

**LOWER PROVIDENCE TOWNSHIP**  
**2014-2016 Independent Audits and General Purpose Financial Statements**

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The Lower Providence Township Board of Supervisors is accepting proposals from qualified firms of certified public accountants to audit the Township's financial statements for the fiscal (calendar) years of 2014, 2015, and 2016.

An annual audit is to be conducted to have an independent auditor render an opinion regarding the fair presentation of applicable financial statements and the compliance of the Township with applicable state and federal statutes and regulations, and with Generally Accepted Accounting Principles (GAAP).

The project name is "2014 – 2016 Audit RFP – Lower Providence Township" and should be clearly stated as such on all proposals and correspondence.

Firms interested in submitting a proposal are invited to send such material to:

**Susan C. Law, Accounting Manager**  
**Lower Providence Township**  
**100 Parklane Drive**  
**Eagleville, PA 19403**  
**Telephone: 610-635-3507**  
**Fax: 610-539-6347**  
**E-mail: [slaw@lowerprovidence.org](mailto:slaw@lowerprovidence.org)**

Proposals must be received in a sealed envelope on or before September 12, 2014 at 2:00 p.m. This solicitation does not commit Lower Providence Township to make an award.

The Firm selected will be required to enter into a contract on terms satisfactory to Lower Providence Township, which will contain this Request for Proposal along with the Firm's proposal. Questions, comments, or clarifications can be addressed to the individual named above.

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**1.0 OBJECTIVE AND SCOPE OF WORK**

**1.1 Main Objectives and General Requirements**

Lower Providence Township will need the contracted firm to provide services to audit the 2014, 2015 and 2016 financial statements, for the period of January 1 through December 31 of each year.

Lower Providence Township has determined a series of criteria for selecting a Firm, as outlined below.

**A. Firm Background and Experience**

The Firm must be experienced in auditing public financial statements and adhere to generally accepted auditing standards set forth by the "American Institute of Certified Public Accountants (AICPA)". The Firm must be financially stable.

**B. Document Preparation**

1. The Firm shall provide the Township with copies of the working trial balances, adjusting journal entries and other working papers and the analyses used to prepare the financial statements.
2. The Firm shall provide ten (10) copies and an electronic version of the annual audit and the general financial statements, and the management report.
3. The Firm shall complete the Commonwealth of Pennsylvania Annual Audit and Financial Report and file one (1) copy with the Court of Common Pleas and one (1) with DCED prior to the April 1<sup>st</sup> deadline.
4. As part of the annual audit, the auditor shall prepare the following:
  - a. Independent Auditor's Report
  - b. Combined Balance Sheet, All Fund Types and Account Groups
  - c. Combined Statement of Revenues, Expenditures and Changes in Fund Balances, including three year trends, All Governmental Fund Types
  - d. Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual, including three year trends, General and Special Revenue Funds
  - e. Required supplementary information, including an analysis of the Township's Pension Plans in accordance with "Statement 5 of GASB"
  - f. Annual Audit and Financial Report for the PA Department of Community and Economic Development
  - g. Combined Financial Statements adequate to satisfy publication in accordance with Section 904 of the Second Class Township Code
  - h. A Management Letter containing the following information:
    1. Assessment of the strengths of fiscal controls observed and their impact on the Township's financial management.
    2. Material weakness or other reportable conditions that are observed.
    3. Proposed options for improvement along with observations of improvements already made.
    4. The Firm shall submit a written draft of the above referenced documents to the Township by February 25 of each year.

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5. The Firm shall also complete, in a timely manner, any other federal and state reports that may be required outside the general scope of the annual audit described herein.

**C. Auditor Assistance**

1. The personnel of the Township will assist the auditor as deemed necessary (printing reports, retrieving files and documents, etc.).
2. The auditor shall list in their proposal all tasks that Township personnel are expected to complete.
3. The Firm shall be responsible for preparing and mailing the confirmation letters to the appropriate recipients. The Township shall be responsible for assisting the Firm by providing contact information and any necessary financial documentation.
4. The Township will make every effort to provide an adequate working area for the Firm's staff so the audit can be accomplished in an efficient and timely manner.
5. Work on the annual audit shall be in accordance with a schedule agreeable to both the Township and the Firm, provided that initial fieldwork shall generally begin no later than December 1 and final fieldwork shall be completed by the last week of February.
6. The Firm shall be available to attend at least one public meeting with the Township Board of Supervisors plus a reasonable number of other meetings with Township staff to discuss the audit report and Management Letter.

