



Sussex County, Delaware

Request for Proposals

For

Financial Audit Services

Date Issued: March 14, 2023

Proposal Submission Deadline:

April 28, 2023 - 3:00 p.m. EST

Mail or Hand Deliver Proposal to Primary Contact:

Gina Jennings, Finance Director/COO

Sussex County Government

2 The Circle

PO Box 589

Georgetown, DE 19947

Table of Contents

Advertisement 3
Instructions for Proposals..... 4
General Information 4
Scope and Deliverables 5
Required Submittals..... 6
Insurance Requirements 7
Price Proposal..... 9
Evaluation and Selection Process..... 10
Appendix A 11

FINANCIAL AUDIT SERVICES**I. Public Advertisement - Request for Financial Audit Services**

Sussex County, at the recommendation of the Finance Department, desires to select an independent certified public accounting firm(s) to perform audit services. The services include audit of its financial statements for the fiscal years ending June 30, 2023, June 30, 2024, June 30, 2025 with possible extensions, as well as a compliance audit with the standards applicable to Financial audits contained in Government Auditing Standards, review/compilations of eleven independent libraries in the county, and agreed upon procedures for various fire companies throughout the County

The criteria for selection shall include: experience and reputation, quality of the audit firm, capacity to perform, credentials and experience, and price. The award shall be made in writing to the respondent(s) determined to be the most advantageous to Sussex County taking into account the evaluation criteria set forth in the RFP. No other factors or criteria will be used in the evaluation.

Interested parties must submit three (3) written proposals to the Sussex County Finance Department, Attention: Gina Jennings, Finance Director/COO, Administrative Office Building, 2 The Circle, Georgetown, DE 19947, by 3:00 p.m., April 28, 2023 at which time the proposals will be publicly opened, reading aloud and recording only the name of the respondent(s). All other information shall be confidential. To be considered, priced proposals must be submitted in writing and respond to the items outlined in the request for proposal (RFP). The award shall be made to the responsible respondent whose proposal is determined to be the most advantageous to the County.

The request for proposals may be obtained by visiting Sussex County's website www.sussexcountyde.gov/e-service/rfp or by contacting Mrs. Gina Jennings, Finance Director/COO at the Sussex County Administrative Office Building, 2 The Circle, Georgetown, Delaware, telephone: (302) 855-7741, email: gjennings@sussexcountyde.gov. The proposals may be obtained during regular business hours, which are 8:30 a.m. to 4:30 p.m., Monday through Friday. Questions should be sent to Andrea Wall via email at awall@sussexcountyde.gov. In its sole discretion, Sussex County, Delaware, may extend the time and place for opening of bids from that described in the advertisement by providing not less than two (2) calendar days' notice, by posting an Addendum on the Sussex County website and by providing notice thereof by certified delivery, or other electronic means such as email, to those potential respondents who obtained copies of the RFP or provided notice thereof to Gina Jennings at the email address provided herein.

II. Instructions for Proposals

Each written proposal must be submitted in a sealed envelope, addressed to Mrs. Gina A. Jennings, Finance Director/COO, Sussex County Administrative Office Building, 2 The Circle, P.O. Box 589, Georgetown, DE 19947. Each sealed envelope containing a proposal must be plainly marked on the outside as "2023 Audit Proposal" and bear the name and address of the respondent. If sent by mail, the sealed envelope should be sent by certified mail and be indicated as received on the certified receipt prior to the Bid Opening. Late bids will not be accepted. Sussex County may extend the time and place for opening of bids from that described in the advertisement, by providing not less than two (2) calendar days' notice, by posting an Addendum on the Sussex County website and by providing notice thereof by certified delivery, or other electronic means such as email, to those potential respondents who obtained copies of the Request for Proposals and provided notice thereof to Gina Jennings at the email address provided herein.

Sussex County reserves the right to reject any and all bid proposals, to waive any informalities in bids received, except with respect to the date, time and place where the documents are submitted, to cancel this RFP in whole or in part, to award services to more than one firm, to reissue this RFP and/or to accept or reject items of bids received. In the event this RFP is cancelled in whole or in part prior to the opening of proposals, all respondents shall receive a notice of cancellation and all proposals received shall be returned to the respective respondents unopened.

