 30, 2016. Please forward 10 copies of each proposal to:

Mr. Scott Kroll  
Secretary  
Audit Committee for Erie County  
Erie County Comptroller's Office  
95 Franklin Street, Room 1100  
Buffalo, New York 14202

Very truly yours,

AUDIT COMMITTEE FOR ERIE COUNTY

Enclosures

RFP - RFP 1623VF - Annual Erie County Audit.docx (office\audcmte\rfp.ltr)

## GENERAL INFORMATION

### ANNUAL AUDIT OF ERIE COUNTY

#### YEARS OF AUDIT

The audit engagement contract will cover the fiscal years ending December 31, 2016, 2017 and 2018. The County is also interested in obtaining price quotes for the possible extension of this contract for the years 2019 and 2020. Auditing firms that are interested in bidding on contract extensions should complete a second pricing sheet using the same format as for the three year engagement.

#### CONTRACT AUTHORITY

All County contracts awarded through the Request for Proposal process are approved by the Erie County Legislature, and signed by the Erie County Executive. In the case of the County audit, the County Comptroller approves the contract as to content prior to the County Executive affixing his signature. The Audit contract is prepared by the County Comptroller and County Attorney, who approves all contracts as to form.

#### BILLING FOR AUDIT SERVICES

Interim billings are acceptable and are to be submitted to the Erie County Comptroller.

#### PREPARATION OF FINANCIAL STATEMENTS

The County will compile, prepare, duplicate and distribute the financial statements in the form of the Basic Financial Statements and Management's Discussion and Analysis and/or a Comprehensive Annual Financial Report at its discretion. The firm will prepare separate opinion letters, as required, based on the type of report(s) produced.

The firm will compile and prepare the County's annual Single Audit Report (A-133 Report) and Data Collection Form for electronic submission to the Federal Audit Clearinghouse based on the Schedule of Expenditures of Federal Awards (SEFA) provided by the County. In addition, the firm will provide an electronic copy and will print, bind and supply approximately 35 hardcopies of the A-133 Report for distribution by the County.

#### PROPOSED PRICE OF AUDIT

Each firm submitting a proposal is requested to complete the pricing sheet included with the proposal. Additional pricing items may be added as needed. Please submit the pricing sheet with your transmittal letter and proposal. It is important to remember that while price is a primary consideration, it will not be the sole factor in determining which firm will be awarded this audit contract. For out of scope and other services, provide on the pricing sheets a listing of hourly rates for partners, specialists, supervisors and staff levels.

## RELATIONSHIP OF THE AUDIT FIRM TO THE COUNTY COMPTROLLER

The Erie County Comptroller is the County's Chief Accounting, Reporting, Auditing, and Fiscal Officer. The Comptroller will coordinate the County's audit with the audit engagement team. This Committee expects full cooperation and the required coordination between the team and the Comptroller.

## RELATIONSHIP OF THE AUDIT FIRM TO THE AUDIT COMMITTEE FOR ERIE COUNTY

The Committee expects to be kept informed of all audit issues as they arise during the course of the audit. Any disagreements between the firm and management should be referred to the Committee, if a satisfactory resolution cannot be made. The Committee expects the auditing firm to maintain a relationship with the Committee as outlined by AU 380, *The Auditor's Communication With Those Charged With Governance*. Such communication should be in writing and sufficiently timely to allow for appropriate action. A copy of any written communication will be provided to the County Comptroller.

Erie County encourages minority and woman-owned bidders to compete for this contract.

**AUDIT OF ERIE COUNTY**

In addition to the Basic Financial Statement Report, a separate report will be completed for 2016, 2017 and 2018 in accordance with the Federal Single Audit Act of 1984, as amended. The audits of these statements are to be conducted in accordance with generally accepted auditing standards applicable to governments, and result in the issuance of an opinion on the financial statements.

Pursuant to the Single Audit Act, the Federal Office of Management and Budget has issued policies concerning procurement of audit services from small and minority firms as part of OMB Circular A-133. Specifically, the policies require that, whenever possible, municipalities encourage the usage of small and minority firms to perform audit services. The County of Erie has long maintained its commitment to help socially and economically disadvantaged persons by procuring goods and services from them whenever possible.

You are requested to seek the services of small or minority firms to aid you in conducting the Single Audit. Failure to include any participation by these firms will be considered, but will not be grounds for disqualification of your bids.

The following is a list of all funds to be audited, which is being furnished for your information and use in preparing a proposal to provide the requested auditing and review services.

**COUNTY OF ERIE, NEW YORK FUNDS**

- General Fund (includes Risk and Workers' Compensation)
- Capital Project Funds
- Special Revenue Funds
  - Grants Fund
  - Road Fund
  - Sewer Fund
  - Community Development Fund
  - Downtown Mall Fund
  - E-911 Fund
  - Emergency Response Fund
- Debt Service Fund
- Library Fund (Component Unit)
- Agency Fund
- Utility Enterprise Fund

## OTHER FUNDS

The general purpose financial statements currently include the Primary Government, five discretely presented component units including the Erie County Medical Center Corporation (“ECMCC”), the Buffalo and Erie County Public Library, the Erie County Fiscal Stability Authority (“ECFSA”), the Erie Tobacco Asset Securitization Corporation (“ETASC”), and Erie Community College (reported as an Enterprise Fund). In the event the County auditor is not under contract for the audit of these other entities, coordination with other accounting firms is required. Erie County accounts for any capital projects it administers on behalf of these entities and maintains records on interfund billings. It is the responsibility of the County's auditor to insure that these accounts are reconciled.