**D. Costs**

Cost constraints exist for the reports prepared; therefore, the Firm is requested to present a breakdown of the costs for the proposed reports. Itemized costs should be provided and Lower Providence Township reserves the right to contract with only a subset of the proposed reports.

The proposing Firm may suggest modifications to the requested reports and audit procedure, if they, in the proposing Firm's opinion, meet the needs of Lower Providence Township and provide advantages beyond what is requested in this request for proposal.

**1.2 General Information**

**A. Second Class Township**

The Township is a second class Township of the Commonwealth of Pennsylvania and is governed by the Second Class Township Code, general state law, and the State Constitution. Additional information can be located on the Township website at [www.lowerprovidence.org](http://www.lowerprovidence.org).

**B. Population**

The population of the Township, according to the US Census Bureau, was 25,436 in 2010.

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**C. Lower Providence Township Funds**

The Township uses the following funds and account groups in the financial reporting:

	<u>2014 Budget</u>
General Fund – 01	\$ 10,464,605
Library Fund – 04	541,214
Solid Waste Fund – 07	18,382
Impact Fee Fund – 18	482,443
Debt Service Fund – 20	634,484
PIB Loan – 21	483,843
Capital Projects Fund – 30	446,470
Parks and Recreation Fund – Operating – 31	795,540
Capital Reserve – Parks and Recreation – 33	42,000
Liquid Fuels Fund – 35	539,036
Unrestricted Capital Fund – 39	1,110,528
Tree Fund – 40	146,438
Self Insurance Fund – 55	1,328,108
Equipment_Replacement Fund – 70	36,526
<b>Total</b>	<b>\$17,069,617</b>

**Copies of the 2013 Audits are available for review.**

**D. Accounting Basis**

The Township accounts have been maintained on a modified accrual basis of accounting. The firm selected will be required to prepare and submit all year-end journal entries by March 1 of each year.

**E. Financial Software**

The Township currently uses Freedom Systems-Prism accounting software.

**2.0 QUALIFICATIONS AND RFP FORMAT**

**2.1 Required Format and Contents of Proposals**

Firms responding to the RFP are required to submit proposals in the following format and order. Proposals must be specifically prepared for this project in response to this RFP. This outline is provided to simplify the Firm's proposals by reducing the need, amount, and length of narratives. Unless otherwise requested and specified below, the Proposal submitted by the Firm need only provide the differences or proposed changes from the RFP and not a repetition of similarities.

**2.2 Cover Letter**

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A cover letter transmitting the proposal must be included and signed by an official who is authorized to contract for the proposing Firm. The letter will contain the name, title, addresses (mailing and email), telephone and fax numbers, of the proposing Firm's contact person for this proposal.

- A. The letter must contain a statement certifying that the Firm thoroughly understands and agrees to the terms, conditions, and requirements of the RFP.
- B. Provide a brief overview of the Firm including its legal name, location of principal and branch offices, and length of time in business.
- C. If a joint venture or any sub-firms are proposed, briefly describe the roles these other Firms will play in the project, the rationale behind the association, and discuss any previous experience working together.
- D. Provide a list of current government clients.
- E. If the Firm has ever been released from a municipal auditing contract, give the Township's name, Township Manager's name, and telephone number of the contact person.
- F. Briefly, describe the Firm's philosophy and approach to providing auditing services.
- G. Discuss innovative practices or techniques the Firm uses in providing auditing services.

