

**REQUEST FOR PROPOSALS:  
2021-2023 INDEPENDENT AUDITS,  
GENERAL PURPOSE FINANCIAL STATEMENTS,  
AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS  
TOWNSHIP OF LOWER GWYNEDD, PENNSYLVANIA**

The Lower Gwynedd Township hereby invites independent certified public accounting firms to submit a proposal for the performance of an annual audit of the Township's financial accounts, records, and procedures and to assist in the preparation of a comprehensive annual financial report covering fiscal (calendar) years 2021, 2022, and 2023.

An annual audit is conducted to have the independent auditor render an opinion regarding the fair presentation of applicable financial statements and the compliance of the Township with applicable state and federal statutes and regulations, and with Generally Accepted Accounting Principles (GAAP).

The Township uses the results of the annual audit in accordance with *Concepts Statement 1 of the Governmental Accounting Standards Board (GASB)*, that is, as a tool for providing financial information useful for making economic, political, and social decisions; for demonstrating accountability and stewardship; and for evaluation managerial and organizational performance.

**I. General Information**

- I.1** The Township is a municipal corporation of the Commonwealth of Pennsylvania and is governed by the Second Class Township Code, as amended general state law, and the state Constitution.
- I.2** *Population.* The Township's 2020 population, according to the U.S. Census Bureau, was 12,706.
- I.3** *Budget.* The Township's 2021 Budget totaled \$17,654,120 of which \$8,592,960 consisted of the General Fund. Funds include the following:

- General Fund
- Street Light Fund
- Fire Protection Fund
- Fire Hydrant Fund
- Recreation
- Sewer Operating Fund
- Sewer Capital Fund
- Open Space Fund
- Capital Reserve Fund
- Stormwater Management Fund
- Traffic Impact Fund
- State Highway Aid Fund

The Township has no debt obligations at this time.

Major departments of the Township include: Administration, Finance, Building and Zoning, Parks, Police and Public Works (including sewer).

The Township outsources Sewer Billing and Collections.

- I.4 *Employment Levels.* The Township work force, as of December 31, 2021 comprises, 39 full-time employees (including 18 uniformed police officers), plus approximately 3 part-time and seasonal employees.
- I.5 The most recent audit was performed in 2020 for the period covering January 1 through December 31, 2020. A copy of that audit is enclosed for information purposes. Other relevant statistical information about the Township is available on the Lower Gwynedd Township home page on the Internet at <http://www.lowergwynedd.org>.
- I.6 The Township's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to government units.
- I.7 The Township's accounts are maintained on a *modified accrual basis*. The accounting system is composed of a general ledger and various subsidiary ledgers, most of which are supported on Munis GUI software and a networked personal computer system. Many of these subsidiary ledgers are supplemented by Excel and Access and are maintained on personal computers.
- I.8 The Township is subject to the Single Audit Act requirement for 2021 and is expected to be subject to the requirement for 2022.

## II. Scope and Specifications of Audit

- II.1 The auditor shall complete an audit, in accordance with generally accepted auditing standards, for 2021, 2022, and 2023, covering the period from January 1 through December 31 each year.
- II.2 The annual audit shall consist of a financial and compliance review of the Township's general purpose financial statements.
- II.3 The audit shall include the following Township funds and account groups, as well as other funds that may be added from time to time:

### *--Fund Types--*

- A. *Governmental Funds:*
  - 1. General Fund
  - 2. Street Light Fund
  - 3. Fire Protection Fund
  - 4. Fire Hydrant Fund

5. Recreation Fund
6. Open Space Fund
7. Capital Reserve Fund
8. Traffic Impact Fund
9. State Highway Aid Fund

B. *Propriety Funds*

1. Sewer
2. Sewer Capital Reserve
3. Stormwater Management Fund

C. *Fiduciary Funds*

1. Police Pension Fund
2. Non-Uniform Employee Pension Fund
3. OPEB Fund

-- *Account Groups* --

A. *General Fixed Assets*

B. *General Long-Term Debt*

**II.4** The auditor shall adhere to generally accepted auditing standards set forth by the *American Institute of Certified Accountants (AICPA)*.

