

Request for Proposal
Audit Services
City of Erie, Pennsylvania



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Request For Proposal
City of Erie, Pennsylvania

I. AUDIT SERVICES

A. INVITATION

1. Sealed proposals for Financial & Compliance Audit Services for the years ending December 31, 2020, 2021, and 2022, will be received by the City of Erie until 4:30 PM, April 24, 2020 in the Office of the Purchasing Manager, 626 State Street, Room 305, Erie, PA 16501.
2. Audits are to be performed in accord with generally accepted auditing standards, the standards for financial audits in the U.S. Government Accountability Office's (GAO) Governmental Auditing Standards, the provisions of the federal Single Audit Act of 1984 (as amended), and the U.S. Office of Management and Budget (OMV) Circular A128 (or its replacement), Audits of State and Local Governments. Additionally, the audit must comply with the Optional Third Class City Charter for the City of Erie, the Third Class City Code, the Pennsylvania Department of Labor and Industry's Requirements for Self-Insurance, and the Local Tax Enabling Act of December 31, 1965, P.L. 1257, No 511 (as amended).
3. Proposals must be submitted in the form of two (2) hard copies and (1) PDF copy to acilladi@erie.pa.us by the date requested. Proposals received after the time and date specified, whether delivered or by mail, will not be considered valid and will be returned unopened. Modified proposals submitted during the usual conduct of negotiations are not to be considered as late proposals.
4. No Proposals will be considered without the attached Proposal form signed by a proper official of the company and submitted in a sealed envelope. No telegraph, telephone, e-mail, or fax Proposals will be accepted.
5. Proposal terms, conditions and pricing must remain fixed and firm for ninety (90) days from receipt.
6. For a description of the City, its funds and component units, see the attached Schedule "A".
7. There is no expressed or implied obligation for the City of Erie to reimburse responding firms for any expenses incurred in preparing proposals in response to this RFP.

B. AUTHORIZATION OF INVITATION

1. On January 1, 1962 the City of Erie, PA adopted an Optional Third Class City Charter utilizing a "Mayor-Council Plan A" form of government.
2. Ordinance 121.08 of the City of Erie states "All accounts of the City shall be audited in accordance with generally accepted auditing standards by an independent certified public accountant selected by resolution of Council in the month of January following the close of the fiscal year."
3. The successful independent auditor(s) will work with the Department of Finance throughout the audit process. All drafts of audit reports should be submitted to the Department of Finance; however, the final audit reports should be addressed to the Mayor and City Council.

C. PREPARATION OF RFPs

1. Proposers are expected to examine any specifications, schedules, or instructions included in the RFP package. Failure to do so will be at the proposer's risk.
2. If erasures or other changes appear in the proposal, each erasure or change must be initialed by the person signing the submittal.
3. Receipt of amendments/addendums by proposer must be acknowledged on the appropriate City form, and included in the proposal.
4. Proposals must disclose the technical approach in as much detail as possible, including but not limited to the requirements specified in Section D, Technical Proposal, of this RFP. Major consideration shall be given to the evaluation of technical proposals, price, and client assistance package in awarding this contract.
5. Proposals are to be prepared simply, providing a straight forward, concise description of the successful proposers' capabilities to satisfy the requirements of this proposal. Emphasis should be on completeness and clarity of content.
6. Each copy of the proposal and all documentation shall be bound in a single volume.
7. Ownership of all data, materials, and documentation originated and prepared for the City pursuant to the RFP shall belong exclusively to the City and be subject to public inspection in accordance with the Freedom of Information Act. Trade secrets or proprietary information submitted shall not be subject to public disclosure; however, the proposer must invoke this protection in writing. The proprietary or trade secret material submitted must be identified. The classification of an entire proposal, line item prices and/or total proposal prices as proprietary or trade secret is not acceptable and will result in rejection and return of proposal.

D. QUESTIONS

1. There will be no Pre-Proposal Conference with regards to this project.
2. All questions concerning the RFP should be directed to:

Andria Cilladi
Purchasing Manager
Room 305, City Hall
626 State Street
Erie, PA 16501
acilladi@erie.pa.us

3. All questions must be submitted in writing to the above-named person. All questions must be received by 4:30 PM, prevailing time, on April 10, 2020. An addenda will be issued no later than 4:30 PM, prevailing time, on April 14, 2020.

E. MODIFICATION OR WITHDRAWAL OF RFP'S

1. A RFP that is in the possession of the City may be amended by letter or e-mail bearing the signature or name of the person authorized for bidding, provided it is received prior to the time and date of opening. The correspondence should not reveal the RFP price but should indicate the addition, subtraction, or other change in the RFP.
2. A RFP that is in the possession of the City may be withdrawn by the proposer in person or by written request up to the time of the RFP opening. RFP's may not be withdrawn after the opening.