**2.3 Technical Proposal**

- A. **Understanding of Project Scope**  
Firms shall provide a brief written statement describing their understanding of the project provisions and the approach to fulfilling the Scope of Services described elsewhere in the RFP. All proposed changes or expectations in the Scope of Services shall be noted.
- B. **Understanding of Firm's Service Responsibilities**  
Firms shall provide a brief written statement describing their understanding of the RFP's terms and conditions, including Section Contracting Procedures and Conditions below, and any proposed changes.
- C. **Current Workload**  
Briefly describe current workload, ability to assign resources to this project and whether available resources will affect the timely completion of the project.
- D. **Professional Qualifications**  
Provide description and detail of the Firm's role and qualifications. Provide resumes and qualifications of those staff members that will be directly involved in this project. Provide an organizational chart identifying the roles and responsibilities of the Firm's key staff. One person shall be designated as the Project Manager.
- E. **Governmental Experience**

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Provide documentation to demonstrate that the Firm is thoroughly familiar and experienced with governmental agencies in Montgomery County and in Pennsylvania.

**F. Project Experience**

List only projects and contracts that demonstrate the experience and expertise that are similar to the Scope of Work of this project in which the proposed Firm staff member was involved and the Firm that was involved. Provide the following details on the five most recent similar projects for which the Firm has provided auditing services.

1. Size/scope of project
2. Cost
3. Service provided

**G. Sub-Firms**

List any outside services that may be required to be subcontracted by the Firm to create the Firm Team. Provide resumes and qualifications of those Sub-Firm members that will be involved in this project and include the same information as required under item F. 1-3 above.

**H. Timetable for Implementation**

Firms are requested to provide a timetable for completing the audit. The timetable should be a detail of audit milestones and target dates for the entire length of the audit. The Firm will provide guidance on any new pronouncements and/or standards impacting the Township.

**I. Technical Specifications**

Provide an overview of the audit. Describe any unique advantages of your proposal. Describe how your Firm can address the specific needs of Lower Providence Township. This section should be between one and five pages long (including diagrams). It may not exceed five pages.

Lower Providence Township will favor proposals that meet the most requirements. Lower Providence Township reserves the right to waive requirements and accept minor variances that would lead to the disqualification of an otherwise compliant and competitive proposal.

**2.4 Cost Proposal**

Provide a fixed price for the items requested on the Summary Form along with any additional expenses that might be encountered. Prices submitted must include all costs and expenses for the tasks needed to complete the Scope of Work included herein. The Firm Services Proposal Summary form attached to this RFP shall be completed and submitted with the proposal.

Lower Providence Township will only reimburse the Firm for expenses submitted in the Cost Proposal. These rates will also be used to compute any additional costs, which may be incurred as a result of a contract amendment.

- A.** The Firm shall not pursue additional compensation for work not previously agreed to in writing by Lower Providence Township and the Firm through a contract addendum. It is the obligation of the Firm to identify items as additional work and to submit a written request and cost proposal to Lower Providence Township prior to the performance of any additional work.

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- B. Lower Providence Township will not be responsible for any expenses incurred by the Firm in preparing and submitting a proposal. All proposals shall provide a straightforward, concise delineation of the Firm's capabilities to provide the requested services. Emphasis should be on completeness and clarity of content and conciseness of the proposal.
  
- C. The Firm shall invoice the Township according to the following schedule:
  - 50% - Upon completion of the field audit
  - 25% - Upon delivery of the financial statements
  - 25% - Upon presentation to the Board of Supervisors

**2.5 General**

- A. The agreement between the Township and the Firm shall be on forms provided by the Firm and approved by the Township.
  
- B. All proposals submitted should be valid for a minimum period of ninety (90) calendar days following the date established for submission.
  
- C. Firms mailing proposals should allow for normal mail time to ensure receipt of their proposals by the due date and time. Proposals or unsolicited amendments to proposals received after the due date and time will not be considered.
  
- D. Firms who submit a proposal in response to this RFP and are short-listed may be required to make an oral presentation of their proposal to the Board of Supervisors.
  
- E. The successful Firm is prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of this agreement or its power to execute such agreement to any other person, company, or corporation without the previous consent and approval of Lower Providence Township. If this does occur, the unit rate costs shall remain the same.
  
- F. Proprietary information received will not be disclosed to others during the selection process.