FAX or emailed proposals will not be accepted.

Interested parties are asked to submit three (3) written proposals to the Sussex County Finance Department, Attention: Gina Jennings, Finance Director/COO, Administrative Office Building, 2 The Circle, Georgetown, DE 19947, by 3:00 p.m., April 28, 2023 at which time the proposals will be publicly opened, reading aloud and recording only the name of the respondent. All other information shall be confidential.

Awards, if any, will be performed by a Certified Public Accountant in accordance with provisions of 9 Del. C. § 348 and 70 Del. C. § 7002(j).

Mailing Address: Mrs. Gina A. Jennings, Finance Director/COO
Sussex County Government
Administrative Office Building
2 The Circle
P.O. Box 589
Georgetown, DE 19947

Delivery Address: Mrs. Gina A. Jennings, Finance Director/COO
Sussex County Government
Administrative Office Building
2 The Circle
Georgetown, DE 19947

Telephone Number: (302) 855-7741

III. General Information

Sussex County has a dedicated, experienced group of financial professionals ready to assist you in the performance of the audit. The Finance Department, as well as other County Departments, have well-organized paper and electronic records to assist the auditors in being able to easily locate needed documents. The majority of the County's financial documents are electronic. It is possible that most audit

work related to the County will be able to be completed virtually so long as secured access to the financial documents can be obtained. The financial system that is used is Tyler Technologies Munis.

Sussex County has a strong internal control system over financial reporting and has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for 20 consecutive years. These factors are indications that the selected audit firm should expect to be able to perform an efficient and effective audit, one free from any unnecessary time delays.

Proposed schedule:

Release date of RFP	March 14, 2023
Due date for questions	April 14, 2023
Receipt of proposal responses	April 28, 2023
Selection of vendor	May 16, 2023

The official financial records of the County are maintained by the Finance Department, 2 The Circle, Georgetown, DE 19947. Copies of the Sussex County Annual Comprehensive Financial Report (ACFR) and annual budget, as well as other information about Sussex County Government, are available from our website:

<http://www.sussexcountyde.gov/comprehensive-annual-financial-reports>
<http://www.sussexcountyde.gov/county-budget>

The initial contract will be for three years, Fiscal Year 2023 through Fiscal Year 2025. Sussex County reserves the right to extend the contract for a period of three additional years by mutual agreement of both parties.

The RFP, and the selected audit firm(s)'s proposal, will become a part of the contract.

Progress billings shall include support for the billing (e.g., explanation that the audit is a certain percentage completed with a justification for how the firm determined this).

Questions should be address to Andrea Wall via email at awall@sussexcountyde.gov by 4:30pm EST on April 14, 2023.

INFORMATION FOR SINGLE AUDIT

The Auditors Report on Compliance for Each Major Federal Program issued for Fiscal Year 2022 (FY 2022) is a separate section in the County's FY 2022 ACFR, which can be accessed from the Finance Department page on the County's website www.sussexcountyde.gov. This section includes the Independent Auditor's Report on Compliance for Each Major Federal Program, Opinion on Each Major Federal Program, the Report on Internal Control over Compliance, and the Schedule of Findings and Questioned Costs.

IV. Scope and Deliverables

The following audits services are needed::

1. Audit the financial statements of the Governmental Activities, the Business-Type Activities, each major fund, Fiduciary funds, and the aggregate remaining fund information, which collectively comprise the basic financial statements for the fiscal year ended June 30, 20XX (The Annual Comprehensive Financial Report as it is prepared currently).

This audit includes the "row offices" (i.e., Recorder of Deeds, Register of Wills, Sheriff, and Clerk of Peace), which are separately elected offices but whose financial information appears on the County's financial statements.

2. In accordance with the U.S. Office of Management and Budget (OMB) Compliance Supplement, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards that are applicable to each of the County's major federal programs. This audit will include the preparation of the Data Collection Form to the Federal Audit Clearing House for Single Audit Reports.
3. Review and/or compilation of the eleven independent libraries in the County. The review and/or compilation of these libraries are to be performed in alternating years. For example, 5 reviews and 6 compilations one year than the next year it's alternated, 6 reviews and 5 compilations.
4. Completion of agreed upon procedures to various fire companies to determine compliance with County Grant Agreements. Currently, six companies use the County's selected auditor. This number could change over time. The agreed upon procedures can be found in Appendix A.

