



THE COMMISSIONERS OF LEONARDTOWN, MARYLAND  
REQUEST FOR PROPOSAL  
INDEPENDENT AUDIT SERVICES

Sealed proposals for The Commissioners of Leonardtown, Maryland for Independent Auditing services as described in the proposal package will be received from qualified vendors at anytime and up to 2:00 p.m. April 22, 2019 at Town Hall, 22670 Washington Street, P.O. Box 1, Leonardtown, MD 20650.

Copies of the RFP package can be obtained by free download from the Town website or calling 301-475-9791. Detailed instructions for proposal submission are included in the proposal package. Electronically submitted or late proposals will not be accepted.

A voluntary pre-proposal conference is scheduled for April 4, 2019 at 10:00 am.

Additional information about The Commissioners of Leonardtown can be found on the Town's website at <https://leonardtown.somd.com/>.

THE COMMISSIONERS OF LEONARDTOWN  
REQUEST FOR PROPOSAL  
INDEPENDENT AUDIT SERVICES

I. NATURE OF SERVICES REQUIRED

A. General

The Mayor and Council of The Commissioners of Leonardtown, Maryland (Town) are soliciting the services of qualified public accounting firms to audit its financial statements. The audit is to be performed in accordance with the provisions contained in this request for proposal.

B. Scope of Work to be Performed

The Town desires the auditor to audit and express an opinion on the fair presentation of its basic financial statements and compliance reports in conformity with generally accepted accounting principles. The auditor shall also be responsible for performing certain limited procedures involving supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. The auditor's report shall meet the requirements of AU-Section 700 of the AICPA Codification (Forming an Opinion and Reporting on Financial Statements).

C. Auditing Standards

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards, as established by the American Institute of Certified Public Accountants (AICPA), the standards for financial audits set forth in the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards, and the State of Maryland's audit requirements enumerated in Local Government Article, Sections 16-305 and 16-306 of the Annotated Code of Maryland. If applicable, the audit should be conducted in accordance with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133. The Town will not be subject to Single Audit for the fiscal year ending June 30, 2019.

D. Auditor qualifications

All certified public accountants shall comply with the provisions of the Maryland Public Accountancy Act as codified in the Business Occupations and Professions Article, Title 2 of the Annotated Code of Maryland. This section of the law generally requires that individuals practicing certified public accountancy in the State shall be licensed by the State Board of Public Accountancy, and accounting firms operating a business through which certified public accountancy is practiced generally shall hold a permit issued by the Board.

E. Term

The proposal for audit services will be for the fiscal year ending June 30, 2019. The Town may request to extend this agreement for each of the succeeding four fiscal years following satisfactory delivery of services specified in the contract and engagement letter. The Town does not have mandatory auditor rotation policies.

II. DESCRIPTION OF GOVERNMENT

- A. The Town's population is approximately 4,100.
- B. The Town was incorporated in 1858 and operates under the Mayor-Council form of government. The Council appoints a Town Administrator that executes day to day duties of the Mayor.
- C. The Town has 13 full time and 9 part-time employees, with a payroll totaling approximately \$970,000. The Mayor and Council represent 6 of those part-time employees.
- D. The appointed Town Treasurer serves as the Chief Financial Officer. The Treasurer is a part-time employee working 24 hours per week.
- E. The Town currently has one General Fund, one Enterprise Fund, one Special Revenue Fund and one Capital Projects Fund. The FY18 financial statements can be found on the Town's website at <https://leonardtown.somd.com/> by following the Request for Proposals link on the home page. The previous two years budget documents are also linked on the Town's home page.
- F. The Town has two office locations. Administrative offices are located at 22670 Washington Street. Utility department offices are located at 22620 Van Wert Lane.
- G. The Town uses Abila MIP Fund Accounting to record and report all financial transactions. The tax and utility billing functions utilize separate software applications. Transactions from those applications are manually entered into the Fund Accounting software.
- H. The Town continues to experience rapid residential growth, recently being named the fastest growing municipality in Maryland.