**2.6 Criteria for Award**

- A. **Award**

Award for this contract will be based on the information submitted as required by this RFP. Award will not be based on cost alone; rather the award will be made to a qualified Firm believed by Lower Providence Township to be the most cost-effective.

  - 1. The Firm should be aware that Lower Providence Township is a public entity and the approval process is a public process and may require attendance at various public Township meetings. Representatives of the Firm(s) that submit the highest rated proposal(s) may be invited to meet with Lower Providence Township officials for discussion and further review of the Firm's submittal and qualifications.
  
  - 2. The Lower Providence Township Board of Supervisors, as the lead project entity, will award the contract and will be the signatories of Lower Providence Township. The Township Manager may act in their stead as required.

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3. The Lower Providence Township Board of Supervisors reserves the right to reject any and all proposals received as a result of this RFP or to negotiate separately in any manner necessary to serve the best interests of Lower Providence Township. Firms whose proposals are not accepted will be notified in writing.

**3.0 CONTRACTING PROCEDURES AND CONDITIONS**

**3.1 Contract Preparation**

Based on the preceding specifications and projected cost as submitted by the successful respondent, Lower Providence Township will prepare a contract containing general provisions, as outlined below. The contract will consist of the RFP, the respondent's proposal, and the general provisions.

- A. Based on the proposal, presentation, and any other information Lower Providence Township may obtain, the Township will prepare and offer a contract to the successful respondent. The Contract will incorporate, at a minimum in order of precedence, the following:
  1. Terms and conditions set forth in Section 3.2 below and include, resolution of any material inconsistencies between the RFP and the proposal;
  2. The RFP; and
  3. The proposal submitted by the Firm.
- B. If the Firm and Lower Providence Township are unable to agree to a completed contract within a reasonable amount of time as determined solely by Lower Providence Township, the Township reserves the right to rescind the offer. In this case, the respondent with the next acceptable proposal may be asked to negotiate a Contract.

**3.2 Contract Terms and Conditions**

At a minimum, the Contract will incorporate the following General Terms and Conditions.

Firm shall provide the Work as an independent contractor and not as a Lower Providence Township employee. The Firm shall not be entitled to receive any "employee" benefits from Lower Providence Township including, but not limited to, pension or health insurance. Firm will diligently and conscientiously devote their time and attention and best efforts to render services as indicated.

- A. Non-discrimination: Firm shall not discriminate against any person because of race, color, religious creed, ancestry, national origin, age, sex, or handicap. Nondiscrimination and equal opportunity are the policy of the Township in all its decisions, programs, and activities. The purpose is to achieve the aims of the United States and Pennsylvania Constitutions. Executive Order 1972-1, the Pennsylvania Human Relations Act, Act of October 27, 1955, (P.L. 744), as amended, (43 P.S. § 951, *et. seq.*), and (43 P.S. § 153), by assuring that all persons are accorded equal employment opportunity without regard to race, color, religious creed, handicap, ancestry, national origin, age, or sex. During the term of this contract, the Firm agrees as follows:



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1. Firm shall not discriminate against any employee, applicant for employment, independent contractor or any other person because of race, color, religious creed, ancestry, national origin, age, sex or handicap. Firm shall take affirmative action to ensure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, ancestry, national origin, age, sex or handicap. Such affirmative action shall include, but is not limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Firm shall post in conspicuous places, available to employees, agents, applicants for employment, and other persons, a notice to be provided by the contracting agency setting forth the provision of this nondiscrimination certification.
  
2. Firm shall comply with all state and federal laws in the event of the Firm prohibiting discrimination in hiring or employment opportunities. In noncompliance with the nondiscrimination certification or with any such laws, this contract may be terminated or suspended, in whole or part, and contractor may be declared temporarily ineligible for further Lower Providence Township contracts, and other sanctions may be imposed and remedies invoked.

**3.3 Compensation**

Payment shall be made promptly following receipt of invoices submitted, based on the rates contained on the Summary Form and subject to Lower Providence Township's approval of satisfactory performance of the work required under this Agreement.

**3.4 Termination**

This Agreement shall terminate on December 31, 2017, or upon 10 days' written notice by the Township at any time, or upon incapacity of Firm. In the event of termination, Lower Providence Township shall pay the Firm for work performed to the satisfaction of Lower Providence Township up to the effective date of the termination.

