

**COUNTY OF BERKS**  
**REQUEST FOR PROPOSAL #09-12-MB**

**Auditing Services**

**Issued on October 19, 2009**

**Pre-Proposal Conference**

**Monday, Monday, October 26, 2009, 1:00 P.M.**

**Refer to Section 1, paragraph 1.2 for details**

**Submittal Deadline:**

**Monday, November 16, 2009, 5:00 P.M., Local Prevailing Time**

**Refer to Section 5, paragraph 5.1 for submittal instructions.**

**County's Point-of-Contact for this RFP**

**Maria L. Ballas, Senior Buyer**

**Tel: 610-478-6168 Fax: 610-898-7404 Email: [mballas@countyofberks.com](mailto:mballas@countyofberks.com)**

This Request for Proposal (RFP) package consists of 40 pages including this cover page and the Table of Contents page. If the RFP package you received is missing any pages, contact the County of Berks Purchasing Department by telephone at (610) 478-6168.

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## **SECTION ONE - Introduction and Instructions**

### **1.1 Purpose of Request for Proposal (RFP)**

The County of Berks (hereinafter "County"), Reading, Pennsylvania is soliciting competitive sealed proposals from professional certified public accounting firms that are interested in and capable of providing auditing services.

### **1.2 Pre-Proposal Conference**

A pre-proposal conference will be held in the Commissioners' Board Room on Monday, October 26, 2009, beginning promptly at 1:00 P.M. The Commissioners' Board Room located on the 13<sup>th</sup> floor of the Berks County Services Center at 633 Court Street, Reading, Pennsylvania, 19601. The purpose of this meeting is to conduct a question and answer session regarding this RFP package to maximize the respondent's understanding as to what is required. Should questions asked and the answers given, at the pre-proposal conference, potentially alter the intent or scope of the RFP, the County will issue an Addendum to formally modify the RFP. All Contractors who have received the RFP package from the County will receive notification of the issuance of the Addendum.

### **1.3 Due / Opening Dates**

The cutoff time for receipt of Proposals is 5:00 P.M., local prevailing time, Monday, November 16, 2009. The County Controller's time clock shall be considered the official time. **Proposals received after the deadline noted herein will not be considered.** Refer to Section 5, paragraph 5.1 for specific proposal submittal instructions.

Proposals will be opened publicly at 9:00 A.M., local prevailing time, in the Purchasing Department conference room, 13<sup>th</sup> Floor, Berks County Services Center the following day, Tuesday, November 17, 2009. *Only the name of each Proposer will be read publicly. All other information contained in the proposals shall be treated as confidential so as to avoid disclosure of contents prejudicial to competing Proposers.*

### **1.4 Amendments to Submitted, Unopened Proposals**

Amendments to or withdrawals of submitted, unopened proposals will only be allowed, if requests are received prior to the deadline set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the County's request.

### **1.5 Required Review of RFP Package**

Defects: Proposers shall carefully review this RFP for defects. Comments concerning defects must be made in writing and received by Maria L. Ballas, Senior Buyer via mail at Berks County Services Center, 633 Court Street, 13<sup>th</sup> Floor, Reading, PA, 19601; via email at [klaubach@countyofberks.com](mailto:klaubach@countyofberks.com); or via facsimile at (610) 898-7404, at least seven business days prior to the due date of the proposal. This will allow for the issuance of any necessary addenda.

General: All questions must be in writing and directed to, , County of Berks Purchasing Department, Maria L. Ballas, Senior Buyer via mail at Berks County Services Center, 633 Court Street, 13<sup>th</sup> Floor, Reading, PA, 19601; via email at [mballas@countyofberks.com](mailto:mballas@countyofberks.com); or via facsimile at (610) 898-7404. Telephone conversations must be confirmed in writing by the interested party.

Two types of questions generally arise. One type may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone. Other questions may be more complex and may require a written addendum to the RFP. The Purchasing Manager will make that decision.

*If an addendum is issued, it will be provided to all parties who were provided a copy of the RFP by the County's Purchasing Department.*

**1.6 Receipt of RFP Package**

The County's Purchasing Department is the sole authority to provide the RFP package to interested companies or individuals. Proposers who are working from an RFP package obtained from any other source, may be working from an incomplete set of documents. The County assumes no responsibility for a proposal's errors, omissions, or misinterpretations resulting from a Proposer's use of an incomplete RFP package.

Proposers who have received the RFP package from a source other than the County Purchasing Department, are advised to contact the Purchasing Department to provide their company's name, address, telephone number, fax number, and contact name. This will ensure that the Proposer will receive all communication regarding the RFP such as Addenda and Clarifications.

Proposers who have received the RFP package by downloading it from the County's website, and have not provided their company's information to the County's Purchasing Department are responsible for checking the website to obtain any Addenda or Clarifications issued for the RFP.

**1.7 Preparation Costs**

The County will not be responsible for any costs associated with the preparation, submittal, or presentation of any proposal.

**1.8 Disclosure of Proposal Contents**

All proposals and other material submitted become the property of the County and may be returned only at the County's option. Information contained in the proposals will not be disclosed during the evaluation process. Under Pennsylvania's "Right to Know" laws (65 P.L. 390 § 66.1, 66.3, 21 June 1957) public records are required to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, the winning proposal will become public information. Copies of said public records may be requested through the County's Chief Clerk's office.

Trade secrets and other proprietary data contained in proposals may be held confidential, if the Proposer requests, in writing, that the County does so, and if the County agrees, in writing, to do so. Material considered confidential by the Proposer must be clearly identified and the Proposer must include a brief statement that sets out the reasons for confidentiality.

**1.9 Reservation of Rights**

The County reserves and may, at its sole discretion, exercise the following rights with respect to this RFP and all proposals submitted pursuant to this RFP:

- a. To reject all proposals and re-issue the RFP at any time prior to execution of a final contract; to require, in any RFP for similar products and/or services that may be issued subsequent to this RFP, terms and conditions that are substantially different from the terms and conditions set forth in this RFP; or to cancel this RFP with or without issuing another RFP.

- b. To reject any proposal if, in the County's sole discretion, the proposal is incomplete, the proposal is not responsive to the requirements of this RFP, the Proposer does not meet the qualification requirements set forth in Section 5 herein, or it is otherwise in the best interest of the County to reject the proposal.
- c. To supplement, amend, substitute, or otherwise modify this RFP at any time prior to the execution of a final contract.
- d. To accept or reject any or all of the items in any proposal and award a contract for the whole or only a part of any proposal if the County determines, in its sole discretion, that it is in the County's best interest to do so.
- e. To reject the proposal of any Proposer that, in the County's sole judgment, has been delinquent or unfaithful in the performance of any contract with the County, is financially or technically incapable, or is otherwise not a responsible Proposer.
- f. To waive any informality, defect, non-responsiveness, and/or deviation from this RFP that is not, in the County's sole judgment, material to the proposal.
- g. To permit or reject, at the County's sole discretion, amendments (including information inadvertently omitted), modifications, alterations, and/or corrections to proposals by one or more of the Proposers following proposal submission.
- h. To request that one or more of the Proposers modify their proposals or provide additional information.
- i. To request additional or clarifying information from any Proposer at any time, including information inadvertently omitted by a Proposer.
- j. To require that Proposers appear for interviews and/or presentations of their proposals at County offices.
- k. To inspect projects similar in type and scope to the work sought in this RFP and/or to inspect the Proposer's facilities to be used in furnishing goods or services required by the RFP.
- l. To conduct such investigations as the County considers appropriate with respect to the qualifications of any Proposer and with respect to the information contained in any proposal.

