

AUDIT COMMITTEE FOR ERIE COUNTY

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Hon. John Mills
Hon. April N. M. Baskin
Scott Kroll, Secretary

July 2, 2021

RE: RFP#: A2021-030VF

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 2019 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.

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 Friday, July 23, 2021. 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 - Annual Audit 070121 A2021-030VF (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, 2021, 2022 and 2023. The County is also interested in obtaining price quotes for the possible extension of this contract for the years 2024 and 2025. 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.

STATEMENT OF RIGHTS

UNDERSTANDINGS

Please take notice, by submission of a proposal in response to this request for proposals, the proposer agrees to and understands:

- that any proposal, attachments, additional information, etc. submitted pursuant to this RFP constitute merely a suggestion to negotiate with the County of Erie and is not a bid under Section 103 of the New York State General Municipal Law;
- submission of a proposal, attachments, and additional information shall not entitle the proposer to enter into an agreement with the County for the required services;
- by submitting a proposal, the proposer agrees and understands that the County is not obligated to respond to the proposal, nor is it legally bound in any manner by submission of same;
- that any and all counter-proposals, negotiations or communications received by a proposing entity, its officers, employees or agents from the County, its elected officials, officers, employees or agents, shall not be binding against the County, its elected officials, officers, employees or agents unless and until a formal written agreement for the services sought by this RFP is duly executed by both parties and approved by the Erie County Legislature, and if necessary, the Erie County Attorney.

In addition to the foregoing, by submitting a proposal, the proposer also understands and agrees that the County reserves the right, and may at its sole discretion exercise, the following rights and options with respect to this RFP:

- To reject any or all proposals;
- To issue amendments to this RFP;

- To issue additional solicitations for proposals;
- To waive any irregularities in proposals received after notification to proposers affected;
- To select any proposal as the basis for negotiations of a contract, and to negotiate with one or more of the proposers for amendments or other modifications to their proposals;
- To conduct investigations with respect to the qualifications of each proposer;
- To exercise its discretion and apply its judgment with respect to any aspect of this RFP, the evaluations of proposals, and the negotiations and award of any contract;
- To enter into an agreement for only portions (or not to enter into an agreement for any) of the services contemplated by the proposals with one or more of the proposers;
- To select the proposal that best satisfies the interests of the County and not necessarily on the basis of price or any other single factor;
- To interview the proposer(s);
- To request or obtain additional information the County deems necessary to determine the ability of the proposer;
- To modify dates;
- All proposals prepared in response to this RFP are at the sole expense of the proposer, and with the express understanding that there will be no claim for reimbursement from the County for the expenses of preparation. The County assumes no responsibility or liability of any kind of costs incurred in the preparation or submission of any proposal;
- While this is a RFP and not a bid, the County reserves the right to apply the case law under General Municipal Law Section 103 regarding bidder responsibility in determining whether a proposer is a responsible vendor for the purpose of this RFP process;
- The County is not responsible for any internal or external delivery delays which may cause a proposal to arrive beyond the stated deadline. To be considered, proposals MUST arrive at the place specified herein and be time stamped prior to the deadline.

EVALUATION

The following criteria, not necessarily listed in order of importance, will be used to review the proposals. The County reserves the right to weigh its evaluation criteria in any manner it deems appropriate:

- Proposers demonstrated capability to provide the services.
- Evaluation of the professional qualifications, personal background and resume(s) of individuals involved in providing the services.
- Proposer's experience in performing the proposed services.
- Evaluation of the proposer's fee submission.
- A determination that the proposer has submitted a complete and responsive proposal as required by this RFP.
- Proposer's projected approach and plans to meet the requirements of this RFP.

- Proposer’s presentation at and the overall results of any interview conducted with the proposer.
- Proposers may be requested to give an oral presentation of their proposal.
- No contract or agreement will be awarded to any proposer that is in arrears upon any debt or in default of any obligation owed to the County.

CONTRACT

After selection of the successful proposer, a formal written contract will be prepared by the County and will not be binding until signed by both parties, and if necessary, approved by the Erie County Legislature. No rights shall accrue to any proposer by the fact that a proposal has been selected by the County for submission to the Erie County Legislature for approval. The approval of the Erie County Legislature may be necessary before a valid and binding contract may be executed by the County.

INDEMNIFICATION AND INSURANCE

The proposer accepts and agrees that language in the following form will be included in the contract between the proposer and the County:

“In addition to, and not in limitation of the insurance requirements contained herein the consultant agrees:

- (a.) That except for the amount, if any, of damage contributed to, caused by or resulting from the negligence of the County, the consultant shall indemnify and hold harmless the County, its officers, employees and agents from and against any and all liability, damage, claims, demands, costs, judgments, fees, attorneys’ fees or loss arising directly or indirectly out of the acts or omissions hereunder by the consultant or third parties under the direction or control of the consultant; and
- (b.) To provide defense for and defend, at its sole expense, any and all claims, demands or causes of action directly or indirectly arising out of this agreement and to bear all other costs and expenses related hereto.

Upon execution of any contract between the proposer and the County, the proposer will be required to provide proof of the insurance coverage. Insurance coverage in amount and form shall not be deemed acceptable until approved by the County Attorney’s Office.