F. NO CONTACT POLICY

1. After the date and time established for the receipt of proposals by the City, any contact by proposer with any City representative, other than the Purchasing Coordinator, concerning the RFP is prohibited. Any such unauthorized contact may cause the disqualification of the proposer from this procurement action.

G. MINORITY AND WOMEN BUSINESS ENTERPRISES

1. The City notifies all proposers that minority and women business enterprises will be afforded full opportunity to submit proposals in response to this RFP and will not be discriminated against on the basis of race, color, national origin or ancestry. Proposer hereby agrees that should proposer be awarded this contract, proposer will not discriminate against any person who performs work thereunder because of race, religion, color, sex, national origin or ancestry.

H. AWARD

1. The City of Erie reserves the right to award the contract without further negotiation of the proposals submitted. Therefore, the proposal should be submitted initially on the most favorable terms from both a price and technical standpoint. The City also reserves the right to reject any and all proposals or any part of any proposal, and waive any informalities or technical defects in proposals as is deemed in the best interest of the City.
2. The selection committee does have the responsibility to negotiate the most favorable cost terms and conditions to the City; the negotiating process may involve one or more RFP responses, and may continue until the award of the contract. All proposals will become part of the official file on this matter without obligation to the City.

I. CONTRACT REQUIREMENTS

1. The City shall have access to any books, documents, papers and records of the successful proposer which are pertinent to the contract, for the purpose of making audit, examination, excerpts and transcripts. The successful proposer shall maintain all records for five (5) years after final payment on the contract and any and all other pending matters are closed. After the five(5) year's retention period, the City shall have the option to take possession of the work papers whenever the successful proposer decides to dispose of them.
2. All reports, information, data, etc. furnished by the City to the successful proposer shall remain confidential and shall not be released by the successful proposer to any individual or organization without the prior written approval of the City.
3. No reports or other documents produced in whole or in part under this contract shall be the subject of an application for copyright by or on behalf of the successful proposer.
4. Content of the audit may not be released without the written consent of the City.

J. CONTRACT

1. A contract will be drafted by the City and executed by both the City and the successful proposer. Incorporated into that contract will be this Request for Proposal and the Proposal accepted by City Council.

K. MANNER OF PAYMENT

1. There shall be a retainage of 10% of each invoice submitted until all final reports are received and accepted. At that time all retainage shall be remitted to the auditing firm. Interim billing throughout each calendar year audit shall cover a period of not less than a calendar month. Progress payments will be made on the basis of hours of work completed

during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal.

L. CONTRACT RENEWAL

1. The proposer and the City covenant and agree that this proposal or subsequent contract may with mutual approval of the proposer and City Council, be extended under the same terms and conditions for an additional period of one (1) year.

M. CONTRACT TERMINATION

The City shall have the right to terminate a contract or a part thereof before the work is completed in the event:

1. Previous unknown circumstances arise making it desirable in the public interest to void the contract.
2. The firm is not adequately complying with the specifications.
3. The firm refuses, neglects, or fails to supply properly trained or skilled supervisory personnel and/or workers or proper equipment.
4. The firm in the judgment of the City is unnecessarily or willfully delaying the performance and the completion of the work.
5. The firm refuses to proceed with work when and as directed by the City.
6. The firm abandons the work.

II. SPECIAL CONDITIONS

A. OBJECTIVES

1. It is the intent of this RFP to solicit proposals for Financial & Compliance Audit Services in accordance with all RFP Conditions, Specifications and/or Special Provisions attached hereto.
2. It is the City's intent that this RFP permit competition. It shall be the proposer's responsibility to advise the City in writing if any language, requirements, specifications, etc., or any combination thereof, inadvertently restricts or limits the requirements stated in this RFP to a single source.

B. PROVIDER'S RESPONSIBILITY

1. The successful proposer shall designate and name a project manager who shall be the contact with the designated City representative. The project manager shall oversee all activities for the successful proposer.
2. The successful proposer shall be familiar with appropriate federal, state, and local laws, regulations and audit standards.
3. The successful proposer shall be responsible for personnel, supplies, and equipment.
4. Any violation of penal statutes and instances of malfeasance or nonfeasance by staff officer or an employee or any shortage in the accounts found during the course of the audit shall be immediately reported to the City Auditor and President of City Council. Also, the successful proposer shall report immediately any irregularity in the City's organization. Irregularities include such matters as conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.
5. The successful proposer shall be responsible for all errors and omissions in the performance of the contract.
6. The successful proposer shall provide at least two (2) weeks prior to the submission of the final report, a draft copy of the audit report to the designated City representative and discuss its contents. The City will provide responses in writing to the successful proposer. These responses and any comments by the successful proposer relating to them shall be included in the final audit report.