## **SECTION 2 – Method of Contractor Selection**

### **2.1 Interviews with Short List Firms**

The County may elect to conduct interviews with responsible Proposers who submit proposals determined to be reasonably eligible for award. The purpose of these discussions will be to clarify and assure Proposer's full understanding of, and responsiveness to, the solicitation requirements. Proposers reasonably eligible of being selected for award shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revisions may be permitted after submissions and before award of the contract for the purpose of obtaining best and final offers. In conducting these discussions, the County may not disclose information derived from proposals submitted by competing Proposers. The individual identified in the proposal as the Project Manager, must be in attendance at the interview.

Historically two or three firms are on the short list for interviews; however, the determination is dependent upon the County's time line, the firms' credentials, if the County deems information is necessary and the point spread.

## **2.2 Right to Negotiate**

After the County's completion of the evaluation process, including any interviews held with Proposers during the evaluation process, the County may elect to initiate contract negotiations with one or more of the selected Proposers. The option of whether or not to initiate contract negotiations rests solely with the County.

## **2.3 Failure to Negotiate**

If a selected Proposer fails to provide the information required to begin negotiations in a timely manner; or fails to negotiate in good faith; or indicates they cannot perform the contract within the budgeted funds available for the project; or, if a selected Proposer and the County after a good faith effort, simply can not come to terms, the County may terminate negotiations with that particular Proposer and commence negotiations with any other Proposer.

## **2.5 Award of Contract**

The County shall award a contract to the responsible and responsive Proposer(s) whose proposal is determined to provide the best overall value to the County as to the most favorable in terms of apparent ability to perform the required services efficiently and effectively.

## **SECTION 3 - Standard Contract Information**

### **3.1 Standard Contract Provisions**

The County's standard contractual terms and conditions are set forth in Attachment A, General Conditions. Proposers must detail in their proposal their reasons for objection to any part of these terms and conditions and include in their proposal proposed alternate language. Time is of the essence in the award of a contract. Hindrance of the award process due to the extent of a Proposer's proposed modifications may have a negative impact on the County's assessment of that Proposal.

### **3.2 Contract Content**

The contract(s) resulting from the award of this RFP will consist of this RFP (which includes the County's General Conditions), the Proposer's proposal, and any additional information deemed necessary as a result of the negotiations held with the successful Proposer(s).

### **3.3 Insurance**

The successful Proposer, at its expense, shall carry and maintain, in full force at all times during the contract term: General Liability insurance covering bodily injury and property damage with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; Business Automobile Liability insurance with a combined single limit of not less than \$1,000,000; Excess Umbrella Liability insurance with limits of not less than \$2,000,000 per occurrence and \$2,000,000 aggregate; Professional Liability insurance with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; Worker's Compensation insurance in statutory limits; and Employer's Liability insurance with limits of not less than \$100,000 each accident, \$500,000 disease-policy limit, and \$100,000 disease-each employee. Prior to commencement of performance under the contract, the successful Proposer shall furnish to the County a certificate of insurance evidencing all required coverage in at least the limits required herein, **naming the County of Berks, its elected officials, agents, and employees as additional insured under the Comprehensive General Liability coverage**, noting the project on the certificate, and providing that no policies may be modified or cancelled without thirty (30) days advance written notice to the County. Such certificate shall be issued to:

County of Berks, Attn.: Kelly Laubach, Purchasing Department, 633 Court Street, 13<sup>th</sup> Floor Services Center, Reading, PA 19601. 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 County.

**SECTION 4 - Specifications**

**4.1 Background**

The Controller’s office anticipates that all row office’s audits will be prepared by the time the audit is complete. The County will only be completing standard annual audits in 2010.

**4.1.1** The County of Berks serves an area of 864 square miles with a population of 405,113 and is organized into 65 departments and agencies of which the accounting and financial reporting functions are centralized. The County of Berks has a total payroll of \$95 million covering 2,700+ employees. The County of Berks fiscal year begins on January 1 and ends on December 31. Copies of prior financial statements, single audit reports and management letters are available for review in the Controller’s Office by scheduling an appointment with Pamela Santos at 610-478-6150 ext. 6151.

**4.1.2** The following fund types and accounting groups are used in the financial reporting:

<b>Fund Type</b>		<b>2009 Annual Budgets</b>
General fund	1	217,821,824
Special revenue funds	11	200,201,581
Debt service funds	1	22,000,000
Capital project funds	3	24,346,299
Permanent funds	0	-
Enterprise funds	3	53,550,854
Internal service funds	0	-
Private-purpose trust funds	0	
Investment trust funds	0	
Pension (and other employee benefits)	1	N/A
Trust and agency funds	1	N/A

**4.1.3** The County of Berks prepares its budgets on a basis consistent with generally accepted accounting principles.

**4.1.4** The County of Berks participates in the pension plan listed below. The County has determined it does not have a GASB 45 liability; therefore, no trust is being set up to address a post-employment benefits trust. It is not invested in any alternate investments, but does have limited exposure to sub-prime debt through holdings of Fannie Mae and Freddie Mac.

Single-Employer Defined Benefit Plan

Actuarial services for this plan are provided by The Hay Group, 100 Penn Square East, Philadelphia, PA 19107 .

- 4.1.5** The County of Berks is defined, for financial reporting purposes, in conformity with Statement of Governmental Accounting Standards Board No. 39 *Determining Whether Certain Organizations are Component Units*. Using these criteria, component units are included in the County of Berks' financial statements.

The management of the County of Berks identified the following component units for inclusion in the financial statements:

Council on Chemical Abuse, Inc.  
Fiscal year ends, June 30  
Auditors – Reinsel Kuntz Leshner, LLP

Service Access and Management, Inc.  
Fiscal year ends, June 30  
Auditors – Reinsel Kuntz Leshner, LLP

Berks County Solid Waste Authority  
Fiscal year ends, December 31  
Auditors – Reinsel Kuntz Leshner, LLP

Berks County Industrial Development Authority  
Fiscal year ends, December 31  
Auditors – Reinsel Kuntz Leshner, LLP

Redevelopment Authority of the County of Berks  
Fiscal year ends, December 31  
Auditors – Reinsel Kuntz Leshner, LLP

Reading Reagional Airport Authority  
Fiscal Year Ends, September 30  
Auditors – Herbein + Company

Reading Area Community College  
Fiscal Year Ends, June 30  
Auditors – Herbein + Company

The auditors of the above component units are contractually obligated to provide information needed for the audit of the County of Berks. The component unit information is included in the financial statement compiled by the Controller's Office, as forwarded by the auditor of the component unit.

