

**TUSCOLA COUNTY
CONTROLLER/ADMINISTRATOR'S OFFICE**

207 E. Grant Street
Caro, Michigan 48723

Telephone
989-672-3700

To: Interested Parties

From: Tuscola County Controller/Administrator
Michael R. Hoagland

Date: Monday, November 1, 2010

RE: Request for Qualification to Conduct Tuscola County Audit

The Tuscola County Board of Commissioners will accept proposals of qualifications and costs for a complete audit of the entities, funds, accounts, and records of the County of Tuscola. Attached is a copy of the specifications for the audit work to be conducted.

Eight (8) copies of your qualifications and one (1) copy of your cost proposal must be in separate sealed envelopes, clearly marked "Auditing Proposal" and forwarded to Michael R. Hoagland, Tuscola County Controller/Administrator, 207 E Grant Street, Caro, Michigan 48723, no later than Friday, November 19, 2010 at 4:00 p.m. Qualification packets will be opened by the Audit Review Committee at 4:00 p.m. on Friday, November 19, 2010. Questions regarding this request for qualifications shall be directed to the Tuscola County Controller/Administrator.

The County reserves the right to accept or reject any or all proposals, or to negotiate with any responding consulting firm. The County of Tuscola assumes no liability for any costs incurred in preparing a proposal.

Thank you for your interest in Tuscola County.

REQUEST FOR QUALIFICATIONS

COUNTY OF TUSCOLA

AUDITING SERVICES

The County of Tuscola invites independent Certified Public Accountants, licensed in the State of Michigan, to submit their Statements of Qualifications for providing auditing services for the three years of 2010, 2011, and 2012.

Scope of Work: The audit shall include an examination of the financial statements of all accounts and funds. The auditing firm awarded the contract will be responsible for reviewing the audit work papers of the Tuscola County Road Commission, Tuscola County Health Department, and the Tuscola County Medical Care Facility. This must be accomplished in order to express an opinion that the financial statements of the County are prepared in accordance with generally accepted accounting principles as recommended by the National Council on Governmental Accounting in their publication "Governmental Accounting Auditing and Financial Reporting." The examination shall be made in accordance with generally accepted government auditing standards, as issued by the Comptroller General of the United States.

Financial and Compliance Audits under the Single Audit Act. Tuscola County is subject to the audit requirements of the Single Audit Act of 1984, Federal Public Law 98-502 and all implementing regulations prescribed by the Office of Management and Budget. The audit requirements for the Single Audit are contained in OMB Circular A-133 and are available upon request.

The auditor shall determine that the financial statements of the County of Tuscola fairly present the financial position and the results of operations in accordance with generally accepted accounting principles. The auditor must also determine that the County has internal accounting and other central systems to provide reasonable assurance that it is managing federal financial assistance programs in compliance with applicable laws and regulations and that the County has complied with laws and regulations that may have material effect on its financial statements and on each major federal assistance program.

Additionally, during the year, the auditor will be asked to provide advice and possibly work with Controller-Administrator or Chief Accountant on various accounting and documentation issues.

Audit Report Requirements: The following are required as part of the completion of the audit:

1. The audit report shall state that the audit was conducted in accordance with the generally accepted auditing standards.
2. The audit report shall also include:
 - a. The auditor's opinion report on the financial statements and on a schedule of expenditures of federal awards, showing the total expenditures for each federal assistance program as identified in the Catalog of Federal Domestic

Assistance, and all other federal programs and grants which have not been assigned catalog numbers.

- b. The auditor's report on the study and evaluation of internal control systems and identity of the County's significant internal accounting controls, and those controls designed to provide reasonable assurance that federal programs are being managed in compliance with laws and regulations. This report must identify the controls that were not evaluated, and the material weaknesses identified as a result of the evaluation.
- c. The auditor's report on compliance containing:
 - (1) A statement of positive assurance with respect to those items tested for compliance including compliance with laws, rules and regulations pertaining to non-major programs and other items which could have a material effect on financial reports and claims for advances and reimbursements. In addition, the auditor's report must disclose whether the County has complied with laws and regulations that may have a material effect on each major federal assistance program.
 - (2) A statement of negative assurance on those items not tested.
 - (3) A summary of all instances of noncompliance, and,
 - (4) An identification of total amounts of costs questioned, if any, for each federal assistance award as a result of noncompliance.

Required Audit Reports:

- 1. A report on examination of the financial statement of the County including all accounts and funds. The examination shall include a review of the internal control procedures of the County. This Comprehensive Annual Financial Report will be prepared by the Audit Firm, and should be compliant with all appropriate requirements.

Combined with the Comprehensive Annual Financial Report will be a report on internal control and compliance in accordance with Government Auditing Standards. The Audit Firm will be required to prepare the Single Audit report. (100 count). The County will provide covers and binders.

Other Audit Report Requirements: The completed audit report shall be addressed to the Tuscola County Board of Commissioners, 207 E. Grant St., Caro, Michigan 48723.