C. CITY'S RESPONSIBILITIES

1. The City of Erie will provide the auditor with reasonable workspace, desks, chairs, and access to telephone lines, photocopying facilities, and fax machines.
2. The City will make all files and records available to the successful proposer.
3. The City of Erie Department of Finance shall discuss the draft report with the successful proposer and provide a formal written response to the project manager, if necessary.
4. The Finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. Schedules that the finance department staff will prepare include outstanding debt, debt service requirements to maturity, schedules of deposits and investments by type and location to meet GAAP requirements, a schedule of federal assistance (classified using the numbers provided in *Catalog of Federal Domestic Assistance*), and schedules of accounts payable, accounts receivable, and encumbrances

to balance to general ledger. Any other schedules required of staff by the proposer should be listed in the response to Evaluation Criteria (2) (e) (1), Client Assistance Package.

D. TAXES

1. The City of Erie is tax exempt. Tax exemption certificates will be issued to successful firm upon request.
2. The successful proposer will be responsible for remitting all federal, state, and local taxes or contributions imposed or required under unemployment Insurance, Social Security and Income Tax laws under the Workers' Compensation law with respect to this contract.

E. INSURANCE

1. The successful proposer must keep in force Professional Liability Insurance. This insurance shall indemnify and hold harmless the City, City Council, and its employees and agents from all suits, actions, or claims of any character brought because of injuries or damage received or sustained by any person, persons or property; on account of the operations of said contract; or on account of or in consequence of any neglect in safeguarding the work; or because of any act or omission, neglect or misconduct of said contract or from any claims or amounts arising or recovered under the Worker's Compensation Act, or any other law, ordinance, order, or decree.
2. The Contractor shall purchase and maintain in force, at his own expense, such insurance as will protect him and the City from claims which may arise out of or result from the Contractor's execution of the work, whether such execution be by himself, his employees, agents, or by anyone for whose acts any of them may be liable. The insurance coverage shall be such as to fully protect the Contractor and the general public from any and all claims for injury and damage resulting by any actions on the part of the contractor or his forces as enumerated above. The Contractor shall furnish a copy of an original Certificate of Insurance, naming the City of Erie, its officials and employees as additional insured. Should any of the policies be cancelled before the expiration date, the issuing company will mail 30 days written notice to the certificate holder. The Contractor shall furnish insurance in satisfactory limits, and on forms and of companies, which are acceptable to the Contractor's Attorney and/or Risk Management as a condition of the contract. The minimum limits of liability shall be as follows:

The status of the Proposer in the work to be performed is that of any independent Proposer and as such, shall properly safeguard against any and all injury or damage to the public, to public and private property, materials and things, and as such shall be responsible for any and all damage, loss or injury to persons or property that may arise, or be incurred, in or during the conduct or progress of said work without regard to whether or not the Proposer, sub-contractors, agents, or employees have been negligent, and the Proposer shall keep the City free and discharged of and from any and all responsibility and liability therefore of any sort or kind. The Proposer shall assume all responsibility for risks or casualties of every description, for any or all damage, loss or

injury to persons or property arising out of the nature of the work from the action of the elements, or from any unforeseen or unusual difficulty, including all legal defense costs incurred by the City. The Proposer shall assume and be liable for all blame and loss of whatsoever nature by reason of neglect or violation of any Federal, State, County or Local laws, regulations, or ordinances; the Proposer shall indemnify and hold harmless the City from all suits or actions at law of any kind whatsoever in connection with this work and shall if required by the City, produce evidence of settlement of any such action before final payment shall be made by the City. Proposer's Liability Insurance Certificate shall include the save harmless clause and shall be filed with the City.

The Proposer shall maintain such insurance as will protect the Proposer from claims under worker's compensation acts and from claims for damages because of bodily injury, including death, and property damage, which may arise from and during operations under this Contract, whether such operations be by himself, by any subcontractor or anyone directly or indirectly employed by either of them. Proposer's liability insurance shall be in the names of the Proposer and the City as their respective interests may appear. Each policy and Certificate of Insurance shall contain an endorsement naming the City of Erie as additionally insured. Certificates of such insurance shall be filed with the City.

The minimum amount of liability insurance to be maintained by the Contractor during the life of the contract shall be as follows:

Comprehensive General Liability – for bodily injury and property damage – including any liability normally covered by a general liability policy with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the annual aggregate.

Professional Liability – in minimum amounts of \$1,000,000 per occurrence and \$2,000,000 aggregate.

Prior to commencement of performance of this Agreement, Contractor shall furnish to the City a certificate of insurance evidencing all required coverage in at least the limits required herein, **naming the City of Erie, its elected officials, agents, and employees as additional insureds under the Comprehensive General Liability coverage**, and providing that no policies may be modified or cancelled without thirty (30) days advance written notice to the City. Such certificate shall be issued to: **City of Erie, 626 State Street, Erie, PA 16501**. All policies shall be in effect with companies holding an A.M. Best rating of "A-" or better and shall be licensed to do business in the Commonwealth of Pennsylvania. Such companies shall also be acceptable to the City.