- 4.1.6** The County of Berks has maintained an internal audit function. The internal audit function reports to Sandra M. Graffius, County Controller and is staffed by 8 employees. The qualifications of the internal audit staff are: Audit Manager, Internal Audit – CIA, Senior Auditor – CPA/CFE, and Auditors – CPA/CFE.

- 4.1.7** The Controller's Office staff, internal audit staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The internal audits staff of the

Controller's Office will provide up to 200 hours of assistance and the fiscal staff of the Office of Aging will provide up to 40 hours of assistance. The County will also provide as much clerical time as necessary to assist the auditing firm. Work papers and statements are available in an electronic format. A software program is used to maintain payroll, accounting and fixed assets.

**4.1.8** The preparation of cash confirmations will be the responsibility of the auditor. Information Technology (IT) personnel will be available to provide systems documentation and explanations. The County has approximately 125 cash and investment accounts in various departments. The Treasurer controls 27 accounts. All cash and investment accounts are reflected on the County General Ledger. With the implementation of the Oracle program this number will be substantially reduced. The County is looking to go toward a "pooled" cash concept that will allow a concentration account of cash and a tracking individual funds and cash accounts within Oracle rather than tracking a bank account for each. The County anticipates reducing the number of accounts from 30-40. Some are regulatory and required to be separate.

4.1.9 Interested Proposers who wish to review prior years' audits, financial statements and management letters should contact Pamela Santos of the County of Berks Controller's Office at (610) 478-6150 ext. 6151 to schedule an appointment. The information must be reviewed on site; however, copies can be obtained. The 2008 Comprehensive Annual Financial Report can be downloaded from the County's website, [www.co.berks.pa.us](http://www.co.berks.pa.us). From the homepage, select the Controller's Office web page, then click on the link 2008 Comprehensive Annual Financial Report.

## **4.2 Project Description**

**4.2.1** The County of Berks is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2009, with the option of auditing its financial statements for each of the (2) subsequent fiscal years (2010 & 2011). These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, the provision of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management & Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as single audit supplement developed by the Commonwealth of Pennsylvania, Department of Public Welfare.

**4.2.2** A new Oracle ERP system is being implemented with a go live date of 1/1/09. It will include General Ledger, Accounts Payable & Receivable, Projects & Grants, and various Purchasing modules. The County will continue to use CORT software application for Human Resources payroll which has a link between the payroll and ERP systems. The County will reevaluate implementing Oracle Human Resources and payroll in the next few years. The consultant for the implementation of this project does only public sector implementations and is very familiar with government accounting practices.

**4.2.3** The County of Berks is requesting separate proposals from qualified firms of certified public accountants to audit financial statements of the Office of Aging and its subsidiary the Foster Grandparent Program for the fiscal year ending June 30,

2009, with the option of auditing its financial statements for each of the (2) subsequent fiscal years (2010 & 2011). These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, the provision of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management & Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as single audit supplement developed by the Commonwealth of Pennsylvania, Department of Public Welfare.

### **4.3 Project Goals and Objectives**

The objective of the project is to meticulously complete an audit of the County's financial statements and those of the Office of Aging and the Foster Grandparent Program to include all distinctive requirements listed herein within the project timeline of section 4.7.

### **4.4 Scope of Work**

The work to be performed includes the following tasks and deliverables:

#### **4.4.1 Auditor's Responsibilities**

**4.4.1.1** The auditor shall review and provide an opinion of the fair presentation of the County's basic financial statements in conformity with generally accepted accounting principles.

**4.4.1.2** The auditor shall assist in drafting of the County's financial statements and propose adjustments to the trial balance which are reviewed and approved by management of the County. The draft and the adjustments are the responsibility of the management of the County.

**4.4.1.3** The funds that are maintained by the County and that are to be included as part of the audit is as follows:

- **General Fund**
- **Children and Youth Services Fund**
- **Mental Health/Mental Retardation Fund**
- **Health Choices Fund**
- **Berks County Home – Berks Heim**
- **911 Fund**
- **Youth Center Fund**
- **Employee's Retirement Trust Fund**
- **Agency Funds**

**4.4.1.4** A two-page document entitled Independent Accounts' Report on Applying Agreed-Upon Procedure to the Financial Schedules and Exhibits required by the Pennsylvania Department of Public Welfare is included as Exhibit #1. The document states the procedures and programs and the respective audit firms. The County has not been advised of any new programs or changes to DPW requirements.

**4.4.1.5** The auditor shall provide an “in-relation-to” report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

**4.4.1.6** The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. It shall be the responsibility of the Auditor to make the County aware of all new accounting pronouncements which the County will than implement.

**4.4.1.7** The auditor shall provide an “in-relation-to” report on the Schedule of Expenditures of Federal Awards based on the auditing procedures applied during the audit of the financial statements. The Auditor prepares the SEFA with assistance from the Internal Audit group which will summarize all the grants from the various departments that are currently in force. The Single Audit is completed and issued in mid-September from the Auditor and has always been filed by the September 30<sup>th</sup> due date.

**4.4.1.8** The auditor is not required to audit the combining and individual fund financial statements and supporting schedules, the introductory section of the report, the statistical section of the report, and management discussion and analysis.

#### **4.4.2 County of Berks Responsibilities**

**4.4.2.1** The assistance to be supplied by County personnel, including the preparation of schedules and analyses of accounts, shall be discussed and coordinated with Sandy Graffius, County Controller. The timely and accurate completion of this work is an essential condition to the completion of the audit and issuance of the audit report.

**4.4.2.2** The County of Berk’s management is responsible for:

- a. The preparation of the County of Berks financial statements.
- b. Establishing and maintaining effective internal control over financial reporting and safeguarding assets, and internal control over compliance, and for informing the auditor of all significant deficiencies in the design or operation of such controls of which the County has knowledge.
- c. Properly recording transactions in the records.
- d. Identifying and ensuring that the County of Berks complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations.
- e. The design and implementation of programs and controls to prevent and detect fraud, and for informing the auditor about all known or suspected fraud affecting the entity involving management, employees who have

significant roles in internal control and others where the fraud could have a material effect on the financial statements.

