



Open Session Item

SUBJECT: Contract Award (PUR-1447) Emergency Services Special Procedures and Auditing Services

PRESENTATION DATE: October 29, 2019

PRESENTATION BY: Rick Curry, CPPO, Director of Purchasing, Sara Greaves, Chief Financial Officer and Dave Hayes, Director of Emergency Services

RECOMMENDATION: Move to award the contract for the Emergency Services Special Procedures and Auditing Services to the responsive, responsible firm of SB & Company, LLC of Owings Mills, Maryland, with the lowest total proposal value of \$40,500.00 for the Attestation – Special Procedures plus schedule of Professional Fees for Supplemental Services, if required by the County and lowest total proposal value of \$50,400.00 for the Auditing – Financial Procedures plus schedule of Professional Fees for Supplemental Services, if required by the County; the hourly rates for both the Attestation and Auditing for each employee classification to be used for any required Supplemental Services are as follows:

Partners	\$220.00/Hourly
Managers	\$135.00/Hourly
Supervisory Staff	\$118.00/Hourly
Staff	\$ 91.00/Hourly
Other (Specify)	

REPORT-IN-BRIEF: The following persons served as members on the selection committee: County Administrator, County Chief Financial Officer (Committee Chairperson), Director of Budget & Finance, Director of Purchasing and Director of Emergency Services. Four (4) proposals were received for the subject services. The four (4) firms' Qualifications & Experience/Technical Proposals were considered to be responsive by the Committee and their Price Proposals were opened (see attached Proposal Tabulation Sheet). Notice of the Request for Proposal (RFP) was published on the County's web site, the State's e-Maryland Marketplace Advantage (eMMA) web site, and in the local newspaper. Fifty-three (53) persons/firms accessed the RFP document from the County's web site.

The County's Budget & Finance Department will be overseeing the work of the qualified firm of certified public accountants to perform a set of special procedures and an audit of the financial statements of eight (8) independent emergency services companies and the Washington County Volunteer Fire & Rescue Association. The reporting period will be considered the most recently completed and submitted (to the County) reporting period, either 6/30/2018 or 12/31/2018, in accordance with the companies' year-end. These audits are to be performed in accordance with the provisions contained in the Request for Proposal (RFP) which consist of, but not limited to Attestation Engagement, Reports Related to the Special Procedures, Audit Engagement (Financial Statements), Reports to be issued for Audit and

Irregularities and illegal acts.

DISCUSSION: N/A

FISCAL IMPACT: Funds are budgeted in account 500155-10-11520 for these services.

CONCURRENCES: As recommended by the Coordinating Committee

ALTERNATIVES: N/A

ATTACHMENTS: (1) RFP Section I – Scope of Services; (2) Price Proposal Tabulation Matrix

AUDIO/VISUAL NEEDS: N/A

A. Scope of Work to be Performed

1. Attestation Engagement - Special Procedures – An audit opinion is not provided for the following procedures. Instead, the audit firms report will be in the form of procedures performed and findings thereof. If applicable, sampling will be used to test the below procedures for reasonable assurance of the population.

To meet the requirements of this request for proposals, the procedures shall be performed in accordance with Attestation standards, as set forth by the American Institute of Certified Public Accountants.

- a. Identify employee benefit programs and report on whether there is an existing policy in place for those programs.
- b. ERISA Compliance – 401K contributions, distributions, and fiscal management of the retirement program should be evaluated for compliance with ERISA and the Department of Labor. The Firm will select 100% of employees for two non-consecutive pay periods to determine the following based on the plan document:
 - i. Deferrals are withheld in accordance with the plan document and remitted timely
 - ii. Employer contributions were calculated appropriately and remitted timely
 - iii. In addition, determine if the Summary Plan Description, Summary Annual Report, and annual 5500 filing is available and completed correctly.
- c. Test and report on the organization's compliance with Department of Labor regulations as they pertain to payroll of workers, including compensation of overtime and compensatory time payments.
 - i. Review W2's and 1099's for appropriate reporting of either employee or contractor.
 - ii. Select 100% of employees for two (2) pay periods in one year to test that overtime and compensatory accruals are calculated in accordance with DOL standards.
 - iii. Test 100% of employees for year-end compensatory time carryover/loss according to policy.
- d. Review and report on the payroll process, controls, procedures, and authorities
 - i. Report on whether payroll is processed internally or outsourced, and by whom.
 - ii. Report any material weakness in internal control as defined in auditing standards.
- e. Gain an understanding of control and how transactions are initiated, approved, and recorded. Determine and report on the level of involvement of board members:
 - i. If Board members are independent of the organization's operations and