**II.5** As part of the annual audit, the auditor shall prepare the following:

- A. The independent auditors' *Report on the Township's General Purpose Financial Statements*.
- B. The *General Purpose Financial Statements*, including the combined balance sheet; combined statements of revenues, expenditures, and changes in fund balances (on both a budgetary and GAAP basis); footnotes to the financial statements in accordance with GAAP; and combined statements for Special Revenue Funds.
- C. Required supplementary information, including an analysis of the Township's pension plans and OPEB plan in accordance with *GASB Statements 67, 68 and 75*.
- D. The Municipal Annual Audit and Financial Report for timely submissions to the Pennsylvania Department of Community and Economic Development, and to other required parties. As required by law, the auditor's report in this document must be a bona fide audit report.

A *Management Letter* to include, but not be limited to the following information:

1. Assessment of strengths of fiscal controls observed, assessing their impact on the Township's financial management.
  2. Material weaknesses or other reportable conditions that are observed or come to the auditors' attention during the audit of the General Purpose Financial Statements.
  3. Proposed options for improvement along with the observations of improvements made.
- E. The General Purpose Financial Statements shall comply with all GASB statement requirements currently effective.

## **II.6 Use of Township Staff in Preparing the Annual Audit**

- A. Township Finance Department staff will be available in each year's audit—as a means of reducing audit fees and completing the audits in a timely manner—to prepare trial balances and other basic supporting schedules, from which in part the auditor will formulate the General Purpose Financial Statements.
- B. Therefore, the auditor shall state in its proposal how it plans to use qualified Township staff to assist in the audit. *Specifically, the auditor shall list those tasks that Township staff are expected to complete under the auditor's basic fee.*
- C. *In addition, if there are any other tasks that the auditor's staff normally would perform as part of its basic fee—but that qualified Township staff could perform instead, the auditor shall list those tasks along with the resultant fee reductions.*

**II.7** The auditor shall provide the Township with copies of its working trial balances, adjusting journal entries, and other working papers and analyses used to prepare the financial statements upon completion of each year's field work (i.e., on or about May 1).

## **III. Tentative Annual Schedule**

**III.1** The Township will make every effort to provide an adequate, comfortable working area for the auditor's staff so that the audit can be accomplished in an efficient and timely manner.

**III.2** Work on the annual audit shall be according to a schedule agreeable to both the Township and the auditor, provided that initial field work shall generally begin no earlier than **January 31<sup>st</sup>**.

### **III.3** Audit Report, including General Purpose Financial Statements

- A. The auditor shall submit a written draft of the annual audit report and the General Purpose Financial Statements to the Township no later than **May 1**.
- B. The auditor shall complete the final audit report and the General Purpose Financial Statements and deliver 12 bound copies of such to the Township no later than **June 1**.

**III.4** The auditor each year shall have electronically filed, assembled and bound the *Commonwealth of Pennsylvania Municipal Annual Audit and Financial Report* and deliver it no later than **April 1** to the Pennsylvania Department of Community and Economic Development and other agencies. Eight copies of this report shall be delivered to the Township Manager no later than **April 1**.

**III.5** Adjustments to any nonstatutory deadlines listed herein may be granted with the mutual consent of the parties.

### **III.6** Assistance with Completion of Other Reports—

- A. The auditor shall also complete in a timely manner other federal and state reports that may be required outside the general scope of the annual audit described herein, including audits required under the Single Audit Act.
  - B. The auditor shall be available to complete other reports, at the Township's request, such as Moody's Investors Service financial surveys, U.S. Department of Census surveys, Borrowing Base Certificates, and Debt Statements.
- A. The auditor may charge a separate fee for service rendered under Section III.6. A. and B. based upon the hourly rates listed in its proposal.

**III.7** The partner and the senior manager in charge of the audit shall be available to attend a minimum of two public and /or private meetings with the Township Board of Supervisors, plus a reasonable number of other meetings with Township management to discuss the audit report and the Management Letter.

## **IV. Qualifications of the Auditor**

**IV.1** The auditor shall demonstrate that its management and professional staffs have an extensive background, knowledge, and experience in Pennsylvania municipal government accounting and auditing. This shall include, but not be limited to, involvement in various related professional associations (e.g., Government Finance Officers Association, Association of Government Accountants, and AICPA committees).

**IV.2** The auditor’s accounting staff must meet and document the ongoing continuing education requirements of the U.S. General Accounting Office (GAO).

**IV.3** The auditor must meet and document the ongoing peer review requirements for compliance with professional standards established by the GAO and by the AICPA. If available, *the auditor shall include a copy of its most recently completed peer review report with its proposal.*

**V. Instructions Regarding Proposals**

**V.1** Three copies of the auditing firm’s proposals should be addressed to: Craig T. McAnally, Township Manager, 1130 North Bethlehem Pike, P.O. Box 625, Spring House, PA 19477-0625.