- f. Informing the auditor of the County's knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, regulators, or others.
- g. Making all financial records and related information available to the auditor.
- h. Adjusting the financial statements to correct material misstatements.
- i. Following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan.
- j. Submitting the reporting package.
- k. At the conclusion of the audit, the auditor will request certain written representations from management about the financial statements and matters related thereto. The auditor will also require that the County affirm to them that the effects of any uncorrected misstatements aggregated by them during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### **4.4.3 Auditing Standards**

The audit shall be performed in accordance with generally accepting 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*, the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provision of U.S. Office of Management and Budget OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Audits of State and Local Governments, and audit requirements of the Pennsylvania Department of Public Welfare.

#### **4.4.4 Reports**

**4.4.4.1** The following reports shall be issued by the auditor after a complete audit of the fiscal year's financial statements are complete:

- a. The fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- b. The compliance and internal control over financial reporting based on an audit of the financial statements.
- c. The compliance and internal control over compliance applicable to each major federal program.

**4.4.4.2** The auditor shall convey 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 could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

**4.4.4.3** 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 report on compliance and internal controls.

**4.4.4.4** The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls. **The audit report on internal control will include any reportable conditions and material weaknesses in the system of which the auditor becomes aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circular identified in the proposal. The audit report on compliance will address material errors, fraud; violations of compliance requirements and other responsibilities imposed by state and Federal statutes and regulations and assumed by contracts; and any state or Federal grant, entitlement or loan program questioned costs of which the auditor becomes aware, consistent with requirements of the standards and circulars identified in the proposal.**

#### **4.4.5 Irregularities and Illegal acts**

**4.4.5.1** Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the County of Berks' Board of Commissioners.

**4.4.5.2** Auditors shall inform the County of Berks' Board of Commissioners of each of the following:

- a. The auditor's responsibility under generally accepted auditing standards
- b. Significant accounting policies
- c. Management judgment and accounting estimates
- d. Significant audit adjustments
- e. Other information in documents containing audited financial statements
- f. Disagreements with management
- g. Management consultation with other accountants
- h. Major issues discussed with management prior to retention
- i. Difficulties encountered in performing the audit

#### **4.4.6 Distinctive Requirements**

**4.4.6.1** The County will prepare and send its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association of the United States and Canada for review in the Certificate of Achievement for Excellence in Financial Reporting program by June 30. The Controller's Office prepares the Management's Discussion and Analysis, the footnotes, the financial statements and the statistical section. The auditor will be required to provide assistance to the County of Berks in order to meet the requirements of the program. All projected timelines listed in the proposal have taken into account the submission deadline.

**4.4.6.2** The County has determined that the United States Department of Health and Human Services will function as the cognizant agency in accordance with the provisions on the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget OMB Circular A-133. *Audits of States, Local Governments, and Non-Profit Organizations*.

**4.4.6.3** The Schedule of Expenditures of Federal Awards and related report as prepared by the auditor, as well as the reports on compliance and internal controls are not to be included in the Comprehensive Annual Financial Report, but are to be issued separately.

To gather the Schedule of Federal Awards (SEFA), the Accounting section of the Controller's Office requests completion of federal financial assistance forms from various county departments. The dollar amounts are reconciled to the County's general ledger. Grants receivable and deferred revenue are summarized and posted to the general ledger. The Internal Audit staff of the Controller's Office summarizes the financial assistance forms on a spreadsheet and reconciles the total intergovernmental revenue to the financial statement. Grants receivable and deferred revenue are verified to supporting documentation at the department level. **The grant reconciliation spreadsheet is provided to the external auditors who summarize it by CFDA number and prepare the SEFA.**

The auditor is required to provide an "in-relation-to" report for the Schedule of Federal Awards.

**4.4.6.4** 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 written permission of the County of Berks. The County of Berks retains the right to approve or reject all replacements.

**4.4.6.5** Other audit personnel may be changed at the discretion of the Proposer provided that replacements have substantially the same or better qualifications or experience.

**4.4.6.6** The County reserves the right to ask questions throughout the contract period at no additional charge. The allotted time shall not exceed 20 hours annually; this does not include questions posed during the fieldwork period.

**4.4.6.7** During the course of the audit engagement, the auditor may accumulate records containing data which should be reflected in the County's books and records. The County will determine that all such data, if necessary, will be

so reflected. Accordingly, the County does not expect the auditor to maintain copies of such records in the auditor's possession.

**4.4.6.8** Professional standards and the auditor firm's policies require that the auditor perform additional procedures whenever the audit reports are included, or when the auditor is named as accountants, auditors, or "experts" in a document used in a public offering of debt securities. The audit report on the financial statements is not to be included in an official statement or other document involved with the sale of debt instruments without the auditor's prior consent. Additionally, if the County intends to publish or otherwise reproduce the financial statements and/or make reference to the auditor or the audit, the County agrees to provide the auditor with printer's proofs or master for the auditor's review and consent before reproduction and/or release occurs. The County also agrees to provide the auditor with a copy of the final reproduced material for their consent before it is distributed or released.

#### **4.4.7 Access and Retention of Working Papers**

**4.4.7.1** All working papers and reports must be retained, at the auditor's expense for a minimum of three (3) years, unless the firm is notified in writing by the County of the need to extend the retention period. The auditor will be required to make working papers available, upon request of the following parties and/or their designees:

- a. County of Berks
- b. U.S. Department of Health and Human Services
- c. U.S. General Accounting Office (GAO)
- d. Parties designated by the federal or state government or by the County as part of an audit quality review process.
- e. Auditors of entities in which the County is a sub recipient of grant funds.

**4.4.7.2** The auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**4.4.7.3** **The working papers for this engagement are the property of the auditor. Access to requested workpapers will be provided under the supervision of audit personnel and at a location designated by the auditor.**

#### **4.4.8 Report Preparation**

**4.4.8.1** The County will provide the auditor with work space, desks and chairs to accommodate up to six people; however, arrangements can be made in advance to accommodate additional staff. The auditor will also be provided with access to telephone lines, photocopying facilities and FAX machines.

**4.4.8.2** Report preparation, editing and printing shall be the responsibility of the auditor as outlined in this proposal. The County will be responsible

for printing the CAFR however the auditing firm will be required to provide the opinion letter.

## **4.5 Qualifications / Experience**

### **4.5.1 Proposing Firm**

The proposing firm shall at minimum:

- Have auditing experience, specifically governmental experience, on at least three (3) projects of similar scope and size.
- Have demonstrated past performance related to the ability to meet schedules and deadlines, on projects of similar scope and size.

### **4.5.2 Project Team**

The project manager shall at minimum:

- Have auditing experience, specifically governmental experience, on at least three (3) projects of similar scope and size.
- Possess proficiency in the application of requirements and guidelines established by the Pennsylvania State Board of Accountancy.

The project team shall at minimum:

- Have auditing experience, collectively on at least three (3) projects of similar scope and size.
- On past projects of similar scope and size, have demonstrated skills, technical knowledge, and administrative capability to serve all the requirements of the proposed project specifications.