Audits shall be in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, OMB Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The scope of each audit shall include examination of transactions and areas of operation in sufficient detail to allow the Audit Firm to render an audit opinion.

Given the absence of any unnecessary delays on the part of Sussex County, we require the following for each of the above audits. (Dates may change in subsequent years but will approximate the dates provided for 2023):

- A formal pre-audit conference with the Finance Department and any other applicable members of management. This pre-audit conference will include explanations of the tests to be performed that will enable the firm to form its audit opinion, as well as a discussion on key deliverables and target dates.
- Timely manager and partner review during the course of the audit.
- Weekly update meetings with the Finance Director/COO and any other applicable members of management.
- Phone calls and e-mails returned by the firm on a timely basis during the course of the audit.
- Timely resolution of issues during the course of the audit but with resolution of all outstanding issues by November 27, 2023.
- A formal post-audit conference with the Finance Department and any other applicable members of management. This post-audit conference will include explanations of any findings developed as a result of the audit, the level of materiality of each finding, and which report, if any, the finding will appear in.
- The issuance of the draft audit reports by December 15, 2023.

As far as the review and/or compilation of the eleven independent libraries, they need their reports finalized by November 30th. A typical schedule would include:

- Work with the eleven libraries occur the end of August through September
- Drafts of their reports are due to them in October
- Final sign-off is due November 30th

As far as fire companies and the agreed upon procedures (AUPs), each fire company has their own yearend. There are some with December yearends, June yearends, and one with a March yearend. However, the six that have opted the County's auditor to perform the AUPs have December 31 yearends. AUPs are required to be completed within 9 months of year end. This will be their second year of having the AUPs completed. The first reports will be based on the year end December 31, 2022. Provided the fire companies provide the auditors information timely, reports are due to be completed by September 30th.

V. Required Submittals

The following information shall be provided in the proposal. Failure to respond to any request for information may result in rejection of the proposal in the sole discretion of the County:

- (1) Delaware business license: Provide evidence of a valid business license to practice certified public accounting in the State of Delaware.
- (2) Conflict of interest: Audit firm ownership, management, and team members must not be employees or related to employees of Sussex County, Delaware.
- (3) The audit firm's office of engagement must have demonstrated experience in the following:
 - Audit of governmental financial statements and with helping the audited entity in obtaining the GFOA Certificate of Excellence in Financial Reporting.
 - A single audit as specified in the Uniform Guidance.

Please provide a record of the firm's experience in these areas. List the most significant engagements performed in the last three years that are similar to the engagement described in this RFP, and provide references for at least two of these engagements. Also, please provide a copy of the report of the firm's most recent external quality control review (as well as a copy of the letter of comment if applicable) with an indication whether the review includes specific government engagements.

- (4) The firm shall certify that it has not been suspended or debarred from performing government audits or any other government activity, and that it has not been the subject of any disciplinary action in any jurisdiction during the past three years.
- (5) The firm's approach and proposed work plan. Proposers are required to submit the following information at a minimum:
 - The proposed phases of the audit service and what is included in each phase.
 - The level of staff and approximate number of hours to be assigned to each proposed phase.
 - Approach used to identify internal controls.
 - Approach to be taken in drawing samples for testing.
 - Use of any computer software.
- (6) Support for how the firm can perform in the required timeframes. Please state the size of the firm, the size of the firm's governmental audit staff, the staff has received adequate professional education, the location of the office from which this work is to be performed, and the number of professional staff to be working on this engagement. Please provide the approach to be taken in managing the audit and in ensuring appropriate time and staff commitments to meet deadlines.
- (7) Proposed team: The firm shall include the qualifications/experience of the proposed Audit Partner(s), Audit Manager(s), Audit In-Charge(s) and Audit Staff for each engagement. Also indicate how the quality of the Audit Team over the term of the agreement will be assured.

PROPOSAL MODIFICATIONS

Any changes, amendments, or modifications to a proposal must be made in writing, submitted in the same manner as the original response, and conspicuously labeled as a change, amendment, or modification to a previously submitted proposal. Changes, amendments, or modifications to proposals shall not be accepted or considered after the time and date specified as the deadline for submission of proposals.