### III. REPORT AND WORKPAPER PREPARATION

#### A. The Auditor will prepare

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with Government Auditing Standards.
3. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
4. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts, or indications of illegal acts, or which they become aware to the Town Administrator and the Treasurer.
5. The auditor shall be required to review the UFR prior to its electronic submission by the Town.
6. The auditor shall provide the covers, paper and binding supplies needed to print 20 copies of the financial statements and required reports.

#### B. The Treasurer will prepare the following reports and schedules:

1. MD&A, Financial Statements, Notes, Supplemental Information and UFR
2. GASB 34 work papers
3. Trial balance for all funds
4. Budget reports for all funds
5. Schedule of budget amendments
6. Bank reconciliations
7. Schedules of all asset and liability accounts
8. Cash flow statement work papers
9. Schedule of fund balance classifications
10. Accounts payable subledgers
11. Salary accrual work papers
12. Compensated absences work papers
13. HRA liability work papers
14. Long term debt amortization schedules
15. 941 reconciliations
16. Fixed asset and depreciation schedules
17. All cash, revenue, receivable and debt confirmations.
18. Using supplies provided by the auditor, the Town will print and assemble 20 copies of the financial statements and required reports.

IV. TIME REQUIREMENTS

A. Proposal and award

Proposal posted date	March 21, 2019	
Pre-proposal conference	April 4, 2019	10:00am
Questions due	April 8, 2019	
Addendum Posted	April 10, 2019	
Proposals Due	April 22, 2019	2:00pm
Proposal approved by Council	May 13, 2019	
Signed engagement letter	May 31, 2019	

B. Fieldwork

Preliminary work	June 1 - 30
Field work	September 1 - 30
Review of financial statements	October 15
Review of UFR	October 22
Delivery of opinion letter	October 22
Management letter	October 31
Presentation to Town Council	Second Monday in November

V. ADDITIONAL INFORMATION

A. The Town Treasurer shall be the point of contact for this request for proposal.

Rebecca Sothoron, Treasurer  
The Commissioners of Leonardtown  
22670 Washington Street  
P.O. Box 1  
Leonardtown, MD 20650  
[rebecca.sothoron@leonardtownmd.gov](mailto:rebecca.sothoron@leonardtownmd.gov)

B. Questions, requests for additional information or clarifications must be made in writing and submitted to the Town Treasurer by the date shown in IV.A. Replies to inquiries, requests for additional information or amendments deemed necessary will be provided by written addenda.

C. The Town's auditor between 1997 and 2018 was Murray, Wamsley and Schrader, LLC. The firm merged with HeimLantz in January and will no longer provide governmental independent audit services. The firm has indicated it is willing to provide certain assistance to the successor auditor during this transition.

## VI. SUBMITTAL INSTRUCTIONS

A. Two separate proposals shall be submitted. One shall be the Qualifications and Experience/Technical Proposal of the firm. The other shall be the Price Proposal. Proposals shall be submitted concurrently, each presented separately in sealed envelopes. No proposals will be opened until the specified time of 2:00pm on April 22, 2019. Only Technical Proposals will be opened at that time. Price proposals shall be opened only after the committee has reviewed all Technical Proposals and determined firms to be qualified and responsive.

### B. Qualifications & Experience/Technical Proposal

A sealed bid envelope marked RFP AUDIT SERVICES TECHNICAL PROPOSAL must contain an original and 2 copies. It shall include a dated transmittal letter to include the name, address, email and phone number of the contact person. Use the address listed in Section V.A.

The Town will not be responsible for expenses incurred in preparing and submitting the technical or cost proposals.

The Technical Proposal must demonstrate the professional qualifications and experience of the firm and the particular staff to be assigned to this engagement and its technical understanding of the work to be performed. **(DO NOT INCLUDE ANY PRICES IN THE TECHNICAL PROPOSAL.)** At a minimum, the following points must be addressed in the proposal:

1. An affirmative statement that the firm is independent of the Town as defined by the U.S. Government Accountability Office's Government Auditing Standards.
2. An affirmative statement that the firm and all assigned key professional staff are properly registered and licensed to practice in the State of Maryland.