## **4.6 RFP Timeline**

Following is the County's estimated timeline for the RFP process:

Issue RFP	October 19, 2009
Pre-Proposal Conference	October 26, 2009
Cutoff for Submission of Written Questions	November 2, 2009
Deadline for Submission of Proposals	November 16, 2009
Opening of Submitted Proposals	November 17, 2009
County's Review of Proposals	November 18-20, 2009
Notify Short List Firms	November 20, 2009
Interview Short List Firms	November 23, 2009
Issue Notice of Contract Award	November 27, 2009
Commencement of Work	December 1, 2009

## **4.7 Project Timeline**

The selected Proposer will be required to begin the work 14 business days after receipt of the notice to proceed.

The County of Berks Controller's Office shall have all statements and schedules required by the auditor complete by May 1 and all statements by May 15 of the subsequent year.

**4.7.1** The following should be completed by the dates as indicated.

- Detailed audit plan and a list of all schedules to be performed by the County of Berks by January 15, 2010.
- All fieldwork related to general purpose financial statements by June 1, 2010 and August 18, 2010 related to the single audit.
- Drafts of the independent auditor’s report on the general-purpose financial statements by June 12, 2010 and Single Audit Report and recommendations to management available for review by the Board of Commissioners by August 31, 2010.
- Draft of the Comprehensive Annual Financial Report is to be available for review by the Board of Commissioners by June 12, 2010.

## **SECTION 5 - Proposal Format and Content**

### **5.1 Submission of Proposal**

Proposals shall be submitted in one (1) original and six (6) copies on 8½” x 11” paper to: County of Berks, c/o County Controller, Berks County Services Center, 633 Court Street, 12<sup>th</sup> Floor, Reading, PA, 19601. The original proposal shall be marked “original” and each copy of the proposal must be a complete copy of the original including all attachments and appendixes. Proposal documents must be enclosed in a sealed, opaque envelope or container with the words “Sealed Proposal – Auditing Services” and the RFP number clearly printed on the outside. Proposals received via facsimile will not be considered.

Each proposal section enumerated in paragraph 5.3 - 5.13 must be clearly identified and tabbed in the submitted proposal.

### **5.2 Proposal Format**

**5.2.1** The objective of the proposal is to demonstrate the qualifications, competency and capacity of the firms seeking to undertake an independent audit of the County of Berks in conformance with the specifications outlined in the Request for Proposals. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this project, in addition to providing a detailed audit approach that will meet the specifications of the Request for Proposal.

**5.2.2** The County discourages overly lengthy and costly proposals; however, Proposers should follow the format set out herein and provide all of the information requested. For a proposal to be considered, Proposers must follow the instructions outlined in this RFP.

### **5.3 Transmittal Letter**

Proposals shall include a brief letter which provides the company’s name; address of the main office and any branch offices; telephone and fax number for each office; name, title, telephone number, fax number, and email address of the company’s contact person for this project; a statement that the proposal is in response to this solicitation; and the signature, typed name, and title of an individual who has *actual authority*\* to commit the Proposer to the proposal. The transmittal letter shall also include an acknowledgement of each RFP Addendum received (if applicable), and a statement that the cost proposal is valid for at minimum ninety (90) days from the proposal opening date.

*\*Proposals by individuals must be signed personally, with name typed below signature, and witnessed. A complete address and trade name must be provided. Proposals by partnerships must include the typed names and business address of all partners and the trade name of the company. The proposal must be signed by at least one general partner, whose signature must be witnessed. Proposals by corporations must include the typed name of the corporation, the State of incorporation, and the principal officer of the corporation. The proposal must be signed by the President or Vice-President (or by an officer or agent duly authorized to bind the corporation to a contract, proof of whose corporate authority shall be attached), and attested by the Secretary, Assistant Secretary, or Treasurer of the corporation.*

#### **5.4 Understanding of the Project**

Proposers must provide a comprehensive narrative statement that illustrates their understanding of the requirements of the project, and illustrates how their methodology will serve to accomplish the work and meet the County's project schedule. Proposers must describe how they will approach the project and also describe the methods and frequency of interface between your project team members and the County's project team members in performing the services required.

#### **5.5 Qualification Statement**

Each proposal shall include, at minimum, the following information:

- a. Describe your firm's main business focus. State the strengths of your organization and how the County will benefit from those strengths.
- b. The number of years the firm has been in business.
- c. The type of organization of the firm. (i.e. Corporation, Partnership, Sole Proprietorship) The names and titles of the company's principles.
- d. A copy of the firm's most recent peer review as required by the Pennsylvania Institute of Certified Public Accountants (PICPA).
- e. An affirmative statement attesting the firm and all assigned key professional staff are properly registered/licensed to practice in Pennsylvania.
- f. The size of the firm's governmental audit staff, the location of the office from which the work on this proposal is to be performed and the number and nature of the professional staff to be employed on a full-time and part-time basis.
- g. If the Proposer is a joint venture or consortium, the qualifications of each firm comprising such joint venture should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.
- h. A copy of the firm's most recent external quality control review, with a statement whether that quality control review included a review of specific government projects.
- i. Information on the results of any federal or state desk reviews or field review of its audits during the past three (3) years 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.

- j. Include an organizational chart for the team members you will utilize. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the project. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Pennsylvania. The experience for each staff member to be assigned to this project should be detailed as to include training, continuing professional education and any relevant qualifications and experience. This shall include 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.
- k. Identify the extent to which staff that are to be assigned to the audit reflect the County's commitment to Affirmative Action.
- l. List all prior engagements with the County within the last five (5) years ranked on the basis of total staff hours for the County by the type of engagement (i.e., audit management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.
- m. For the firm's office that will be assigned responsibility for the audit, list the most significant projects with other government entities (maximum of 5) performed in the last five years that are similar to the project described in this Request for Proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, dates of performance, project partners, total hours, estimated total project cost and actual total project cost; planned project completion date and actual project completion date; summary description of the project and the name and telephone number of the principal client contact.
- n. Describe your firm's capacity to execute the project within the proposed schedule. Describe your company's willingness and ability to commit the company's personnel to meet the project's scope and schedule. (Include a list of current projects and the anticipated completion dates of these projects.)
- o. Include sample formats for all reports the firm is required to complete.

## **5.6 Audit Plan**

**5.6.1** Each proposal shall address the company's qualifications for the development and completion of the project based on the following:

**5.6.2** The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed in order to perform the services required in the Request for Proposal. In developing the work plan, reference should be made to such sources of information as the County's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

**5.6.3** Proposers will be required to provide the following information in their audit plan:

- Proposed segmentation of the project.
- Proposed plan for internal control testing of the new Oracle financial software system.
- Level of staff and number of hours to be assigned to each proposed segment of the project.
- Sample size and the extent to which statistical sampling is to be used.
- Extent of use of EDP software.
- Type and extent of analytical procedures.
- Method to be used to determine laws and regulations that will be subject to audit test work.
- Method to be used in drawing audit samples for the purpose of testing compliance.