Please forward a certificate of insurance verifying these insurance requirements.

All subcontractors performing work under this contract must furnish to the City a copy of their Certificate of Insurance for Workers' Compensation and liability for bodily injury and property damage. During the performance of this Contract, the Proposer agrees as follows:

The Proposer will not discriminate against any employees or applicant for employment because of race, color, religion, sex, or national origin. The Proposer will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without

regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Proposer agrees to post in conspicuous places, available to employees and applicants for employment, notices which may be provided by the City setting forth the provisions of this nondiscrimination clause.

The Proposer will, in all solicitations or advertisements for employees placed by or on behalf of the Proposer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

In the event of the Proposer's noncompliance with the non-discrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole, or in part and the Proposer may be declared ineligible for further City contracts.

The Proposer will include the provisions of these paragraphs in every subcontract or purchase order unless exempted.

F. INDEPENDENT PROVIDER

1. The parties hereto expressly agree and understand that the successful proposer is not an employee or agent of the City of Erie in any sense, but is solely an independent provider.

G. LAWS TO BE OBSERVED

1. The successful proposer shall keep fully informed on all federal, state, and local laws, regulations, and all orders and decrees of bodies having any jurisdiction or authority which in any manner effect those engaged or employed on the work or which in any way affect the conduct of the work. The successful proposer shall at all times observe and comply with all such laws, ordinances, regulations, orders and decrees in force at the time of award. The successful proposer shall protect and indemnify the City of Erie and its representatives against any claim or liability arising from or based on the violation of any such law, ordinance, regulations, order and decree whether by the proposer or the proposer's employee. No extension of time or additional payment will be made for loss of time or disruption of work caused by any actions against the successful proposer for any of the above reasons.

H. INDEMNIFICATION

1. Successful proposer hereby undertakes to indemnify and hold the City harmless from all losses, costs, damages and fees arising out of or in any manner connected with the successful proposer's performance of this agreement. Executed Indemnification Agreement must be submitted with the proposal.

I. NON-COLLUSION

1. All prices contained in proposals are to be arrived at independently, without consultation, communication or agreement with other persons or firms for the purpose of restricting competition.
2. Prices in any proposals will not be disclosed by the proposer prior to the award of a contract.
3. Proposer shall not have made an attempt to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
4. Executed non-collusion affidavit must be submitted with proposal.

J. SUBCONTRACTORS

1. The successful proposer shall not enter into any subcontracts for any of the work contemplated under this contract without prior written authorization of the City.

III. MINIMUM SPECIFICATIONS

A. SCOPE OF WORK TO BE PERFORMED

1. Prepare the City of Erie's comprehensive annual financial report including notes to financial statements, annual single audit financial report, and annual Pennsylvania DCED financial report.
2. The City of Erie desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.
3. The City of Erie also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" report on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the statistical section of the report. The City desires to present its ten-year pension data as a note to the financial statements.
4. Performance of a Single Audit in accordance with OMB Uniform Guidance

B. AUDITING STANDARDS TO BE FOLLOWED

1. The audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1994 Revision),

the provisions of the Single Audit Act of 1984 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, which satisfies the requirements of all of the following as they exist during the period being audited:

- a. Optional Third Class City Charter for the City of Erie
- b. The Third Class City Code
- c. The Pennsylvania Department of Labor and Industry's Requirements for Self-Insurance
- d. The Commonwealth of Pennsylvania, Local Tax Enabling Act of December 31, 1965, P.L. 1257, No. 511

C. REPORTS TO BE ISSUED AND SPECIAL CONSIDERATIONS

1. A report on the fair presentation of the financial statements in conformity with GAAP.
2. A report on the internal control structure based on the auditor's understanding of control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance.
5. A report on the internal control structure used in administering federal financial assistance programs.
6. A report on compliance with laws and regulations related to major and non-major federal financial assistance programs. This report should include an opinion on compliance with specific requirements applicable to major federal financial assistance programs, a report on compliance with general requirements applicable to major federal assistance programs, and a report on compliance with laws and regulations applicable to non-major federal financial assistance program transactions tested.
7. A report containing a disclosure for each pension plan in conformity with all applicable standards (to be used to comply with Pennsylvania Act 205).
8. PA DCED-CLGS-30 Annual Audit and Financial Report
9. In the required reports on internal controls, the auditor shall communicate any reportable condition found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which should adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also

material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

10. The report on compliance shall include all material instances of noncompliance. All nonmaterial instances shall be reported in a separate management letter, which shall be referred to in the report on compliance.
11. The City of Erie will send its comprehensive annual financial report to the Government Finance Officers Association for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to meet the requirements of that program.
12. The City of Erie anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the general-purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the Finance Director and/or underwriter, to issue a "consent and citation of expertise" as the auditor and any other necessary "comfort letters".
13. A list of findings and other weaknesses from the City's most recent financial statement audit are attached.
14. It is expected that the City staff will prepare the introductory and statistical sections. Staff, with the assistance from the auditor, will design the report formats and draft the notes to the financial statements. The auditor will complete all printing and binding. The auditor will provide tabbed divider pages. The auditor will also provide a one-color cover and a back cover in heavy-paper stock. The auditor will deliver 15 completed comprehensive annual financial reports to the City.
15. In later years, the auditor will prepare the responses to the GFOA review comments.