3. Details of the history and size of the firm in addition to the size of the firm's experienced governmental audit staff, the location of the office from which work on this engagement is to be performed and the number of currently employed professional staff that will be assigned to this engagement. Disclose whether additional staff will be hired, either full time or part time, to fully service this engagement. If so, provide details.

Include evidence of other governmental audit engagements performed by the firm within the last 5 years.

Submit a copy of the most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

Provide information on the results of any federal or state desk reviews of its audits during the past 3 years. If none, so state.

Provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past 3 years with state regulatory bodies or professional organizations. If none, so state.

4. Identify the principal, supervisory and management staff expected to be assigned to this engagement.  
Provide information on the government auditing experience of each and information on relevant continuing professional education.  
Provide assurances that field staff will be properly supervised throughout the engagement.  
Commit to the availability and adequacy of the personnel of the firm to accomplish the proposed scope of work in the time required.
5. Provide a minimum of 3 references for similar services rendered within the last 5 years. A contact name, title, phone number, and email address must be provided.
6. Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town.

### C. Price Proposal

A sealed bid envelope marked RFP AUDIT SERVICES PRICE PROPOSAL must contain an original and 2 copies. It shall include a dated transmittal letter to include the name, address, email and phone number of the contact person. Use the address listed in Section V.A.

The Town will not be responsible for expenses incurred in preparing and submitting the technical or cost proposals.

The proposer shall complete the Schedule of Professional Fees and Expenses for the audit of the 2019 Financial Statements. This is attached as Appendix A. It also requires estimates for four additional option years. For this proposal, pricing estimates should assume that the Town will not be subject to Single Audit Act requirements. No CAFR will be prepared.

## VII. SELECTION PROCESS

- A. The Town Review Committee will evaluate the technical proposals. The Committee shall be comprised of the Mayor, Town Administrator, and Treasurer. The Committee will use a point formula during the review process to score proposals. Each member will independently review and score technical proposals. The Committee will then convene to review and discuss the evaluations and combine scores to arrive at a composite technical score for each firm.

After the composite technical score for each firm has been tabulated, the sealed price proposal will be opened and additional points will be added to the technical score. The Town is not required to accept the lowest price proposal.

B. Selection criteria to be used by the Committee are:

1. Adherence to the instructions in the request for proposal on preparing and submitting the proposal;
2. Specialized experience and technical competence in relevant work in the past 5 years;
3. Composition of the partners, principals and staff assigned to the engagement and their qualifications and experience;
4. The firm's capacity to perform the work giving consideration to existing workloads;
5. The firm's familiarity with problems associated with this type of work;
6. References from previous clients as required as part of the technical proposal;
7. Price Proposal

C. Final selection

The Review Committee will present its recommendation to the Town Council at its regularly scheduled May 13, 2019 meeting. The presentation will provide a summary of the Review Committee's work to include the firms that submitted proposals, the selection criteria, the independent review and scoring process, and the recommendation of the Committee.

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF  
THE COMMISSIONERS OF LEONARDTOWN 2019 FINANCIAL STATEMENTS

To the Review Committee:

We hereby submit our proposal for “Auditing Services” as indicated in the proposal documents.

Having carefully examined the bid documents and having received clarification on all items of conflict or upon which any doubt arose, the undersigned hereby requests consideration of our firm for award of the referenced contract.

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners		\$	\$	\$
Manages				
Supervisory staff				
Staff				
Other (specify)				
Subtotal				\$
Out of pocket expenses				
Meals/lodging				
Transportation				
Supplies/Other				
Total all inclusive maximum price for the 2019 audit				\$

Estimated all-inclusive maximum price for the:

2020 Annual Audit   \$ \_\_\_\_\_  
 2021 Annual Audit   \$ \_\_\_\_\_  
 2022 Annual Audit   \$ \_\_\_\_\_  
 2023 Annual Audit   \$ \_\_\_\_\_

The cost stated above is the total cost for each year’s audit engagement and includes all necessary out of pocket expenses and all other incidental costs.

Signature of Firm Representative \_\_\_\_\_

Name (printed) \_\_\_\_\_

Title \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_

E-mail \_\_\_\_\_

Date \_\_\_\_\_