**V.2 To be considered an auditor’s proposal must include the following:**

*A. Qualifications of the Auditor:*

1. A description of the firm, including the number of employees in partner, management, staff, and support positions—at the local, regional, and national levels. This shall include a description of non-auditing capabilities, resources, and expertise available at all levels—which the Township could utilize if needed.
2. A description of any partners, managers, and staff accountants that would be assigned to the audits of the Township. Included with this should be the total number of years of experience as an auditor and years of service with your firm.
3. A list of Pennsylvania municipalities and other local government jurisdictions (such as school districts, authorities, etc.) that the firm has audited in the past five years, including the name, address, and telephone number of one official in at least five (5) of those entities. A minimum of five (5) Pennsylvania municipalities shall be listed.
4. A statement attesting that the firm complies with the continuing education and peer review requirements of the GAO and the AICPA, along with supporting documentation.
5. A description of the firm’s experience in and commitment to serving the public sector in the Philadelphia Region, including affiliations, committee memberships, and board of directorships of related associations.
6. A statement attesting that the firm has “no personal interest, direct or indirect, in the fiscal affairs of the Township or any of its elected or appointed officials.”

7. A description of any regulatory enforcement actions taken against the firm or current or former principals or charges of substandard audit work within the last three (3) years.

**B.** *Technical Approach*

1. A statement as to whether the firm agrees to meet or exceed the specifications and schedules listed in Sections II and III, justifying any exceptions or modifications.
2. A tentative schedule for conducting each phase of the annual audit.
3. A brief description of the firm's auditing goals and objectives along with the audit procedures that the firm will follow, presented in a form that will facilitate the Township's evaluating the firm's ability to identify, analyze, and propose solutions to governmental financial controls and problems.

**C.** *Fees*

1. The total basic fee that the firm will charge for each annual audit for fiscal years 2021, 2022, and 2023 as described above.
2. An explanation of how the auditor will charge for expanded or related auditing services, such as required reporting under the Single Audit Act.
3. The hourly rates for each level of staff (partner, manager, staff accountant, and support staff) that the firm will charge for expanded or related auditing services.

**VI. Procedures and Timetable for Evaluating Proposals**

**VI.1** The Township shall evaluate the proposals based upon the following criteria:

- A. Firm's and staff's qualifications.
- B. Relevant municipal auditing experience.
- C. Familiarity with Lower Gwynedd Township's operations.
- D. Understanding of and responsiveness to the Township's auditing specifications.
- E. Reputation in general and as evidenced by client references.
- F. Proposed annual fees and hourly rates for additional work.

**VI.2** The Township expects to review all proposals received and recommend an award to the Board of Supervisors.

**VI.3** The Township may, at its discretion, conduct oral interviews with some or all of the firms that submit a proposal.

**VI.4** The Township reserves the right to reject any and all proposals as it deems in its best interest, to request additional information from a firm that has submitted a proposal, and to amend any provision of this Request for Proposals with proper notice to prospective firms.

## **VII. Contract, Billing, and Payment**

**VII.1** The firm selected to perform auditing services shall be required to prepare and engagement letter and to sign a separate contract with the Township, spelling out the major features of the 2021, 2022, and 2023 audits.

**VII.2** Timely payment for the audit shall be made by the Township as follows:

A. For the annual audit, the auditor may bill the Township according to the following schedule:

50 percent	upon completion of the field audits;
25 percent	upon completion and delivery of the state audit and financial report;
15 percent	upon delivery and completion of the final audit report; and
10 percent	upon delivery and presentation of the management letter, if any.

B. The auditor may bill the Township for other auditing services after they've been completed unless other billing arrangements have been agreed to.

## **VIII. Additional Information**

Questions about this Request for Proposals may be directed to one of the following Township officials, Monday through Friday during the hours of 9:00 AM to 5:00 PM, at 215-646-5302 or email address below:

*Craig T. McAnally, Township Manager* [cmcanally@lowergwynedd.org](mailto:cmcanally@lowergwynedd.org)

*Jamie Worman, Assistant Township Manager* [jworman@lowergwynedd.org](mailto:jworman@lowergwynedd.org)

*H. Charles Wilson, III, Finance Director* [cwilson@lowergwynedd.org](mailto:cwilson@lowergwynedd.org)

## **IX. Enclosures**

Annual Financial Report for Fiscal Year 2020

Municipal Annual Audit and Financial Report for Fiscal Year 2020