**3.5 Availability of Records**

The Firm agrees to maintain records relating to the performance of the services hereunder as required by Lower Providence Township. Such records shall be open for inspection, during reasonable business hours, to Lower Providence Township and such agents of the Township as are designated.

**3.6 Assignment of Responsibility**

The Firm agrees that they shall be Lower Providence Township's sole contractor under this Agreement and the Firm accepts full responsibility for the performance of any subcontractors. The Firm indemnifies Lower Providence Township as to subcontractors and will ensure that Lower Providence Township is protected from any liability that may occur as a result of the subcontractor's performance under this Agreement.

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**3.7 Coverage**

Firm agrees, if it is a corporation or employer, to carry Workers' Compensation Insurance and Unemployment Compensation Insurance. Firm agrees that it carries and will continue to carry General Liability Insurance.

**3.8 Conflict of Interest**

The Firm certifies that they are totally independent of any agency or commission of any kind from any such Firm as a result of the Firm's performance under this Agreement. The Firm will inform Lower Providence Township in writing, immediately, if any potential conflict of interest arises during the performance of the Agreement. Conflict of interest may constitute grounds for termination of the Agreement following notification by Lower Providence Township to the Firm, (allowing Firm a reasonable opportunity to respond) where same is not corrected by Firm within a reasonable time period after notice.

Firm certifies that to the best of their knowledge, no Lower Providence Township official or employee has a vested interest, financial or otherwise, in the Agreement.

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Correspondences under this Agreement shall be directed to:

**For Firm:**

Firm Name \_\_\_\_\_  
Contact \_\_\_\_\_ Title \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Email \_\_\_\_\_

**For Lower Providence Township:**

Susan C. Law, Accounting Manager  
Lower Providence Township  
100 Parklane Drive  
Eagleville, PA 19403  
Telephone: 610-635-3507  
Fax: 610-539-6347  
E-mail: [slaw@lowerprovidence.org](mailto:slaw@lowerprovidence.org)

- **This Agreement contains the full understanding of the parties. Any modifications to be effected are to be in writing and signed by the parties.**
- **The laws of the Commonwealth of Pennsylvania shall govern this Agreement.**

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**Lower Providence Township**  
**Summary Form**

	2014	2015	2016
The following fee is proposed:			
1. Independent Auditor's Report	\$	_____	
2. Combined Balance Sheet, All Fund Types and Account Groups	\$	_____	
3. Combined Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Fund Types	\$	_____	
4. Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual, General and Special Revenue Funds	\$	_____	
5. Required supplementary information, including an analysis of the Township's Pension Plans in accordance with "Statement 5 of GASB"	\$	_____	
6. Annual Audit and Financial Report for the PA Department of Community and Economic Development	\$	_____	
7. Combined Financial Statements adequate to satisfy GASB accounting provisions as well as Section 904 of the Second Class Township Code	\$	_____	
8. Management Letter	\$	_____	

\_\_\_\_\_  
 Authorized Signature Date

\_\_\_\_\_  
 Print Name and Title

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**I do hereby certify that:**

- A. I am fully informed regarding the preparation and contents of the attached proposal and of all pertinent circumstances regarding such proposal.
- B. Such proposal is genuine and is not a collusive or sham proposal.
- C. Neither the proposer nor its officers, partners, owners, agents, representatives, employees or parties in interest, has in any way colluded, conspired, connived or agreed, directly or indirectly with any other proposer, Firm or person to submit a collusive or sham proposal in connection with the contract for which the attached proposal has been submitted or to refrain from proposing in connection with such contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other proposer, Firm, or person to fix any overhead, profit or cost element of the proposal price or the proposal price of any other proposer, or to secure through any collusion, conspiracy, connivance or unlawful agreement any advantage against Lower Providence Township, Pennsylvania or any person interested in the proposed contract.
- D. The price or prices quoted in the attached proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the proposer or any of its agents, representatives, owners, employees, or parties in interest.

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Authorized Signature

Date

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Type Name and Title