REQUEST FOR PROPOSALS PROFESSIONAL AUDIT SERVICES

HALFMOON TOWNSHIP, CENTRE COUNTY PENNSYLVANIA

DUE DATE: OCTOBER 3, 2022 on or before 3:00PM

Halfmoon Township, Centre County
100 Municipal Lane
Port Matilda, PA 16870
814-692-9800
Fax 814-692-7585

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I. INTRODUCTION

A. General Information

Notice of Invitation

Halfmoon Township in Centre County Pennsylvania, a township of the Second-Class, invites qualified firms of Certified Public Accountants to submit a proposal to conduct the annual audit of the Township (hereafter, the "Township") for the fiscal year ending December 31, 2022, with an option to audit the fiscal years ending December 31, 2023 and December 31, 2024. This request also includes the preparation and filing of the related reports for the Department of Community and Economic Development (DCED).

After the first year, the Township reserves the right to extend the agreement and tore-negotiate rates, terms and conditions based on changes of circumstances or issue a new RFP for the audit, as may be in the Township's best interest. The audit is to be conducted in accordance with generally accepted auditing standards in accordance with the cash basis of accounting.

Section II of this Request for Proposal explains the Nature of Services Required that your firm is asked to provide a response.

There is no expressed or implied obligation for the Township to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

1. Proposal Submission

Prospective firms should submit detailed proposals on or before 3:00pm on October 3, 2022. Electronic Proposals are acceptable. Proposals should be mailed or delivered to:

Brett G. Laird, Township Treasurer
Halfmoon Township
100 Municipal Lane
Port Matilda, PA 16870
blaird@halfmoontwp.us

Please verify receipt of proposal!

Proposal cover letters should designate who can answer questions concerning the submitted proposals. An officer empowered to bind the firm submitting the proposal must sign the proposal.

2. Proposal Format

One original and three copies of each proposal should be submitted in the format outlined in Section III, "Proposal Document Instructions."

3. Questions and Site Visits

Appointments can be made by contacting Brett G. Laird, Township Treasuer, Halfmoon Township, via email at blaird@halfmoontwp.us , or by mail at the Township address.

Any questions should be submitted in writing to:

Brett G. Laird, Township Treasurer
Halfmoon Township
100 Municipal Lane
Port Matilda, PA 16870

Questions will be provided to each firm invited to submit a response to this RFP and any other firm indicating an interest in responding.

Exceptions to Specifications

Any exceptions to these specifications shall be listed and fully explained on a separate page entitled "Exceptions to Specifications", prepared by the bidder on its firm's letterhead, to be attached to and submitted with these documents at the time of submission of the proposal. Each exception must refer to the page number and paragraph to which it pertains. The nature of each exception shall be fully explained. Bidders are cautioned that any exceptions to these specifications may be cause for rejection of the proposal.

Should a bidder submit a proposal where any exception is not clearly marked, described and explained, the Township will consider the proposal to be in strict compliance with these specifications. If then awarded an agreement, the successful bidder shall comply with all requirements in accordance with these specifications.

4. Contract Terms

The proposal should be on a fee basis as defined in Section III, "Proposal Document Instructions."

All firms submitting a proposal shall agree to not include a provision in a contract or agreement with the Township requiring the Township to hold harmless or indemnify any person, partnership, association, corporation or other form of entity.

By responding to the bid, the firm is agreeing to the terms, conditions and requirements set forth herein, unless expressly noted in writing in the firm's written submission.

5. Schedule of key dates for the documents

October 3, 2022	Submit sealed proposals by 3:00PM (EST)
October 13, 2022	Township's selection and approval
November 17, 2022	Appointment of auditing firm by Board
Week of January 16 – 20, 2023	Audit planning meeting with Township Staff
By March 24, 2023	Electronic and paper delivery DCED financials for fiscal year. Consolidated financial statements for advertising. Filing of DCED report by auditor. Real Estate Tax Collection Financial Statements.

B. Evaluation and Selection of Proposals

The Township will perform the evaluation of proposals in accordance with the criteria set forth at Appendix A. The following criteria will also be considered in the evaluation:

1. Audit Approach
2. The audit firm is licensed to practice in the Commonwealth of Pennsylvania.
3. The firm is independent.
4. The firm has no conflicts of interest with regard to any other work performed for the Township.
5. The firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal.
6. The firm's past experience and performance on comparable engagements (include at least 3 references)
7. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for consultation.
8. Expertise with federal and state financial auditing requirements
9. The firm's Peer Review results under the AICPA's Peer Review Program
10. Other criteria as deemed prudent.
11. The Township reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Subcontracting

Firms are not permitted to subcontract or assign any part of the work covered under the scope of the audit engagement, without the express prior to written consent of the Township.