D. TECHNICAL PROPOSAL

1. Your firm should provide an affirmative statement that it is independent of the City of Erie as defined by generally accepted auditing standards.
2. The following dates must be included and will be considered firm and binding:
 - a. Date of starting fieldwork;
 - b. Date of completing fieldwork;

- c. Dates of submission to the Director of Finance of the drafts of each individual audit report and Management Letter. This date must allow for ten (10) business days for review prior to the issuance and presentation of the final reports;
3. Describe your approach to the audit. This should include at least the following points:
 - a. A work plan including an explanation of the audit methodology to be followed, to perform the services required in Section C of this request for proposals. In developing the work plan, reference should be made to such sources of information as the City of Erie's budget and related materials, organizations (charts, manuals and programs and financial and other management information systems.)
 - b. Proposed segmentation of the engagement.
 - c. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
 - d. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
 - e. Extent of use of EDP software in the engagement.
 - f. Approach to be taken in determining laws and regulations that will be subject to audit test work.
 - g. Approach to be taken in drawing audit samples for purposes of test of compliance.
 4. Describe the qualifications and experience of your firm, including:
 - a. The size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.
 - b. All audits for a five year period of a similar nature to those requested herein, indicating a contact person within those entities, title, and telephone number;
 - c. Previous engagements with the City of Erie.
 - d. A copy the most recent external quality control review, as accepted by the American Institute of Certified Public Accountants (AICPA) Codification of Professional Standards. Statement should indicate whether that quality control review included a review of specific government engagements. Quality control elements should include:

- 1) Independent to the extent required by the rules of conduct of the AICPA
 - 2) Assigning of qualified personnel
 - 3) Supervision of work
 - 4) Professional development to include Continuing Professional Education and training activities
 - 5) Monitoring the effectiveness of the firm's quality control program, policies, and procedures
 - 6) Sufficient testing of compliance with laws and regulations
 - 7) Sufficient documentation of the work performed
 - 8) State date of last peer or quality review. State whether or not it was an unqualified report. State date of next scheduled peer review.
5. Partner, Supervisory, and Staff Qualifications and Experience including resumes of the primary audit team.
- a. Identify the principal supervisory and management staff, including engagement partners, manager, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is registered/licensed to practice as a certified public accountant in PA. 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.
 - b. Identify the individual who will assume the day-to-day responsibilities of managing and supporting the audit, and who will do the cold review.
Also, provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement.
 - c. Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of Erie. However, in either case, substitutes shall have substantially the same or better qualifications than the person replaced. The City retains the right to approve or reject replacements.
 - d. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.
 - e. Describe your firm's procedures for monitoring the progress of the audit and communicating it to the client and the cognizant agency for audit, while the audit is in progress.
 - f. Describe your firm's specific policies, plans, procedures or techniques used to develop information for management letters.

- g. Indicate the availability of your staff for general consultation throughout the term of this engagement.

E. SEALED FEE PROPOSAL

1. The Fee Proposal should be submitted in a separate, sealed envelope clearly marked "Fee Proposal".
2. The sealed dollar cost should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price is to contain all direct and indirect costs including meetings and conferences with the City and all out-of-pocket expenses. The audit firm shall not be reimbursed for any travel, per diem, photocopying, and telephone expenses, above and beyond this all-inclusive maximum price.
3. The all-inclusive fee is to be separated by calendar years 2020, 2021, and 2022.
4. The City of Erie will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar of proposal. Such costs should not be included in the proposal.
5. Provide the hourly rates and number of hours anticipated for each employee classification proposed, separated by calendar years 2020, 2021, and 2022.
6. Provide your client assistance package. Outline the tasks needed to be performed and the hours associated with each task.

F. EVALUATION OF PROPOSALS

1. Proposals will be evaluated by the Departments of Finance, Purchasing, and the City Controller to ascertain which proposal best meets the needs of the City of Erie. All properly submitted proposals will be evaluated. A selection will be made according to the information provided, cost, and will be the proposal determined to be most advantageous to the City.
2. The most advantageous proposal may not be the lowest cost proposal.
3. Consideration will be given to firms whose principal offices are located within the geographic borders of the City of Erie.
4. The City of Erie will be the sole judge with respect to the evaluation of proposals.