- financial recordkeeping.
 - ii. If Board members are required to approve certain transactions, and if so, name those transactions.
 - iii. If Board members are required to sign checks
 - iv. Level of reporting to the Board and if it is transactional.
 - v. Activities/transactions routinely or not routinely reported to the Board.
- f. Review and report on the budget process, including who prepares the budget and who in the organization has authority to authorize expenditures, including dollar thresholds.
- g. Review and report on the payables process, including who has authorization to disburse funds and identify check signors and whether the system in place requires two signatures.
- h. Conduct a review using a sample of 10% of expenditures over one thousand (\$1,000) dollars and evaluate if the expenditure is consistent with the Emergency Services Fiscal Policy (Attachment No. 6). If the expenditure is questionable, list the expenditure in the report. Include payee, amount, and purpose of expenditure.
- i. Conduct a review using a sample of 5% of expenditures under one thousand (\$1,000) dollars and evaluate if the expenditure is consistent with the Emergency Services Fiscal Policy (Attachment No. 6). If the expenditure is questionable, list the expenditure in the report. Include payee, amount, and purpose of expenditure.
- j. Conduct a review of 100% of overnight and/or out of county travel expenditures and report findings to include the date of expenditure, related dates of travel, destination, purpose of trip, amounts spent, and number of attendees. The number of trips for travel is estimated at less than five (5) per company per year.
- k. Review and report on, using a current vendor list or list of payee's, related parties such as employees, volunteers, and/or board members or their family members and if they exist as vendors. If there are transactions with a related party, determine the appropriateness of the payment and report on it.
- l. Gain an understanding and document controls surrounding cash on hand and bank accounts.
- i. Report on controls and procedures for cash deposits including timeliness of deposits, whether or not cash is always deposited or held within the company or on a person, and procedures for cash expenditures. Include procedures for cash received during fundraisers.
 - ii. Report on membership drive revenue recorded in the companies' ledger and compare to a donation listing of households and amounts. List the discrepancy and any identifiable reason for it.
 - iii. Review and report on bank reconciliation procedures and if they are performed appropriately and timely.

- m. Billing Revenue
 - i. Determine and report upon the run sheet reconciliation process for all calls.
 - ii. Determine and report upon a daily, weekly, or monthly, call review to ensure there is a patient care report for all patient encounters.
 - iii. Determine and report how patient care reports are processed for billing.
- n. Fundraising activities – Report on any volunteer pay found for time spent on fundraising activities or at those activities.
- o. Review and report on the 990 and if it is complete, accurate, and filed on a timely basis.

Reports Related to the special procedures

- a. The County will require a report outlining each of the above procedures performed and the findings thereof. The report should be specific. If sampling occurred, the document should specify the type and quantity of sampling. Although no specific procedure is required, if through performance of items “a” through “n”, a discovery is made that indicates waste or fraud, or potential for substantial savings that should be reported as a separate item.
2. Audit Engagement – Financial Statements - To meet the requirements of this request for proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America, as set forth by the American Institute of Certified Public Accountants.

The County desires the auditor to express an opinion on the fair presentation of each companies’ financial statements in conformity with generally accepted accounting principles.

This audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, the audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Reports to be issued for Audit The audit will include obtaining an understanding of the Organization and its environment, including internal control, enough to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization, or to acts by management or employees acting on behalf of the Organization.

- a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
 - b. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- B. Documents to be provided:
- Emergency Services Fiscal Policy (Attachment 6)

- Example of executed staffing agreement for each company (Attachment 7)

- C. Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the Chief Financial Officer.
- E. All working papers and reports must be retained, at the auditors' expense, for a minimum of three (3) years, unless the firm is notified in writing by the County of the need to extend the retention period.