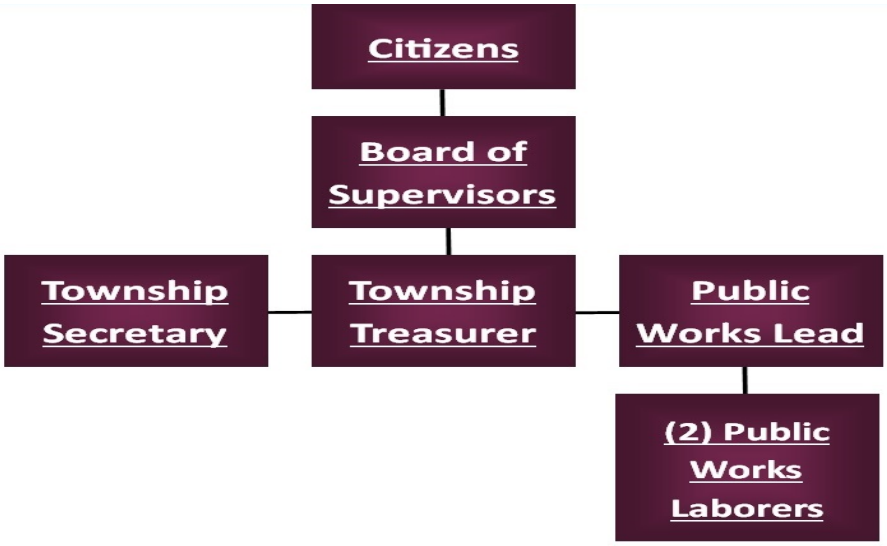
D. Description of Entity and Records

The Township maintains the following funds: General (01), Street Light (02), Fire Protection (03), Open Space Preservation (04), Park & Recreation (18), Capital Reserve (30), Liquid Fuels (35). The balance of all funds combined is approximately $2.7 M.

In addition to the following funds, the Real Estate Tax Collections of the Township is maintained in a separately audited set of books and records.

The Township uses QuickBooks accounting software and has separate companies for each fund listed above, except for the General Fund (01) and Street Light Fund (02) are combined. Companies are set on a modified cash basis for reporting purposes.

The Township organization chart is as follows as of July 19th:



II. NATURE OF SERVICES REQUIRED

A. Scope of Work

Township desires the audit firm to express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The financial statements will be presented in accordance with the cash basis of accounting. The auditor is to provide an opinion on the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township based on the auditing procedures applied during the audit of the financial statements and the reports of other auditors, as applicable.

The scope of the audit includes the following funds of the Township: General (01), Street Light (02), Fire Protection (03), Open Space Preservation (04), Park & Recreation (19), Capital Reserves (30), Liquid Fuels (35).

In addition to the following funds, the Real Estate Tax Collections of the Township is maintained in a separately audited set of books and records and shall be a separate deliverable.

The Township requires an audit presentation for the Board of Supervisors at a public meeting annually, summarizing financial results and benchmarked against similarly sized/type and/or geographically similar municipalities.

B. Auditing Standards to be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with following standards as applicable:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts,
2. Audits of States, Local Governments, and Non-Profit Organizations
3. Any future audit conventions, audit procedures or audit pronouncements from or by any state or federal funding agency, entity establishing generally accepted auditing standards, or statue from a governmental entity or regulation from a grantor agency or other authoritative entity concerning audits of funds or programs operated, administered, or managed by the Township.

C. Audit Timing and Reports to be Issued

Preliminary work can be performed after December 12, 2022, prior to year-end.

Field work timing will be mutually agreed, yet no sooner than January 9, 2023.

The following reports are required to be issued timely:

1. Township DCED Financial Report
2. Real Estate Tax Collection Financial Report
3. Copies of adjusting entries and trial balances, if applicable, will be provided to the Township upon completion of the audits.

D. Working Paper Retention and Access to Working Papers

All audit working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the Township of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. Halfmoon Township, Centre County
2. U.S. General Accounting Office
3. U.S. Department of Health & Human Services
4. Pennsylvania DCED
5. Inspectors General
6. Parties designated by the federal or state governments or by the Township as part of an audit quality review process.
7. Auditors of entities of which the Township is a sub-recipient of grant funds.

In addition, the 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.

