

Lititz Borough Lancaster County, Pennsylvania

Requests for Proposals: Independent Financial Audit and Related Services for the fiscal year 2023-2025

Issued: April 26, 2023

Responses due: June 9, 2023

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1. INTRODUCTION

Lititz Borough was incorporated in 1888 and is a full-service municipality. Lititz Borough owns a 4 million gallon a day wastewater treatment plant and a 3 million gallon per day water treatment plant. In addition, Lititz Borough encompasses 33 miles of road, has 45 total employees, including 16 Police officers, a volunteer fire company and five parks that total 16.3 acres.

Lititz Borough provides water, sewer, zoning, permitting, trash/recycling, street maintenance, leaf collection, and park services to approximately 9,500 residents in approximately 3,700 households.

Lititz Borough is seeking a proposal (RFP) for an independent audit of Lititz Borough and Lititz Borough Authority's financial information and related services for the fiscal year ending December 31, 2023, 2024 and 2025.

2. SCOPE OF WORK

The scope of the audit should include all major funds for Lititz Borough. A separate financial audit of Lititz Borough Authority will also be required. The 2022 audited financial statement sufficiently describes the scope of the audit organization – the form of government, applicable component units, funds and activities, significant accounting policies and other appropriate information. A copy of the 2022 audit can be obtained by contacting Rob McFadden (rmcfadden@lititzborough.org).

Please note that Lititz Borough Authority financial statements are presented on a cash basis, while Lititz Borough financial statements are presented on accrual basis.

3. REQUIREMENTS

The audit will be performed according to auditing standards generally accepted in the United States of America (GAAS). If a single audit is required, then all applicable work will be completed to the standards applicable to financial audits contained in Government Auditing standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance. Please note that Lititz Borough does not anticipate a single Federal Audit for fiscal year 2023.

The selected firm will be required to comply with the requirements of the Commonwealth of Pennsylvania, related to auditors including as those stated in the Pennsylvania Borough Code.

4. REPORTS and DELIVERABLES

Following the completion of the audit of the Borough of Lititz fiscal year financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

The auditor shall communicate, in a letter to management, any significant deficiencies and material weakness found in the internal

control system during the audit. All other control deficiencies discovered by the auditor shall be reported in a separate letter to management.

The auditor is required to make an immediate written report of all fraud or illegal actions of which they become aware of to the Managing Director of Administration and Operations.

All working papers and reports must be retained, at the auditor's expense, for a minimum of six (6) years, unless the firm is notified, in writing, by Lititz Borough of the need to extend the retention period. In addition, the awarded firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Other deliverables include: Concise Statement for Publication, Commonwealth of Pennsylvania Annual Audit and Financial Report (DCED-CLGS-30), Joint Sewer Services Schedules prepared in accordance with the provisions of the Sewer Capacity and Service Agreement among the Borough of Lititz, Lititz Borough Authority and Warwick Township Municipal Authority with Joinder by Warwick Township dated December 16, 1998 as amend (contractual basis).

5. NON – ATTEST SERVICES

The awarded firm will provide a proposal to adjust entries necessary to convert the Borough of Lititz internal journal from cash to GAAP.

The awarded firm will provide maintenance of the capital asset list for the Borough. This will include depreciation costs, additions to/disposal of from prior year schedules.

Preparation of the auditee section of the Data Collection Form (Form SF-SAC)

Calculation of the money weighted rate of return on pension plan assets

Assistance with accounting related to new Governmental Accounting Standards Board (GASB) Standards.

6. QUALIFICATIONS

- a. Respondents must currently be licensed in the Commonwealth of Pennsylvania
- b. Respondents must be actively practicing as Certified Public Accountants and must have been practicing for a minimum of 5 years prior to the date of submission.
- c. Respondents must be actively engaged in auditing governmental units in Pennsylvania and must be actively engaged in the performance of such audits for a minimum of 5 years.
- d. A description of the firm's experience in the area of governmental accounting and auditing.
- e. A listing of current and recent governmental audit clients.
- f. Resumes of respondent's staff who will be assigned to perform the audit. These resumes must indicate relevant experience in the governmental accounting and auditing area within the last 5 years and state or other licensing/certification as appropriate.
- g. A listing of related types of management and consulting services available from the firm.
- h. Demonstrate knowledge and experience specific to Single Audit experience.

- i. Any additional relevant and necessary information to demonstrate qualifications to provide all necessary services.

7. PROPOSAL RESPONSE

It is suggested that responses to the RFP be formatted as closely as possible to the following with all cost proposals and other supplemental supporting documents segregated. See Appendix A

- Title Page
- Table of Contents
- Letter of Transmittal
- Profile of the Auditor
- Auditors approach to the performance of services
- Insurance and performance requirements
- Two References
- Copy of the firm's latest peer review letter (within the last three years and an unmodified report)
- Cost proposal
- Additional data

Lititz Borough and Lititz Borough Authority respectfully ask that proposal are received no later than June 9, 2023. The proposal and cost schedules should be valid for 60 days.

8. LITITZ BOROUGH CONTACT INFORMATION

The auditor's principal contact with Lititz Borough will be Rob McFadden, CFM, Managing Director of Administration and Operations. Please note at times the auditor will work closely with Kristen Brady, Finance Manager, and other Borough staff and or contractors. The auditor's principal contact with Lititz Borough Authority will be Ed Brown, Chairman of Lititz Borough Authority.

9. TIMING

Interim fieldwork may be performed, as desired, during the 4th quarter of the preceding year or January following year end. Audit fieldwork is requested during the 2nd week of February. Please note, to comply with filing dates, the Borough Council meets the 4th Tuesday of each month and Lititz Borough Authority meets the 4th Thursday quarterly. Lititz Borough will provide a conference room for audit fieldwork.

10. CRITERIA FOR EVALUATION

Lititz Borough will evaluate the proposals using an emphasis on the governmental experience of the auditing firm, the qualifications of the specific personnel assigned to the audit and an in-person interview. The reasonableness and overall cost associated with the project budget will also be considered. Lititz Borough reserves the right to reject any or all proposals, and to request additional information from any firm submitting a proposal and to negotiate terms to address performance criteria, costs, and any other aspect of the proposal.

APPENDIX A

- Approach to develop an understanding of Lititz Borough, including internal control, and intended reliance on internal control structure in efforts to reduce substantive testing of financial statements of accounts and disclosures
- Audit methodologies and programs used.
- Anticipated timing of field work, size of field team and duration of field work.
- Processes used to communicate deficiencies and weaknesses identified.
- Nature and extent of supervisory review throughout the audit process. All information related to quality assurance and quality control related to review of financial statements and related services.
- Specific deliverable dates for DCED reporting and audited financial statements.