G. REVIEW OF PROPOSALS

1. The selection committee may engage in individual interviews with proposers deemed qualified, responsible and suitable on the basis of the initial proposals in order to allow proposers to elaborate on items such as qualifications, performance data, staff expertise and alternative

concepts. In addition, the selection committee has the responsibility to negotiate the most favorable cost terms to the City. The negotiating process may involve one (1) or more RFP responses, and may continue until the award of the contract.

2. The City of Erie reserves the rights to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

H. EVALUATION CRITERIA

1. Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for technical qualifications, price and client assistance package. At the City's discretion, individual criteria will be assigned varying weights to reflect relative importance. The following represent the principal selection criteria, which will be considered during the evaluation process.

a. Mandatory Elements

- 1) The audit firm is independent and licensed to practice in Pennsylvania.
- 2) The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- 3) The firm has no conflict of interest with regard to any other work performed by the firm for the City of Erie.
- 4) The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- 5) The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- 6) The firm must have been engaged in audits of at least three state and/or local governments where the audits necessitated compliance with, and was conducted in compliance with the federal Single Audit Act. The audits must be for three separate governments and have been completed within the last two years. No firm that does not meet this requirement will be considered.
- 7) The firm must have been engaged in an audit in which the client submitted for and received the GFOA Certificate of Achievement for Excellence in Financial Reporting within the last year. No firm that does not meet this requirement will be considered.
- 8) An advantage will be given to a firm if the managing partner assigned to the City's audit is a member of the GFOA Special Review Committee.

- 9) The City of Erie is seeking the service provider that gives the best value, and therefore, the City is not bound to the lowest proposal. The Audit Committee has the responsibility to negotiate the most favorable costs, terms, and conditions to the City. The negotiation process may involve one or more RFP responses and may continue until the actual award of the contract. The City has the right to award the contract without further negotiation of proposals submitted. Therefore, the proposal should be submitted initially on the most favorable terms from both price and technical standpoints. The City has the right to reject any or all proposals, or any part of any proposal, and waive any informalities or technical defects in proposals as is deemed in the best interest of the City.

b. Technical Qualifications

1) Expertise and Experience

- a) The firm's past experience and performance on comparable government engagements.
- b) 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 technical consultation.

2) Audit Approach

- a) Adequacy of proposed staffing plan for various segments of the engagement
- b) Adequacy of sampling techniques
- c) Adequacy of analytical procedures
- d) Price

(1) All-inclusive maximum fee

(2) Throughout the year, the City may need the assistance of the successful proposer for various issues that may arise. Describe any additional services that would be available, free of charge, to clients on a year round basis (i.e. training/seminars for City staff, tax consultation, publications, phone calls to the successful proposer for guidance about technical questions, etc.).

e) Client Assistance Package

(1) Content of client assistance package including the tasks to be performed by City personnel, the number of hours associated with each task and the total number of hours to be spent by City personnel in assisting auditors.

I. RIGHT TO REJECT PROPOSALS

1. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted that in the proposal submitted and confirmed in the contract between the City of Erie and the firm selected.
2. The City of Erie reserves the right without prejudice to reject any or all proposals.

J. AWARD OF CONTRACT

1. At the conclusion of the Evaluation process, a recommendation will be made to City Council based on the technical content of the proposals, as well as cost.
2. The award of the contract will be made by City Council during a regular meeting. It is anticipated that the award will be granted not later than May 20, 2020.

K. OTHER RELEVANT DATA

1. McGill, Power, Bell & Associates, LLP have performed the audits of calendar years 2001 through 2019.
2. The City's accounting records are maintained on a Personal Computer Network running on a Windows based environment.
3. All sewer fund and recycling/trash fund billings are performed by Erie Water Works. All property tax records are maintained on a Windows based environment. Income tax and LST taxes are collected by a third party, Berkheimer Tax Innovations.
4. All required audit reports must be completed and submitted by the audit firm to the appropriate parties by the dates as indicated in the RFP.
5. All invoices for services rendered must be submitted to Accounts Payable Room 307. Upon receipt by the Finance Director's Office and verification of the accuracy and appropriateness of the charges, said invoice will be approved for payment. Payment of the invoice will be within thirty (30) days of submission of invoice.
6. The United States Department of Labor is the conscious Agency for audit of the City of Erie. Therefore, all provisions and rights covered by the Single Audit Act of 1984 will apply to the relationship between the City of Erie, the Department of Labor and the audit firm, during the term of this audit engagement.
7. Please provide a copy of a more-recent management letter, excluding any reference to the client.

8. The completed audit report shall include all blended and discretely presented component units as defined by the City in accordance with Governmental Accounting Standards Board Statement No. 14.