III.PROPOSAL DOCUMENT INSTRUCTIONS

A. General Requirements

One original and three copies of each proposal should be submitted. Proposals should include the following:

1. Title page, including:
   a. The name, address and phone number of the bidder's contact person
   b. The name and address of the firm
2. Transmittal letter, including:
   a. a brief statement as to the bidders understanding of the work to be performed, the commitment to perform the work within the time period, and a statement as to why the firm believes it to be the best qualified to perform the engagement.
   b. the period of time for which the offer will be honored, which should be at least 120 days from the date of the proposal
   c. a signature of the person authorized to commit the firm.
3. Body of proposal–see below
4. Executed copies of Proposal Guarantee and Proposal Warranties, provided in the attachments and Appendices B through E.

B. Body of Proposal

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Township in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation.

The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the requirements of the Request for Proposals.

The proposal should address all the points outlined in the Request for Proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the bidder's capabilities to satisfy the requirements of the Request for Proposal. While additional data may be presented, responses to items Nos. 1 through 8 must be included. They represent the criteria against which the proposal will be evaluated.

1. Independence

The firm should provide an affirmative statement that it is independent of Halfmoon Township, Centre County as defined by current professional standards. Professional standards refer specifically to Generally Accepted Auditing Standards as established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards established by the U.S. General Accounting Office.

2. Licensed to Practice in Pennsylvania

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in Pennsylvania.

3. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff and the location for the office from which the audit will be performed.

If the bidder is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review (Peer Review), with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. Partner, Manager, Supervisor and Staff Qualifications and Experience

The firm should identify the key management and supervisory staff, including engagement partners, managers, and other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a Certified Public Accountant in Pennsylvania. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Engagement partner, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to other clients or offices. These personnel may also be changed for other reasons. However, the Township retains the right to approve or reject replacements.

5. Similar Engagements with Other Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this Request for Proposals. (At least (3) of the engagements should be governments). Indicate the scope of work, dates of the engagements, name of engagement partner, total audit hours and the name and telephone number of the principal client contact.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II.B. of this Request for Proposals. In developing the work plan, references should be made to such sources of information as the Township's prior period Financial Report, budget and related materials.

Proposals will be required to provide the following information on their audit approach:

a. Proposed segmentation of the engagement (if any) with anticipated time frames for each segment.

b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
c. Extent of use of EDP software in the engagement.
d. Type and extent of analytical procedures to be used in the engagement.
e. Approach to be taken to gain and document an understanding of the Township's internal control structure.
f. Approach to be taken in determining laws and regulations that will be subject to audit test work.
g. Identification of the approach used to test of controls and test compliance.
h. Identification of the extent of substantive tests of balances procedures to be performed.
i. Identification of the firm's pre-issuance report review procedures that the Township's audit reports will be subject to. If firm personnel other than members of the engagement team will be involved in the pre-issuance report review, those individuals should be identified.

7. Identification of Potential Problem Audit Areas

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested by the Township.

8. Cost

a. Total All-Inclusive Minimum to Maximum Price Range

The proposal should contain all pricing information relative to performing the audit engagement as described in this Request for Proposals. The total all-inclusive price range to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. The proposed price range should be documents in the format included in Appendix D.

The Township will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar bid. Such costs should not be included in the proposal.

b. Rates by Partner, Manager, Supervisor and Staff

The proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment, Appendix D, which supports the total all-inclusive minimum to maximum price.

c. Out-of-Pocket expenses for firm personnel (e.g., travel, lodging, meals, etc.)

Should be included on the schedule of professional fees and expenses in the format provided in the attachment, Appendix D expense reimbursements will be charged against the total all-inclusive price range submitted by the firm.

d. Additional Professional Services

The firm shall notify the Township prior to beginning any billable work outside the scope of this agreement.

If it should become necessary for the Township to request the auditor to render any additional services to supplement the services requested in this Request for Proposals, then such additional work shall be performed only if set forth in an addendum to this agreement or a separate agreement between the Township and the firm.

IV.SPECIAL PROVISIONS

A. Prerogatives

The Township reserves the following prerogatives.

1. To reject any or all proposals
2. To change audit phase and report due dates
3. To terminate the contract following 30 days written notification to the audit firm

B. Contract Period

The purchase of professional services contract shall apply to the annual audit of the period ending December 31, 2022 with the option to audit the fiscal years ending December 31, 2023 and December 31, 2024.

