



Agenda Report Form

Open Session Item

SUBJECT: Contract Award (PUR-1484) Fire Company Special Procedures and Auditing Services

PRESENTATION DATE: January 12, 2021

PRESENTATION BY: Rick Curry, CPPO, Director of Purchasing and Sara Greaves, Chief Financial Officer, Division Director of Budget and Finance

RECOMMENDED MOTION: Move to award the contract for Fire Company Special Procedures and Auditing Services to the responsive, responsible firm of UHY, LLP of Columbia, MD, with the lowest proposal value of \$56,000 and the professional fees for each supplemental service, if required are as follows:

Partners	\$275
Managers	\$225
Supervisory Staff	\$175
Staff	\$125
Other (Intern)	\$75

REPORT-IN-BRIEF: Attached is an excerpt from the Request for Proposal (RFP) document of the “Scope of Services” to be rendered under this contract. The RFP was advertised locally in the newspaper and on the County’s web site, as well as on the State’s “eMaryland Marketplace Advantage” web site. Nineteen (19) persons/companies registered/downloaded the RFP document on-line. The following persons served as members on the Coordinating Committee: Interim County Administrator/County Attorney, Chief Financial Officer of Budget and Finance (Chairperson), Division Director of Emergency Services, Director of Budget and Finance and Director of Purchasing.

Nine (9) firms were represented at the pre-proposal teleconference. Three (3) proposals were received for the subject services. The Qualifications & Experience/Technical Proposals of the firms were considered to be responsive by the Committee and their Price Proposal was opened for evaluation as shown on the attached Fee Schedule.

The initial term of this contract is anticipated that the engagement of the services be completed within one hundred, eighty (180) consecutive calendars of issuance of Notice to Proceed. The contract is for one hundred, eighty (180) days with no option to renew.

DISCUSSION: N/A

FISCAL IMPACT: Funds are budgeted in account 515000-10-11525 for the costs of the services.

CONCURRENCES: As recommended by the Coordinating Committee.

ALTERNATIVES: N/A

ATTACHMENTS: (1) Fee Schedule and (2) Scope of Services from the RFP document.

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.

- I. Test and report on the organization's compliance with Department of Labor regulations as they pertain to payroll of workers, including hours worked for part timers and benefits related thereto.
 - 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 hours worked meet regulatory statutes for employee benefits such as health insurance, sick time, etc. 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.
- III. 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.
- IV. 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.
- V. 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.

- VI. 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.
- VII. 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.
- VIII. 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.
- IX. Review and report on, using a current vendor list or list of payees', 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.
- X. 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.
- XI. Fundraising activities – Report on any volunteer pay found for time spent on fundraising activities or at those activities.
- XII. Review and report on the 990 and if 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.

A. Documents to be provided:

- Emergency Services Fiscal Policy (Attachment 6)
- Maintenance & Fuel Policy (Attachment 7)
- Utilities Policy (Attachment 8)

B. 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.

- C. 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.