9. Attachments:
 - a. Schedule "A", Description of Erie Government
 - b. Schedule "B", Listing of Federal Funds
 - c. Non-Collusion Affidavit
 - d. Indemnity Agreement
 - e. Non-Indebtedness
 - f. Non-Discrimination

Schedule A

CITY FUNDS SUBJECT TO AUDIT

The following funds maintained by the City of Erie are to be included in the audit:

<u>FUND NAME</u>	<u>FUND NUMBER</u>
General Fund	002
Sewer Revenue Fund	007
Refuse And Recycling Fund	008
Golf Fund	009
Liquid Fuels Fund	013
Sewer Reserve Fund	014
Capital Improvement Fund	015
EECBGP Fund	016
Paving And Sewer Revenue Fund	017
2004 Capital Finance Fund	018
General Obligation Bond Fund	020
2001 Capital Bond Fund	021
2015/2019 General Obligation Bond Fund	022
2003 Bond Fund	023
Risk Management Fund	024
Debt Service Fund	060
General Fixed Assets Fund	070
Water Authority Assets Fund	090
Payroll Fund	099
Debt Service Fund	460

GRANT FUNDS (Subject to change)

Administration Grant Fund	201
School Violence Prevention Grant	218
Federal Forfeiture Program	222
Gun Violence Reduction Program	227
Insurance Fraud Prevention Authority	231
Justice Assistance Grant	241
Fire Equipment Program	243
McClelland Park Improvement Project	248
Tobacco Compliance Grant	250
Recycling Act 101 Project	263
Bridge Design Project	264
Urban Forest Program	265
Project Save Neighborhood	267

Street/Sidewalk Projects	271
Penndot – Green Light Go	277
Penndot – Rightways	278
ECGRA Mission Main Street	281
Traffic Engineering Improvements	282
Bayview Park Improvements	283
LECOM Project	285
Stormwater Fees	286
Economic Development & Recruitment	306
EZ Loan Revolving Project	310
Flagship/Commodore Fund	316
Dickson Tavern Project	320
Glenwood Park Enhancement Project	337
Neighborhood Housing Improvement	354
Business Development Fund	360
Multi-Municipal Collaboration	361
Community Reinvestment Fund	399
CDBG	501
HOME	505

This list represents funds in existence at December 31, 2019. Funds may be added or deleted during the term of this engagement.

COMPONENT UNITS

Erie Sewer Authority	Blended Component Unit
Erie Parking Authority	Discretely Presented Component Unit
Erie Metropolitan Transit Authority	Discretely Presented Component Unit
Erie Redevelopment Authority	Discretely Presented Component Unit

Schedule B

LISTING OF FEDERAL FUNDS (subject to change)

<u>Grant Title</u>	<u>Grant Number</u>	<u>Grantor Agency</u>
Community Development Block Grant	B-13-MC-42-0101 B-14-MC-42-0101 B-15-MC-42-0101 B-16-MC-42-0101 B-17-MC-42-0101 B-18-MC-42-0101 B-19-MC-42-0101	U.S. Dept of HUD
HOME Program	M-13-MC-42-0500 M-14-MC-42-0500 M-15-MC-42-0500 M-16-MC-42-0500 M-17-MC-42-0500 M-18-MC-42-0500 M-19-MC-42-0500	U.S. Dept of HUD
Emergency Shelter Grant	E-16-MC-42-0101 E-17-MC-42-0101 E-18-MC-42-0101 E-19-MC-42-0101	U.S. Dept of HUD
Appalachian Regional Commission	B-17-MC-54-0002	U.S. Dept of HUD
JAG Edward Byrne Memorial Grant	2016-DJ-BX-0704 2017-DJ-BX-0241	U.S. Dept of Justice
Byrne Criminal Justice Innovation	2019-BJ-BX-0008	U.S. Dept of Justice
Assistance To Firefighters	EMW-2017-FP-00550	U.S. Dept of Homeland Security

FEE PROPOSAL FORM

Proposers must complete all portions of this form.

Annual Audit Fees:	Year 1:	\$ _____
	Year 2:	\$ _____
	Year 3:	\$ _____
Hourly fee for additional work:	_____ (per hour)	

All payments will be made upon receipt of a properly submitted and approved payment request, and only after approval of City council to award this contract.

The term is for a three (3) year contract with an option to renew for one (1) additional year under the same conditions. Fees may be negotiated for the option year upon request of the selected firm, and if City administration determines that such negotiation is in the best interest of the City of Erie. In no event, however, will the negotiated fee for the option year be greater than 10% more than the amount contained in this Fee Proposal.

**NON-COLLUSION AFFIDAVIT
INSTRUCTIONS FOR NON-COLLUSION AFFIDAVIT**

This Non-Collusion Affidavit is material to any contract pursuant to this proposal. According to the Pennsylvania Antirigging Act, 73 P.S. 1611 et seq., governmental agencies may require Non-Collusion Affidavits to be submitted together with proposals.