Proposals which do not meet or comply with the instructions of this RFP may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Finance Director/COO.

The County reserves the right to:

- Reject any and all proposals received in response to this RFP, or to make no award, or to issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.

VI. Insurance Requirements

The awarded Audit Firm shall be required to secure, maintain and provide evidence of insurance, acceptable to the County, as indicated below:

- Professional liability (or errors or omissions liability) insurance that insures against claims alleging acts, errors and omissions arising out of or in connection with the services provided to the County, with minimum limits of \$2,000,000 per occurrence and \$2,000,000 annual aggregate.
- Employee theft insurance including client's property coverage, insuring all employees providing services to the County, with minimum limits of \$2,000,000 each occurrence.
- Worker's Compensation – Statutory limits for all of the Audit Firm's employees and employers' liability insurance with minimum limits of \$100,000 each accident for bodily injury by accident; \$100,000 each employee for bodily injury by disease; and \$500,000 policy limit for bodily injury by disease.
- Commercial general liability insurance that insures against bodily injury, property damage, personal and advertising injury claims arising out of or in connection with the services provided to the County. The minimum limits of liability for this insurance are \$1,000,000 combined single limit each occurrence; \$1,000,000 personal and advertising injury; \$2,000,000 combined single limit general aggregate; and \$1,000,000 combined single limit products/completed operations aggregate.

The commercial general liability policy shall specifically name Sussex County and its elected and appointed officials, officers, directors, employees, agents, consultants as an additional insured, on a primary and non-contributory basis.

Liability insurance as required hereunder shall be in force and current evidence of insurance must be on file with the County, throughout the term of the contract. Each policy shall be endorsed to provide that the policy is not subject to cancellation or non-renewal until sixty (60) days' advance written notice has been given to the County. For cancellation due to non-payment of premium, ten (10) days prior written notice is due to the County.

All insurers underwriting Audit Firm's insurance must be allowed to do business in the State of Delaware and acceptable to the County. The insurers must have a Best's Financial Strength Rating of "A-" or better, and a Financial Size Category of "Class VII" or higher, unless the County grants specific approval for an exception.

If any liability insurance purchased by the Audit Firm has been issued on a "claims made" basis, Audit Firm must comply with the following additional conditions. The limits of liability and the extensions to be included remain the same.

Audit Firm must either:

1. Agree to provide certificates of insurance to the County evidencing the claims-made coverages for three (3) years after termination of the contract. Such certificates shall evidence a retroactive date no later than the beginning of services under the contract; or
2. Purchase a three (3) year extended reporting period endorsement for each such "claims made" policy in force as of the date of termination of the contract, and evidence the purchase of this extended reporting period endorsement by means of a certificate of insurance and a copy of the endorsement itself. Such certificate or copy of the endorsement shall evidence a retroactive date no later than the beginning of services under the contract.

Any deductibles or retentions of \$25,000 or greater shall be disclosed by the Audit Firm, and are subject to the County's written approval. Any deductible or retention amounts elected by the Audit Firm or imposed by the Audit Firm's insurer(s) shall be the sole responsibility of the Audit Firm and are not chargeable as expenses.

The Audit Firm will be responsible for loss of or damage to the Audit Firm's property, equipment and materials and shall waive all rights against the County and its elected and appointed officials and employees for loss of or damage to the Audit Firm's property, equipment and materials. Any property insurance policies maintained by Audit Firm shall permit waivers of subrogation by endorsement or otherwise.

The Audit Firm shall indemnify, defend, and hold harmless Sussex County and its elected and appointed officials, officers, directors, employees, agents, consultants from and against any and all claims, demands, suits, judgments, costs, and expenses asserted by a person or persons, including agents, employees, or volunteers of vendor, by reason of death or injury to persons, or loss or damage to property, resulting from operations hereunder, or sustained in or upon the premises of the County.