**5.6.4** The proposal shall identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the County.

## **5.7 Conflict of Interest**

**5.7.1** Each proposal shall include a conflict of interest statement indicating whether or not any principals in the company, their spouse, or their child is employed by the County of Berks, and whether or not the company or any individuals working on the contract has a possible conflict of interest, and, if so, the nature of that conflict.

**5.7.2** To preserve the integrity of County employees and elected officials and to maintain public confidence in the RFP process, the County prohibits the solicitation or acceptance of anything of value by a County employee or elected official from any person seeking to initiate or maintain a business relationship with County departments, boards, commissions, and agencies.

**5.7.3** Proposers shall not pay any salaries, commissions, fees, or make any payments or rebates to any employee, elected official of the County or their designees. Nor shall any Proposer favor any employee, elected official of the County or their designees with gifts or entertainment of significant cost or value, or with services or goods sold at less than full market value.

**5.7.4** The County reserves the right to disqualify a Proposer or cancel the contract award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the project to be performed by the Proposer. The County's determination regarding any question of conflict of interest shall be final.

## **5.8 Subcontractors**

**5.8.1** Subcontractors may be used to perform portions of the work on this project. If a Proposer intends to use subcontractors the Proposer must identify, in their proposal, the names of the subcontractors and the portions of the work the subcontractors will perform. Proposals must contain the following information concerning each prospective subcontractor:

- a. complete name of the subcontractor
- b. complete address of the subcontractor

- c. type of work the subcontractor will be performing
- d. percentage of work the subcontractor will be performing
- e. evidence that the subcontractor holds a valid Pennsylvania business license
- f. a written statement, signed by each proposed subcontractor, that clearly verifies that the subcontractor is committed to render the services required for the project

**5.8.2** A Proposer's failure to provide this information in their proposal may cause the County to consider the proposal non-responsive and reject the proposal. The substitution of one subcontractor for another may be made only at the discretion of the County and with prior written approval of the County. Such approval shall not be unreasonably withheld.

## **5.9 Insurance**

Proposers must provide with their proposals a sample certificate of insurance evidencing, at minimum, the insurance coverage types and levels set forth in paragraph 3.3 herein.

## **5.10 Counter Terms**

Proposers must identify any section of the proposed contractual conditions (Attachment 1) with which they disagree and detail specific language of their counter terms.

*Any exceptions to the terms, conditions, or other requirements in any part of this Request for Proposal must be clearly stated in the proposal. Otherwise, the County will consider that all proposals offered are in strict compliance with this Request for Proposal, and the successful Proposer will be responsible for compliance.*

## **5.11 Cost Proposal**

**5.11.1** Proposer's cost proposal must include an itemized list of all direct and indirect costs associated with the performance of this contract.

**5.11.2** The total cost in Attachment #1 and Attachment #2, Cost Proposals – Section 1 shall contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. The cost proposal shall also contain all direct and indirect costs (Attachment #1 and #2, Cost Proposals – Section 2) including, but not limited to, total number of hours at various hourly rates, direct expenses, payroll, supplies, overhead assigned to each person working on the project, percentage of each person's time devoted to the project, and profit for the base term.

**5.1.2.1** The cost proposed shall include a schedule of professional fees and expenses, presented in the format provided in Attachment # 1 and #2, Cost Proposals – Section 2.

**5.1.2.2** Indirect expenses for firm personnel (travel, lodging and subsistence) will be reimbursed at the rates used by the County for its employees. All estimated out-of-pocket expenses to be reimbursed shall be listed on Attachment # 1 and #2, Cost Proposals – Section 2. A copy of the County's rates can be found in Attachment #2. All reimbursements will be charged against the total proposed cost, submitted by the firm.

**5.11.3** If it should become necessary for the County to request the auditor to render any additional services to either supplement the services requested in the Request for Proposal or to perform additional work as a result of the specific recommendations included in any report issued on this project, then such

additional work shall be performed only if set forth in an amendment to the contract between the County and the firm. Any such additional work agreed to between the County and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

**5.11.4** Payments will be made on the basis of hours of work completed during the course of the engagement and indirect expenses incurred in accordance with the firm's dollar cost proposal. The payments will be made based upon the hours of work completed during each billing period. No pre-payments will be made. The billing period shall be determined in conjunction with the Controller's Office and the Proposer, and may be done in various formats, i.e. monthly, quarterly, etc. however the period shall not be less than a calendar month. The amount invoiced must coincide with the amount proposed for each respective task. Ten percent (10%) of the total contract amount will be retained. The retainage shall be released upon the County's receipt and acceptance of the firm's final report.

**5.12 Project Schedule**

Proposals shall include the Proposer's planned project schedule including expected completion time periods for each task defined in Section 4 - Specifications, and an expected completion time period for the overall project.

**5.13 Alternative Proposals**

Proposers are encouraged to review the scope of work created by the County and the various task requirements called for within the specifications. If the Proposer believes that there are alternate methods for meeting any of the RFP requirements different than those envisioned by the County, the Proposer should detail these and submit them as a separate section within the proposal.

**SECTION 6 - Evaluation Criteria and Process**

**6.1** A committee of not to exceed six (6) County personnel will review and evaluate proposals submitted in response to this RFP. The proceedings of the Evaluation Committee are confidential. Members of the Evaluation Committee are not to be contacted by the Proposers. All communication between a Proposer and the County shall be through Maria L. Ballas, Senior Buyer.

**6.2** Proposals will be evaluated against the following criteria using a pass/fail determination.

- Financial stability of the Proposer.
- Essential minimum experience and qualifications of the Proposer.
- Essential minimum experience and qualifications of the project team members.

Proposals must pass this first tier evaluation to move on to the second tier evaluation described on the succeeding page.

**6.3** Proposals will be evaluated against the following criteria using point-rated scoring.

- **23% Quality and Feasibility (Technical & Organizational Approach)** – The quality and feasibility of the technical portion of the proposal and the Proposer's understanding of the project's requirements and the overall goals and objectives of the project.
- **22% Past Performance** – The Proposer's past performance on similar projects. If the County cannot verify references based on the information provided in the Proposal, the scoring for this criteria factor may be affected.

- **21% Competence (Qualifications of Personnel)** – The Proposer’s competence in performing the required service as indicated by the training, education and experience of the personnel assigned to the project team. The Proposer must have in their possession all appropriate and required certifications, permits, and licenses.
- **16% Ability (Resource Commitment)** – The Proposer’s ability to perform the required service expeditiously. The Proposer must have the resources to be capable of meeting the required project completion schedule.
- **15% Cost**
- **3% Proposal Content/Format** – The proposal’s compliance with the content and format requirements of the RFP.