In addition to the audit reports required previously, a separate management letter shall be prepared which summarizes the audit findings, recommendations which will effect the financial statements, weaknesses in internal control, accounting procedures and accounting systems, and any other information which may have an impact on the financial management system of the County. Such management letter is to be a single document encompassing all audit reports affected.

The auditor shall also provide professional guidance in order to assist the County in continuing to obtain the "Certificate of Achievement" for excellence in financial reporting.

The auditor may commence the examination upon acceptance of a contract. During the audit, the auditor may be required to meet with various elected or appointed officials to discuss the audit or related matters.

Post-audit conferences shall be held with the Board of Commissioners and or the respective Committees of the Board of Commissioners to review the financial statements, compliance report and a draft of the report of comments and recommendations no later than two (2) weeks after completion of the report, as scheduled by the Controller/Administrator.

Description of Entity Budgets: Based on the 2000 Census, the County of Tuscola had a population of 58,266 with a general-fund operating budget for 2011 of \$12,122,000.

Budgets are adopted and monitored for all Governmental Fund types under direct control of the County Board of Commissioners.

Basis of Accounting: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements except for agency funds. Agency funds use the accrual basis of accounting, but do not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Funds and Account Groups: The financial activities of the County are recorded in separate funds and account groups, categorized and described as follows:

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the County. Revenues are derived primarily from property taxes and State and Federal distributions, grants and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Project Funds - These funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations and special assessments.

Debt Service Funds - These funds are used to account for the accumulation of funds for the payment of interest and principal on individual debt issues.

Proprietary Funds

Enterprise Funds – These funds are used to account for services provided to the general public on a user fee basis.

Internal Service Funds - These funds are used to record the financing of goods or services provided by the County to other departments and funds or to other governmental units on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for organizations, other governments, and/or other funds. These include private purpose trust funds, pension and other employee benefit trust funds, and agency funds.

System Records and Procedures: Written accounting procedures are available. Funds that do not have formal written procedures follow generally accepted accounting principles as they pertain to each particular fund group and type.

The County has an internal accounting staff. No known internal control or system problems exist. The most recent management letter and single audit documents are available for inspection to prospective audit firms.

Assistance Available to Proposing Firms: County staff will be available to assist the audit staff in preparing schedules, and locating and reproducing documents.

Data processing equipment is available for auditing purposes to the fullest extent possible. The County utilizes Harris Open Window Financial Software for all of its accounting systems.

The County reserves the right to reject any and all proposals submitted and to request additional information from all proposing firms. The contract will be awarded to the auditing firm who, based on evaluation of all responses, applying all criteria and oral interviews if necessary, is determined to be the best qualified to perform the audit.

Proposal Submission: Eight (8) copies of your qualifications and one (1) copy of your cost proposal must be in separate sealed envelopes and forwarded to Michael R. Hoagland, Controller/Administrator Tuscola County, 207 E. Grant Street, Caro, Michigan 48723, no later than Friday, November 19, 2010 at 4:00 p.m. Qualification packets will be opened by the Audit Review Committee at 4:00 p.m. on Friday November 19, 2010. Questions regarding this request for qualifications shall be directed to the Tuscola County Controller/Administrator or Chief Accountant.

Proposals shall be submitted to include the cost to conduct an audit as follows:

A complete audit of the accounts and records for the three year periods of:

- January 1, 2010 through December 31, 2010

- January 1, 2011 through December 31, 2011
- January 1, 2012 through December 31, 2012

A draft of the financial report is to be done and delivered no later than **April 30th** for the preceding fiscal year's audit. The final audited Financial Report, Single Audit Report, and Management Letter are required to be completed and delivered to the County no later than **June 30th** for each fiscal year included above.

The proposal shall include:

1. A statement of your understanding of the work, description of the audit approach, and explanations of the procedures to be employed.
2. The approximate date that the audit will begin (including preliminary field work) and end, as well as approximate dates for delivery of the financial statements, compliance reports and report of comments and recommendations.
3. A **not-to-exceed** fee for performing the engagements, including all out-of-pocket expenses.
4. Biographies, including experience of the individuals who will be assigned to the engagement, and relevant experience of each in auditing municipalities during the last three years.
5. Estimated number of hours to complete the engagement by level of staff (i.e., partner, manager in-charge, staff accounts).
6. Names, addresses and telephone numbers of three (3) municipalities who may be contacted for references.
7. The cost to provide additional services as requested by the County during the course of the examination. (Ex. F-65) **All cost information must be delivered in a separate sealed envelope.**
8. An affirmation that the bidding firm is licensed for public practice as a certified public accountant in the State of Michigan.
9. An affirmation that the bidding firm meets the most recent independence requirements of the Government Auditing Standards published by the U.S. General Accounting Office.
10. An affirmation that the bidding firm does not have a record of substandard audit work. (This can be determined by communicating with the State licensing authority).
11. An affirmation that the bidding firm meets all qualifications to perform governmental audits as outlined in the Governmental Auditing Standards as

issued by the U.S. General Accounting Office as revised.