VII. Price Proposal

Firms shall provide the price proposal as outlined below:

Price for each audit (including support for how the price was determined such as hourly rates and number of hour):

- The price of the County Financial Statement Audit.
- The price of the Single Audit in accordance with the Uniform Guidance.
- The price of the eleven independent library reviews and/or compilations. Price for a review and price for a compilation.
- The price for the agreed upon procedures for per fire companies.
- The hourly price for additional services that may be needed. Examples of these additional services are as follows:
 1. Audit of constitutional offices at the end of the term of the elected official.
 2. Assistance in answering technical questions or other related work as needed.
 3. Assistance with Internal Revenue Service matters if needed.
 4. Assistance with bond issues.
 5. Assistance with specific financial statements or financial schedules.
 6. Research and implementation assistance of new governmental accounting standards.
 7. Any other items not mentioned but which may develop or be required from time to time.

VIII. Evaluation and Selection Process

Based on the criteria established, an evaluation committee will be selected to read, screen, and rank in writing all proposals. In accordance with 29 Del. C. § 6982(b), the evaluation committee shall determine that all applicants meet the minimum qualifications to perform the services. It shall then interview, at a minimum, the highest ranked firm and may request a presentation from the firm(s). Interviews and presentations may result in a change of rank. At any point in the negotiation process, the evaluation committee and the requesting department may, at its discretion, terminate negotiations with any and all firms. The evaluation committee may require the firm with whom it is negotiating to execute a truth-in-negotiation certificate stating the wage rates and other factual unit costs supporting the compensation are accurate, complete and current at the time of contracting. The contract shall include a provision stating that the original contract price and any additions thereto, shall be adjusted to exclude significant sums where the requesting department determines the contract price was increased due to inaccurate, incomplete or noncurrent wage rates and other factual unit costs. Such adjustments shall be made within one (1) year following the end of the contract.

It is the intent of the County to award all parts of the RFP to one audit firm. However, if it benefits the County, the County reserves the right to enter into an agreement with a second firm to perform the reviews/compilations of the eleven independent libraries and the agreed upon procedures for the fire companies.

If the firm feels it is in the best interest of the County to select your firm for only the library review/compilations and fire company agreed upon procedures, the firm may submit a bid being responsive to only those services.

EVALUATION CRITERIA

Proposals will be evaluated based on the following criteria (maximum of 100 points). The proposals will be evaluated for each of the two audits.

- **EXPERIENCE AND REPUTATION** - With performing each of the audits indicated in the request for proposal. **20 points**
- **QUALITY OF THE AUDIT FIRM** – Firm’s work plan, Audit approach, and Audit techniques. **20 points**
- **CAPACITY TO PERFORM** – Complete each audit in the necessary timeframes. **20 points**
- **CREDENTIALS AND EXPERIENCE** – Audit partners, Audit manager, Audit in-charge, and Audit staff on engagement. **20 points**
- **PRICE** – **20 points**

APPENDIX A

Agreed Upon Procedures for Fire Companies

1. Obtain a copy of the Fire Company's financial policies and procedures and confirm they contain the following minimum topics outlined in the County Grant Agreement: financial responsibilities, conflict of interest, budget process, receipt of fund procedures, disbursement of funds procedures, check policy, compensation approvals, insurance coverage, bank accounts, travel and expense reimbursement procedures, asset recording and tracking, and ambulance insurance billings.
2. Randomly select 10 payment transactions recorded during the fiscal year in the Fire Company accounting records and agree amount, nature, and date of transaction to supporting documentation such as vendor invoice.
3. Randomly select 5 Fire Company employees and agree salaries as of the last pay of the fiscal year to amount approved by Fire Company management.
4. Randomly select 10 credit card transactions recorded during the fiscal year in the Fire Company accounting records. Obtain documents supporting approval prior to charges and itemized receipts for each transaction.
5. Randomly select 2 travel reimbursements and compare supporting documentation to the requirements in Fire Company financial policies and procedures obtained in Procedure 1
6. Randomly select 3 bank reconciliations. Agree the bank balance per the reconciliation to the respective bank statements and recalculate the mathematical accuracy of reconciling items.
7. Confirm there are 12 months of 3rd party ambulance billings recorded within the Fire Company accounting records during the fiscal year. Randomly select 3 billings and agree the amount and date to supporting documentation.
8. Obtain evidence of insurance coverage and compare to coverage minimum requirements in Fire Company financial policies and procedures obtained in Procedure 1 as of the end of the fiscal year.