**6.4** During the evaluation process, the selection committee may at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any question the Selection Committee may have on a firm’s proposal. Not all firms may be asked to make such oral presentations.

**6.5** Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County of Berks and the firm selected.

## ATTACHMENT A - GENERAL CONDITIONS

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1. DEFINITIONS AND HEADINGS:

(a) The Request for Proposal, the proposal, the notification of award, and the purchase order or contract constitutes the complete agreement between the parties (hereinafter the "Agreement"). References to the Agreement include these General Conditions. "County" or "County of Berks" and "Contractor" are the parties identified as such in this Agreement. "Services" means the services identified in this Agreement as being the services to be performed by Contractor under this Agreement. The "Goods" means the equipment or items to be supplied by Contractor under this Agreement.

(b) All headings of the Articles of these General Conditions are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

2. PRECEDENCE: Where conflict exists between the Request for Proposal, the Contractor's Proposal, and the contract, the terms of the contract shall prevail.
3. AVAILABILITY OF APPROPRIATED FUNDS: The parties agree that any and all payments due from the County, as required under the terms of the contract, are contingent upon the availability of appropriated funds.
4. TAXES: The County is exempt from all Federal excise and transportation taxes, and Pennsylvania sales and use tax. The County's registration number with the Internal Revenue Service is 23-6003049. No exemption certificates are required and none will be issued. Nothing in this paragraph is meant to exempt a construction Contractor from the payment of sales tax or use tax required to be paid with respect to its purchase or use of tangible personal property used or transferred in connection with the performance of its construction contract. If the County is required by law to pay any excise tax and then seek a refund or credit, the Contractor may add the amount of the tax to the bid price as a separate item.
5. WARRANTY: Contractor warrants to the County that work performed under this Agreement, shall be done in a skilled manner and shall comply with industry standards. Contractor shall promptly re-perform Services, after receiving notification from the County of defects or nonconformance.
6. INDEMNITY: Contractor agrees to indemnify and hold harmless the County, its elected officials, employees and agents from and against any and all liability, damages, claims, suits, liens, and judgments (including reasonable attorney's fees), of whatever nature, for injuries to or death of any person or persons, or loss of or damage to property, to the extent attributable to the negligent acts of Contractor, its subcontractors or its respective agents, servants, or employees or such parties' failure to perform in accordance with the provisions of this Agreement.
7. FORCE MAJEURE: Neither party shall be liable for any failure or delay in its performance resulting from any cause beyond its reasonable control including, but not limited to, acts of God; acts or omissions of civil or military authority; fires, floods; unusually severe weather; strikes or other labor disputes; embargoes; wars; political strife; riots; delays in transportation; sabotage; or fuel, power, material or labor shortages, provided that the affected party notifies the other party, in writing, within forty-eight (48) hours subsequent to the commencement of an occurrence of Force Majeure.
8. TERMINATION FOR CONVENIENCE: The County reserves the right, at any time and for its convenience, to terminate this Agreement in whole or in any separable part by written notice to Contractor. Such notice shall be provided at least thirty (30) days prior to the intended termination date. Contractor shall be compensated for Goods accepted and for Services performed in accordance with the provisions of this Agreement up to the effective date of termination, less any payments previously made by the County for such Goods or Services, but in no event shall Contractor be entitled to recover loss of profits.
9. TERMINATION FOR CAUSE: In the event that either the Contractor or the County defaults in the performance of any obligation specified herein, the non-defaulting party shall notify the other party in writing and may suspend the Agreement, in whole or in part, pending remedy of the default. If such default is not remedied within fifteen (15) days from the date of receipt of such notice, or if the other party is diligently attempting to cure such default but is unable to cure such default within thirty (30) days from the date of receipt of such notice, then the non-defaulting party shall have the right to terminate the Agreement immediately by providing written notice of termination to the other party.

If, during the term of this Agreement, Contractor shall be adjudged bankrupt, make a general assignment for the benefit of its creditors, or become insolvent, Contractor shall give the County written notice of such occurrence as soon as is legally permissible. If such occurrence or proposed occurrence is unacceptable to the County, the County may terminate this Agreement immediately upon written notice thereof to Contractor.

## ATTACHMENT A - GENERAL CONDITIONS

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10. **NOTICES:** All notices required under this Agreement shall be in writing. Written notices shall be effective if delivered by hand, or if sent by registered or certified mail, by verified facsimile, or by confirmed courier to the address specified for each party in this Agreement.
11. **TIME IS OF THE ESSENCE:** Time is of the essence in the performance of this Agreement. In the event delivery of Goods or completion of Services is delayed, the County reserves the right, without liability, and in addition to its other rights and remedies, to terminate this Agreement by notice, and to purchase substitute Goods or Services elsewhere and charge Contractor with any loss of additional cost incurred.
12. **RECORDS, AUDIT AND INSPECTION:** Contractor shall maintain such records as may be necessary to adequately reflect the accuracy of Contractor's charges and invoices for reimbursement under the Agreement and such other additional records as the County may reasonably require in connection with the Agreement. Contractor shall preserve such records in accordance with statutory requirements, but in no case for less than three (3) years after the date of final payment, without additional reimbursement or compensation therefor. The County and its duly authorized representatives shall have the right, from time to time, and upon reasonable notice, to audit, inspect and verify the records kept by Contractor in connection with this Agreement. The County and its duly authorized representatives shall have the right to visit, observe, audit, and inspect, during the Contractor's normal business hours, Contractor's production and related facilities utilized to perform its obligations under the Agreement.
13. **RELEASE OF LIENS:** Before any payment hereunder shall become due, the County, at its option, may require Contractor to furnish reasonable evidence of the payment of all subcontractor accounts for labor and materials pertaining to Contractor's performance hereunder. Prior to payment, the County reserves the right to require Contractor to furnish the County with a full and complete release of liens from all persons furnishing labor and materials toward the performance hereof, and in any event, Contractor agrees to indemnify and hold harmless the County, its officials, employees and agents from and against any and all liens and encumbrances arising out of Contractor's performance of this Agreement.
14. **ASSIGNMENT:** Contractor shall not assign this Agreement in whole or in part nor delegate any duties, without the prior written consent of the County. Such consent shall not be unreasonably withheld. Any assignment consented to by the County shall be evidenced by a written assignment agreement executed by the Contractor and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of the original Agreement and to assume the duties, obligations, and responsibilities being assigned.
15. **PUBLICITY:** Neither Contractor nor any tier subcontractor shall use the name of the County of Berks, or quote the opinion of any County employee in any advertising, publicity, endorsement or testimonial, without the prior written approval of the County.
16. **COMPLIANCE WITH LAWS:** In the performance of this Agreement, Contractor shall comply with all applicable laws, ordinances, rules and regulations of governmental authorities and shall further specifically comply with those sections related to Equal Employment Opportunity. Contractor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations. Contractor shall give required notices, and secure and pay for temporary permits, licenses, and easements required for performance of this Agreement.
17. **INDEPENDENT CONTRACTOR:** The employees, subcontractor, methods, facilities, and equipment used by Contractor shall be at all times under Contractor's direction and control. Contractor's relationship to the County under this Agreement shall be that of an independent Contractor, and nothing in this Agreement shall be construed to constitute Contractor, its subcontractors or any of their employees as an employee, agent, associate, joint venturer, or partner of the County.
18. **SUBSTANCE ABUSE:** Contractor shall advise its employees and the employees of its subcontractors and agents that:
  - (a) It is the policy of the County of Berks to provide a drug-free work environment. To that end the County prohibits the illegal use, possession, sale, manufacture, dispensing, and distribution of drugs or other controlled substances on the work site, and prohibits in the workplace the presence of an individual with such substances in the body for non-medical reasons.
  - (b) Any employee of Contractor who is found in violation of the policy may be removed or barred from the work site at the discretion of the County.