EVALUATION CRITERIA

Professional Qualifications: The evaluation of professional qualifications of the proposals will be based on the following criteria:

1. Mandatory Criteria - Proposals **will not** be considered for further evaluation unless they meet all of the mandatory criteria:
 - a. Must guarantee that the Comprehensive Annual Financial Statement will be complete and delivered to the Board of Commissioners on or before June 30 following each year-end.
 - b. Must be an independent auditor properly licensed for public practice.
 - c. Must meet the independence requirements of the Government Auditing Standards, published by the U.S. General Accounting Office.
 - d. Must not have a record of substandard work. This can be determined by checking with the State licensing authority, if available, or by requesting information on positive enforcement, ethics infractions, or references from the respondents.
 - e. Must meet any specific qualifications requirements imposed by State or local law, rules and regulations.
 - f. Must have experience auditing counties in Michigan.

2. Technical Criteria - Those bidding firms who have met each of the criteria in Section 1 above will be evaluated on the following criteria:
 - a. Responsiveness of the proposal in clearly stating an understanding of the work to be performed;
 - (1) Comprehensiveness of audit work plan; 0-15
 - (2) Realistic time estimates for all major segments within the work plan and the estimated number of hours for each staff level, including consultants assigned; 0-15
 - b. Technical experience of the firm;
 - (1) Auditing of the type under consideration (i.e. counties); 0-15

c.	Qualifications of staff, including consultants, to be assigned to the audit. Education, including continuing education courses taken during the past three (3) years, position in the firm, and years and types of experience will be considered. This will be determined from the resumes submitted.	
(1)	Qualifications of supervisory personnel, consultants, and of the audit team doing fieldwork.	0-10
(2)	General direction and supervision to be exercised over the audit team by the firm's management personnel.	0-10
d.	Size and structure of the firm.	<u>0-10</u>
TOTAL TECHNICAL POINTS--MAXIMUM		75

3. Cost Criteria

The information will be arranged from low to high cost estimates for applying the formula and computing the cost criteria score and recording on the evaluation summary sheet, or similar record.

Cost of audit	<u>0-25</u>
---------------	-------------

TECHNICAL AND COST - MAXIMUM POINTS	100
-------------------------------------	-----

4. Oral Interviews (if necessary) - The selection committee will develop a list of criteria or special factors that may be used in the oral interviews. The factors will seek to clarify points of interest on the bidding firm's qualifications to do the audit. The oral interviews are designed to bring out additional information to clearly make the determination.

Interview points awarded	<u>1-10</u>
--------------------------	-------------

TOTAL POINTS	<u>XXX</u>
---------------------	-------------------

Final Section Determination: After proposals have been reviewed and ranked based on the mandatory and technical criteria, the selection committee will proceed to the cost criteria. The finalists should be rated using the cost criteria formula and the points recorded for determining the most qualified proposals. If final scores are tied or very close, making selection difficult, the oral interview procedure may be necessary and appropriate for making the final selection of the consultant.

Total scores will be determined by adding the points received for technical qualifications

(maximum of 75 points) plus the points received for the cost of the project (maximum of 25 points). The total score will be determined by the following formula:

Technical Score for This Firm X 75 = Technical Score
Highest Technical Score Received

plus

Lowest Cost of All Proposals X 25 = Cost Score
Cost of Bid for This Firm

In the event that oral interviews are necessary, additional points will be given on a scale of 0 - 10. While the total score will be a significant factor, the County reserves the right to make a final selection.

The County will honor requests for monthly progress payments upon certification by the Tuscola County Controller/Administrator.

REQUEST FOR QUALIFICATIONS

The Tuscola County Board of Commissioners will accept proposals of qualifications and costs for a complete audit of the entities, funds, accounts, and records of the County of Tuscola.

Eight (8) copies of your qualifications and one (1) copy of your cost proposal must be in **separate** sealed envelopes, clearly marked "Auditing Proposal" and forwarded to Michael R. Hoagland, Tuscola County Controller/Administrator, 207 E Grant Street, Caro, Michigan 48723, no later than Friday, November 19, 2010 at 4:00 p.m. Qualification packets will be opened by the Audit Review Committee at 4:00 p.m. on Friday, November 19, 2010. Questions regarding this request for qualifications shall be directed to the Tuscola County Controller/Administrator.

Specifications for the audit are available at the Tuscola County Controller/Administrator's Office between the hours of 8:00 a.m. -12:00 p.m. and 1:00 p.m.-4:30 p.m.

The County reserves the right to accept or reject any or all proposals, or to negotiate with any responding consulting firm. The County of Tuscola assumes no liability for any costs incurred in preparing a proposal.

Michael R. Hoagland
Controller/Administrator