C. Assignability

The contractor cannot transfer any interest or provide for the assignment of the purchase of professional services contract with Halfmoon Township, Centre County either in whole or in part, without the expressed written permission and written consent of the Township Supervisors.

D. Payment

Payment for services rendered based upon receipt of an itemized statement from the audit firm. The itemized statement shall describe hours spent by each staff level. All billing amounts should be allocated to departments by the audit firm for appropriate costing based on actual audit hours spent or allocated to each department.

All billings should indicate the percentage for work completed. Amounts billed of the maximum price will not exceed the percentage of completion. Not more than 80% of the fee will be paid prior to receipt of a draft copy of the audit firm's opinion letter for the Financial Report and management letter comments.

E. Ownership

All proposals and reports become the property of Halfmoon Township upon submission, for use as deemed appropriate. Work papers must be available for references and reproduction by the Township for a period of seven years from submission of the reports. Copies of adjusting entries and trial balances, if applicable, will be provided to the Township upon completion of the audits.

F. Confidentiality

All proposals, for the purpose of bidding, will be kept in strict confidence by the Board of Supervisors and the Township. The invitees and subsequently selected audit firm may not issue news releases or other public notification regarding this project without prior approval from the Board of Supervisors.

G. Special Meetings

A planning meeting will be held prior to the start of audit work each year, at the request of the Township Treasurer.

Progress meetings will be held as deemed necessary by the Township Treasurer to gauge audit progress and assist in facilitating the timely completion of the audit.

An exit conference will be held at the end of the audit to discuss findings and recommendations resulting from the audit work performed and a draft copy of the report will be provided at this time. In addition, special meetings will be scheduled when matters involving the potential of fraud, theft, misuse or misrepresentations on financial or grant reports, or similar matters are discovered that require notification and/or the determination of a course of action. Scheduling of these meetings will be the responsibility of the audit firm and shall include the Township Treasurer.

H. Insurance Requirements

The audit firm selected to provide the Scope of Work herein (Work) shall be required to secure, maintain and provide evidence of insurance, acceptable to the Township, as indicated below:

Professional liability (or errors or omissions liability) insurance that insures against claims alleging acts, errors and omissions arising out of or in connection with the Work provided to the Township, with minimum limits of $1,000,000 per occurrence and $1,000,000 annual aggregate.

Employee theft insurance including client's property coverage, insuring all employees providing Work to the Township, with minimum limits of $1,000,000 each occurrence.

Worker's Compensation–Statutory limits for all of the audit firm's employees and employers' liability insurance with minimum limits of $100,000 each accident for bodily injury by accident; $100,000 each employee for bodily injury by disease; and $500,000 policy limit for bodily injury by disease.

Commercial general liability insurance that insures against bodily injury, property damage, personal and advertising injury claims arising out of or in connection with the Work provided to the Township. The minimum limits of liability for this insurance are $1,000,000 combined single limit each occurrence; $1,000,000 personal and advertising injury; $2,000,000 combined single limit general aggregate; and $1,000,000 combined single limit products/completed operations aggregate.

The commercial general liability policy shall specifically name Halfmoon Township and its elected and appointed officials, officers, directors and employees as an additional insured, on a primary and non-contributory basis.

Liability insurance as required hereunder shall be in force and current evidence of insurance must be on file with the Township, throughout the term of the contract. Each policy shall be endorsed to provide that the policy is not subject to cancellation or non-renewal until sixty (60) days' advance written notice has been given to the Township. For cancellation due to non-payment of premium, ten (10) days prior written notice is due to the Township.

All insurers underwriting audit firm's insurance must be allowed to do business in the Commonwealth of Pennsylvania and acceptable to the Township. The insurers must have a Best's Financial Strength Rating of "A-"or better, and a Financial Size Category of "Class VII" or higher, unless the Township grants specific approval for an exception.

If any liability insurance purchased by the audit firm has been issued on a "claims made" basis, audit firm must comply with the following additional conditions. The limits of liability and the extensions to be included remain the same.

Audit firm must either:

- Agree to provide certificates of insurance to the Township evidencing the claims-made coverages for three (3) years after termination of the contract. Such certificates shall evidence a retroactive date no later than the beginning of Work under the contract; or

- Purchase a three (3) year extended reporting period endorsement for each such "claims made" policy in force as of the date of termination of the contract, and evidence the purchase of this extended reporting period endorsement by means of a certificate of insurance and a copy of the endorsement itself. Such certificate or copy of the endorsement shall evidence a retroactive date no later than the beginning of Work under the contract.