INTELLECTUAL PROPERTY RIGHTS

The proposer accepts and agrees that language in substantially the following form will be included in the contract between the proposer and the County:

All deliverables created under this Agreement by the Consultant are to be considered “works made for hire.” If any of the deliverables do not qualify as “works made for hire,” the Consultant hereby assigns to the County all right, title and interest (including ownership of copyright) in such deliverables and such assignment allows the County to obtain in its name copyrights, registrations and similar protections which may be available. The Consultant agrees to assist the County, if

required, in perfecting these rights. The Consultant shall provide the County with at least one copy of each deliverable.

The Consultant agrees to indemnify and hold harmless the County for all damages, liabilities, losses and expenses arising out of any claim that a deliverable infringes upon an intellectual property right of a third party. If such a claim is made, or appears likely to be made, the Consultant agrees to enable the County's continued use of the deliverable, or to modify or replace it. If the County determines that none of these alternatives is reasonably available, the deliverable will be returned. All records compiled by the Consultant in completing the work describes in this Agreement, including but not limited to written reports, source codes, studies, drawings, blueprints, negatives of photographs, computer printouts, graphs, charts, plans, specifications and all other similar recorded data, shall become and remain the property of the County. The Consultant may retain copies of such records for its own use.

NON-COLLUSION

The proposer, by signing the proposal, does hereby warrant and represent that any ensuing agreement has not been solicited, secured or prepared directly or indirectly, in a manner contrary to the laws of the State of New York and the County of Erie, and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of the agreement by any conduct, including the paying or the giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any County employee, officer or official.

CONFLICT OF INTEREST

All proposers must disclose with their proposals the name of any officer, director or agent who is also an employee of the County of Erie. Further, all proposers must disclose the name of any County employee who owns, directly or indirectly, an interest of ten percent or more in the firm or any of its subsidiaries or affiliates. There shall be no conflicts in existence during the term of any contract with the County. The existence of a conflict shall be grounds for termination of a contract.

COMPLIANCE WITH LAWS

By submitting a proposal, the proposer represents and warrants that it is familiar with all federal, state and local laws and regulations and will conform to said laws and regulations. The preparation of proposals, selection of proposers and the award of contracts are subject to provisions of all federal, state and County laws, rules and regulations.

CONTENTS OF PROPOSAL

The New York State Freedom of Information Law as set forth in Public Officers Law, Article 6, Sections 84 et seq., mandates public access to government records. However, proposals submitted in response to this RFP may contain technical, financial background, or other data, public disclosure of which could cause substantial injury to the proposer's competitive position or

constitute a trade secret. Proposers who have a good faith belief that information submitted in their proposals is protected from disclosure under the New York Freedom of Information Law shall:

a) insert the following notice in the front of its proposal:

“NOTICE

The data on pages ___ of this proposal identified by as asterisk (*) contains technical or financial information constituting trade secrets or information the disclosure of which would result in substantial injury to the proposer’s competitive position. The proposer requests that such information be only for the evaluation of the proposal, but understands that any disclosure will be limited to the extent that the County considers proper under the law. If the County enters into such an agreement with this proposer, the County shall have the right to use or disclose such information as provided in the agreement, unless otherwise obligated by law.”

and

b) clearly identify the pages of the proposals containing such information by typing in bold face on the top of each page “ *** THE PROPOSER BELIEVES THAT THIS INFORMATION IS PROTECTED FROM DISCLOSURE UNDER THE STATE FREEDOM OF INFORMATION LAW.**”

The County assumes no liability for disclosure of information so identified, provided that the County has made a good faith legal determination that the information is not protected from disclosure under applicable law or where disclosure is required to comply with an order or judgment of the court of competent jurisdiction. The contents of the proposal which is accepted by the County, except portions “Protected from Disclosure,” may become part of any agreement resulting from this RFP.

EFFECTIVE PERIOD OF PROPOSALS

All proposals must state the period for which the proposal shall remain in effect (i.e. how much time does the County have to accept or reject the proposal under the terms proposed). Such period shall not be less than 180 days from the proposal date.

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 2021, 2022 and 2023 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 2021, 2022 and 2023, 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 2021, 2022 and 2023 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 2021, 2022 and 2023 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.
 - a. 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.
 - b. Proposed or estimated staffing (in hours).
 - c. 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
4. Proposed Fee Structure
 - a. Average hourly rate charged for the staff assigned to this project.
 - b. Any other expected fees or expenses.
 - c. Any "flat rate" or "not to exceed" price for this project.
 - d. The percentage of the fee that will be used to finance travel, lodging and other such expenses.
5. An affirmation that no conflicts of interest exist between the firm and the Erie County Comptroller's Office, and the Erie County Audit Committee.
6. Evidence of malpractice or errors and omissions insurance with a minimum coverage of \$5 million.
7. 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.
8. 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.

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 2024 and 2025, please provide same using the format provided.

All provisions of the RFP that apply for the years 2021, 2022 and 2023 will apply for the years 2024 and 2025, should the extension be awarded.

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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2021 _____

2022 _____

2023 _____

Total Columns A, B & C \$ _____

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

Fees related to Departmental Certifications:

Years	2021	2022	2023
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. _____

Percentage of the fee that will be used to fund travel, lodging and other such expenses _____

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"). _____