This Non-Collusion affidavit must be executed by the member, officer, or employee of the proposer who is authorized to legally bind the proposer.

Bid rigging and other efforts to restrain competition and the making of false sworn statements in connection with the submission of proposals are unlawful and may be subject to criminal prosecution. The person who signs the Affidavit should examine it carefully before signing and assure himself or herself that each statement is true and accurate, making diligent inquiry, as necessary, of all other persons employed by or associated with the proposer with responsibilities for the preparation, approval, or submission of the proposal.

In the case of a proposal submitted by a joint venture, each party to the venture must be identified in the proposal documents, and an Affidavit must be submitted separately on behalf of each party.

The term "complementary proposal" as used in the Affidavit has the meaning commonly associated with that term in the proposal process, and includes the knowing submission of proposals higher than the proposal of another firm, any intentionally high or noncompetitive proposal, and any form of proposal submitted for the purpose of giving a false appearance of competition.

Failure to file an Affidavit in compliance with these instructions will result in disqualification of the proposal.

NON-COLLUSION AFFIDAVIT OF PROPOSER

State of _____

County of _____

_____, being first duly sworn, deposes and says that:

- (1) I am _____ (Owner, Partner, Officer, Representative or Agent) of _____, the Proposer that has submitted the attached Proposal or Proposals;
- (2) I am fully informed respecting the preparation and contents of the attached Proposals and of all pertinent circumstances respecting such Proposals;
- (3) Such Proposal is genuine and is not a collusive or sham Proposal;
- (4) Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Proposer, firm or person to submit a collusive or sham Proposal in connection with the Contract for which the attached Proposal has been submitted or to refrain from proposing in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication of conference with any other Proposer, firm or person to fix the price or prices in the attached Proposal or of any other Proposer, or to fix any overhead, profit or cost element of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion, conspiracy, connivance or unlawful agreement any advantage against the City of Erie or any person interested in the proposed Contract;
- (5) The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant; and,
- (6) Neither the said Proposer nor any of its officers, partners, owners, agents or parties in interest, have any interest, present or prospective, that can be reasonably construed to result in a conflict of interest between them and the City of Erie, which the Proposer will be required to perform.

I state that _____ understands

(Name of Firm)

And acknowledges that the above representations are material and important, and will be relied on by the City of Erie in awarding the contract(s) for which this proposal is submitted. I understand and my firm understands that any misstatement in this affidavit is and shall be treated as fraudulent concealment from the City of Erie of the true facts relating to the submission of proposals for this contract.

(Name and Company Position)

SWORN TO AND SUBSCRIBED

BEFORE ME THIS _____

DAY OF _____, 20____

_____ My Commission

Expires _____

Notary Public

INDEMNITY AGREEMENT & HOLD HARMLESS

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned has entered into a contract with the CITY OF ERIE, dated _____, 20 __, providing for the _____

City of Erie, Pennsylvania.

NOW, THEREFORE, in consideration of the award of said contract to the undersigned, _____, as well as in further consideration of the sum of ONE DOLLAR (\$1.00) in hand paid to the said _____ by the City of Erie, receipt whereof is hereby acknowledged, the said _____ agrees to indemnify and save harmless the CITY OF ERIE, its officers, agents, servants, and employees against any and all loss, damage, costs and expenses which the said CITY may hereafter suffer, incur, be put to or pay by reason of any bodily injury (including death) or damage to property arising out of any act or omission in performance of the work undertaken under the aforesaid contract.

EXECUTED this _____ day of _____, 20__.

By: _____

Title: _____

ATTEST:

(Title)

PROVIDER’S CERTIFICATION OF NON-INDEBTEDNESS TO THE CITY OF ERIE

Provider hereby certifies and represents that Provider and Provider’s parent company(ies) and subsidiary(ies) are not currently indebted to the City of Erie (the “City”), and will not at any time during the term of this Contract (including any extensions or renewals thereof) be indebted to the City, for or on account of any delinquent taxes, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. In addition to any other rights or remedies available to the City at law or in equity, Provider acknowledges that any breach or failure to conform to this certification may, at the option of the City, result in the withholding of payments otherwise due to Provider and, if such breach or failure is not resolved to the City’s satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against said payments and/or the termination of this Contract for default (in which case Provider shall be liable for all excess costs and other damages resulting from the termination).

Name of Provider

By: _____
Authorized Signatory

Title: _____
President or Vice President

Attest: _____

NON DISCRIMINATION STATEMENT

The undersigned hereby certifies that it shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, handicap, familial status, or national origin. The undersigned shall take affirmative action to insure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, handicap, familial status, or national origin.

BIDDER

TITLE