Any deductibles or retentions of $5,000 or greater shall be disclosed by the audit firm and are subject to the Township's written approval. Any deductible or retention amounts elected by the audit firm or imposed by the audit firm's insurer(s) shall be the sole responsibility of the audit firm and are not chargeable as expenses.

The audit firm will be responsible for loss of or damage to the audit firm's property, equipment and materials and shall waive all rights against the Township and its elected and appointed officials and employees for loss of or damage to the audit firm's property, equipment and materials. Any property insurance policies maintained by audit firm shall permit waivers of subrogation by endorsement or otherwise.

I. Indemnification

To the fullest extent permitted by law, the audit firm shall indemnify, hold harmless and defend Halfmoon Township and its elected and appointed officials, officers, directors and employees from and against all claims, damages, losses, injuries and expenses that are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, including the loss of use resulting therefrom, caused in whole or in part by any act or omission of the audit firm performing Work under the contract, regardless of whether or not such claims, damages, losses, and expenses are caused in part by a party indemnified hereunder.

APPENDIX A

After determining that a proposal satisfies the mandatory requirements stated in the request for audit services, the comparative assessment of the relative benefits and deficiencies of the proposal in relationship to published evaluation criteria shall be made by using subjective judgment. The award of a contract resulting from this request for auditing services shall be based on the best proposal received in accordance with the evaluation criteria stated below:

After an initial screening process of the RFP, a technical question-and-answer conference or interview may be conducted, if deemed necessary by the Township to clarify or verify the bidder's proposal and to develop a comprehensive assessment of the service.

Halfmoon Township reserves the right to consider historic information and fact, whether gained from the bidder's proposal, question-and-answer conferences, references or any other source, in the evaluation process.

The bidder is cautioned that it is the bidder's sole responsibility to submit information related to the evaluation categories and that Halfmoon Township is under no obligation to solicit such information if it is not included with the bidder's proposal. Failure of the bidder to submit such information may cause an adverse impact on the evaluation of the bidder's proposal.

A. Auditor Evaluation Criteria and Rating

Criteria	Point Value
1. Prior experience of Firm and Staff	25
a. Auditing State, Township and/or local government activities	
b. Designing and installing accounting systems	
2. Organizational size and structure of Proposal's firm Consider size and capabilities of Proposal in relation to demands of tasks to be preformed	25
3. Qualifications of staff to be assigned to the audit. This will be determined by any and all of the following: resumes submitted, education, position in firm, years and types of experience.	25
a. Audit team makeup	
b. Overall supervision	
4. Price of Audit	25
Maximum Points	100

The Township will use the total scores as a guide in selecting an auditor. The Township also reserves the right to negotiate with any bidder, if it is deemed in the best interest of Halfmoon Township.

APPENDIX B

BIDDER GUARANTEE

The bidder certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of official: _____

Name: _____

Title: _____

Firm: _____

Date: _____

This page **must** be signed and submitted as part of your RFP to be considered valid.

APPENDIX C

BIDDER WARRANTIES

A. Proposal warrants that it is willing and able to comply with Commonwealth of Pennsylvania laws with respect to foreign corporations.
B. Proposal warrants that it has errors and omissions insurance policy with coverage of not less than $1,000,000 for the willful or negligent acts or omissions of any partners, officers, employees, or agents thereof and proof shall be submitted upon award of the contract.
C. Proposal warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of official: _____

Name: _____

Title: _____

Firm: _____

Date: _____

This page **must** be signed and submitted as part of your RFP to be considered valid.

APPENDIX D

SUMMARY SCHEDULE OF PROFESSIONAL FEES AND EXPENSES (ALL INCLUSIVE MINIMUM TO MAXIMUM PRICE RANGE) FOR PROFESSIONAL AUDIT SERVICES FOR THE YEAR ENDED DECEMBER 31, 2022

Total all-inclusive minimum to maximum price range for audit services as described herein:

$_____

Rates by:

Partner _____

Manager _____

Supervisor _____

Staff _____

Out-of-pocket expenses included in the all-inclusive minimum to maximum price range

$_____

_____

Name

_____

Title

_____

Firm

_____

Date

This page **must** be signed and submitted as part of your RFP to be considered valid.

APPENDIX E

RFP EXCEPTIONS PAGE

The Proposal must note below all exceptions to the RFP specifications.

I certify that the following are the only exceptions to the RFP specifications and all forms attached.

If your submission meets all specifications for this RFP except as noted above, sign here:

_____

Name and Title

_____

Company

_____

Date

This page **must** be signed and submitted as part of your RFP to be considered valid.