## OTHER SERVICES

In connection with any anticipated note or bond offering in 2016, 2017 and 2018, audited financial statements will be included in the offering documents and prospective underwriters may request your assistance in connection with their "due diligence" functions. The AICPA Statement on AU-634, Letters for Underwriters and Certain Other Requesting Parties, provides both guidance and reporting samples.

New York State requires the County Department of Mental Health to prepare separate fiscal reports which must be certified by an independent certified public accountant. Mental Health prepares two Consolidated Fiscal Reports, one for its Administrative component and one for its Forensic Mental Health program component. If you have questions pertaining to this certification or wish to review a copy of the Reports, you may call the Department of Mental Health at 858-8541.

New York State also requires a similar certification on two AHCF-1 Reports (Health Center and Maternal and Infant Care). This certification must include an examination of the statistical data and must be completed by April 30. If you have questions pertaining to this certification, you may call the Department of Health at 858-8649.

In addition, New York State has required other departments such as the County Department of Social Services to provide certified fiscal reports. The proposal should provide for additional certification services.

Note: The Audit Committee reserves the right to reject bids for the Mental Health Department and the Health Department certifications. While it may be more convenient to have the County's auditors make these certifications, it is not an absolute requirement. The Audit Committee also reserves the right to solicit bids for these certifications under a separate RFP. The award of this bid may be made at a time different from the award of the County contract.

Your proposal should enumerate the costs of providing the required services (use Page 9 of this Attachment for this purpose), and should be structured giving appropriate consideration to meeting each of the following objectives:

1. Final fieldwork for all funds and account groups for the fiscal years 2016, 2017 and 2018 is to be completed and the audit opinion for the general purpose financial statements delivered to the Erie County Comptroller's Office no later than June 30. Fieldwork will start after receipt of the year-end trial balances from the Erie County Comptroller's Office and will be mutually agreed upon each year by the auditor and the Comptroller's Office. Adjusting journal entries should be presented and posted during the fieldwork period. Separate negotiations will be conducted should the County decide to issue a Comprehensive Annual Financial Report (CAFR).

2. Single Audit reports must be completed within the time guidelines published by the Federal Government.

3. Interim fieldwork for the fiscal years 2016, 2017 and 2018 should assist the County in preparation for its year-end closing, and should test existing internal control procedures to such an extent that the independent auditors can place reliance on the client's internal control system in developing their opinion on the final statements.

4. Audit should test for County conformity to GAAP.

5. Advise and assist the County in conforming to requirements necessary to obtain a Certificate of Achievement for Excellence in Financial Reporting and/or a Distinguished Budget Presentation Award from the Government Finance Officers Association and/or the Popular Annual Financial Reporting Award, should the County elect to participate in the awards programs.

6. Perform tasks necessary to allow inclusion of audited financial statements in official statements for County borrowings during the contract period.

7. Preparation of a management letter as a result of regular audit work. The management letter will describe any material weaknesses in internal control, and will contain recommendations for financial and program management improvement. The management letter will also contain findings and recommendations in the following four categories: cost reduction actions that should be considered by the County; actions that would result in increased revenue to the County; actions that would result in increased productivity; and actions to insure the safeguarding of County assets.

8. The audit firm's staff will review a draft of the proposed report and management letter with the Erie County Comptroller, the Director of Budget, Management and Finance, and the Audit Committee.

9. The audit firm will provide the County Comptroller's Office with sufficient supporting documentation to facilitate line-item level posting of adjusting journal entries to the computerized general ledger system.

10. To the extent practicable, make available to personnel from the Comptroller's Office

local training seminars sponsored by your firm.

### OTHER REQUIRED INFORMATION

Your proposal should also clearly provide the following information:

1. Qualifications and Experience of the Firm.
    - a. The size of the firm (or local office assigned to perform the work) in full-time equivalents, rounded to the nearest ten persons.
    - b. Experience with governmental auditing, including a list of prior engagements performed by the office expected to be performing the work
    - c. The firm's most current peer review.
    - d. Any governmental client references.
  2. Qualifications and experience of the firm's staff.

Names and resumes, including the partners in charge, of personnel to be assigned to this project. It is fully expected that the personnel indicated will be those assigned to the project. Please detail which of these personnel are "local", that is, which of these persons normally live and work in Erie County.

    - a. Proposed or estimated staffing (in hours).
    - b. Affirmation that all staff have met the CPE requirements for government auditing.
  3. Proposed Work Plan
    - a. Present a draft Audit Work Plan, including levels of testing and field work.
    - b. Estimate of hours by type of staff
- Proposed Fee Structure
- c. Average hourly rate charged for the staff assigned to this project.
  - d. Any other expected fees or expenses.
  - e. Any "flat rate" or "not to exceed" price for this project.
4. An affirmation that no conflicts of interest exist between the firm and the Erie County Comptroller's Office, and the Erie County Audit Committee.
  5. Evidence of malpractice or errors and omissions insurance with a minimum coverage of \$5 million.
  6. A description of your firm's experience in performing due diligence reviews in support of note and bond sales, the validation of municipalities calculations pertaining to advance refunding and any other experience in assisting municipalities in the financing of governmental projects pursuant to New York State Local Finance Law.
  7. Demonstrate that the bidder is a "responsible bidder" by attesting that the bidder:
    - a. Complies with all laws prerequisite to doing business in New York.
    - b. Complies with U.S. Equal Opportunity Employer provisions.
    - c. The bidder has no Erie County outstanding tax liability.

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***As a final reminder,*** if you wish to include as part of your proposal a price quote that would relate to the possible extension of the contract for these services to the years 2019 and 2020, please provide same using the format provided.

All provisions of the RFP that apply for the years 2016, 2017 and 2018 will apply for the years 2019 and 2020, should the extension be awarded.

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**The bids will be rated based upon the following criteria and criteria weights:**

- Total Fee for Audit Period- 60%
- Local Staffing – 10%
- Governmental Experience & References – 10%
- Peer Review – 10%
- Technical Response & Ability to Meet Timeframes – 10%

The Audit Committee reserves the right to award the contract to the low and responsible bidder it deems best suited and qualified to meet the needs of Erie County and its constituents. The Audit Committee assumes responsibility for determining if a specific bidder is responsible.

The judgment of the Audit Committee is final.

Erie County complies with the Freedom of Information Act (“FOIA”). Information the bidder considers covered under Exemption Four of the FOIA (“Trade Secrets, Commercial or Financial Information”) should be indicated on the pricing sheet.

**AUDIT OF THE COUNTY OF ERIE**

**PRICING SHEET**

For the Year Ended <u>December 31</u>	(A) Audit of County <u>Financial Statements</u>	(B) Single <u>Audit</u>	(C) Total Audit Cost <u>A + B</u>
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2016 \_\_\_\_\_

2017 \_\_\_\_\_

2018 \_\_\_\_\_

Total Columns A, B & C \$ \_\_\_\_\_

Average audit cost (total of column C divided by 3) \$ \_\_\_\_\_

Fees related to Departmental Certifications:

Years	2016	2017	2018
Mental Health Services (per report)	_____	_____	_____
Health Department Services (per report)	_____	_____	_____
Other Departments as required	_____	_____	_____

"DUE DILIGENCE" - To be performed as requested by the County Comptroller. Fee will be within a range depending on the scope of services actually requested. Minimum service is a simple letter authorizing the County to include the audited financial statements with the opinion letter of your firm in the official borrowing statement. Price of the due diligence service will be in the range of

\$ \_\_\_\_\_ to \$ \_\_\_\_\_.

Note: When developing your cost estimates, you may assume that there will be involvement in workpaper preparation and /or analysis by Comptroller's Office Accounting Division personnel.

Please indicate the page number, appendix or other location of the following information within the bid documentation provided:

The size of the office expected to be performing the work, in full-time equivalents, rounded to the nearest ten persons. \_\_\_\_\_

Experience with governmental auditing, including a list of prior engagements performed by the office expected to be performing the work \_\_\_\_\_

The firm's most current peer review. \_\_\_\_\_

Any governmental client references. \_\_\_\_\_

Names and resumes, including the partners in charge, of personnel to be assigned to this project. It is fully expected that the personnel indicated will be those assigned to the project. Please detail which of these personnel are "local", that is, which of these persons normally live and work in Erie County. \_\_\_\_\_

Proposed or estimated staffing (in hours). \_\_\_\_\_

Affirmation that all staff have met the CPE requirements for government auditing \_\_\_\_\_

The draft Audit Work Plan, including levels of testing and field work. \_\_\_\_\_

Estimate of hours by type of staff \_\_\_\_\_

Average hourly rate charged for the staff assigned to this project. \_\_\_\_\_

Any other expected fees or expenses. \_\_\_\_\_

Any "flat rate" or "not to exceed" price for this project. \_\_\_\_\_

An affirmation that no conflicts of interest exist between the firm and the Erie County Comptroller's Office, and the Erie County Audit Committee. \_\_\_\_\_

Evidence of malpractice or errors and omissions insurance with a minimum coverage of \$5 million. \_\_\_\_\_

A description of your firm's experience in performing due diligence reviews in support of note and bond sales, the validation of municipalities calculations pertaining to advance refunding and any other experience in assisting municipalities in the financing of governmental projects pursuant to New York State Local Finance Law. \_\_\_\_\_

The Bidder attests that:

It complies with all laws prerequisite to doing business in New York. \_\_\_\_\_

It complies with U.S. Equal Opportunity Employer provisions. \_\_\_\_\_

The bidder has no Erie County outstanding tax liability. \_\_\_\_\_

Information the bidder considers covered under Exemption Four of the FOIA ("Trade Secrets, Commercial or Financial Information"). \_\_\_\_\_