## ATTACHMENT A - GENERAL CONDITIONS

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19. **GOVERNING LAW:** This Agreement shall be interpreted under the substantive law of the Commonwealth of Pennsylvania, without giving effect to any choice of law provision.
20. **CONTRACTOR CERTIFICATION:** Contractor certifies that it is not currently under suspension or debarment by the Commonwealth of Pennsylvania or federal government, and if the Contractor cannot so certify, then it agrees to submit along with the bid a written explanation of why such certification cannot be made.
- If the Contractor enters into subcontracts or employs under this Agreement any subcontractors or individual who is currently suspended or debarred by the Commonwealth of Pennsylvania or federal government during the term of this Agreement or any extensions or renewals thereof, the County shall have the right to require the Contractor to terminate such subcontracts or employment, at no cost to the County. The Contractor agrees to reimburse the County for costs and expenses incurred due to the Contractor's noncompliance with the terms of this certification requirement.
- The Contractor may obtain the current list of suspended and debarred Contractors by contacting the:  
Department of General Services  
Office of Chief Counsel  
603 North Office Building  
Harrisburg, PA 17125
21. **SEVERABILITY:** The provisions of this Agreement shall be deemed to be severable. Consequently, in the event that any provision of this Agreement is found to be void or unenforceable, such findings shall not be construed to render any other provision of the Agreement either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either party.
22. **RESERVATION OF RIGHTS:** Either party's waiver of any of its remedies afforded hereunder or by law is without prejudice and shall not operate to waive any other remedies which such party shall have available to it, nor shall such waiver operate to waive such party's rights to any remedies for future breach, whether of a like or different character. Furthermore, any termination of the Agreement pursuant to the Articles herein entitled **TERMINATION FOR CONVENIENCE** and **TERMINATION FOR CAUSE**, shall not relieve or release either party hereto from any rights, liabilities, or obligations which it has accrued under law or under the terms of this Agreement prior to the date of such termination.
23. **ENTIRE AGREEMENT:** This Agreement contains the complete and entire Agreement between the parties and may not be altered or amended except in a writing executed by a duly authorized official of the County and by a duly authorized individual of the Contractor.

---- END OF GENERAL CONDITIONS ----

**Attachment # 1**  
**Year 1 (2009)**  
**Cost Proposal County of Berks Audit– Section 1**  
**Schedule of Professional Fees and Expenses**

	Hourly Rates	Proposed Hours	Cost
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
		Total Cost	\$

Hourly Rates x Proposed Hours = Cost

**Cost Proposal County of Berks Audit - Section # 2**  
**Miscellaneous Expenses**

	Total Cost
Out of Pocket Expense (Specify)	
Meals & Lodging (Specify)	
Other (Specify)	
Total Cost	

**Total Proposed Cost**

Year 1 (2009)

(Total Cost of Section 1 and Section 2)

\$
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**Attachment # 1**  
**Year 2 (2010)**  
**Cost Proposal County of Berks Audit – Section 1**  
**Schedule of Professional Fees and Expenses**

	Hourly Rates	Proposed Hours	Cost
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
		Total Cost	\$

Hourly Rates x Proposed Hours = Cost

**Cost Proposal County of Berks Audit - Section # 2**  
**Miscellaneous Expenses**

	Total Cost
Out of Pocket Expense (Specify)	
Meals & Lodging (Specify)	
Other (Specify)	
Total Cost	

**Total Proposed Cost**

Year 2 (2010)

(Total Cost of Section 1 and Section 2)

\$
----

**Attachment # 1**  
**Year 3 (2011)**  
**Cost Proposal County of Berks Audit – Section 1**  
**Schedule of Professional Fees and Expenses**

	Hourly Rates	Proposed Hours	Cost
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
		Total Cost	\$

Hourly Rates x Proposed Hours = Cost

**Cost Proposal County of Berks Audit - Section # 2**  
**Miscellaneous Expenses**

	Total Cost
Out of Pocket Expense (Specify)	
Meals & Lodging (Specify)	
Other (Specify)	
Total Cost	

**Total Proposed Cost**

Year 3 (2011)

(Total Cost of Section 1 and Section 2)

\$
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**Attachment # 2**  
**Year 1 (2009)**  
**Cost Proposal Office of Aging & Foster Grandparent Program Audit – Section 1**  
**Schedule of Professional Fees and Expenses**

	Hourly Rates	Proposed Hours	Cost
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
		Total Cost	\$

Hourly Rates x Proposed Hours = Cost

**Cost Proposal Office of Aging Audit - Section # 2**  
**Miscellaneous Expenses**

	Total Cost
Out of Pocket Expense (Specify)	
Meals & Lodging (Specify)	
Other (Specify)	
Total Cost	

**Total Proposed Cost**

Year 2 (2009)

(Total Cost of Section 1 and Section 2)

\$
----

**Attachment # 2**  
**Year 2 (2010)**  
**Cost Proposal Office of Aging & Foster Grandparent Program Audit – Section 1**  
**Schedule of Professional Fees and Expenses**

	Hourly Rates	Proposed Hours	Cost
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
		Total Cost	\$

Hourly Rates x Proposed Hours = Cost

**Cost Proposal Office of Aging Audit - Section # 2**  
**Miscellaneous Expenses**

	Total Cost
Out of Pocket Expense (Specify)	
Meals & Lodging (Specify)	
Other (Specify)	
Total Cost	

**Total Proposed Cost**

Year 3 (2010)

(Total Cost of Section 1 and Section 2)

\$
----

**Attachment # 2**  
**Year 3 (2011)**  
**Cost Proposal Office of Aging & Foster Grandparent Program Audit – Section 1**  
**Schedule of Professional Fees and Expenses**

	Hourly Rates	Proposed Hours	Cost
Partners			
Managers			
Supervisory Staff			
Staff			
Other (specify)			
		Total Cost	\$

Hourly Rates x Proposed Hours = Cost

**Cost Proposal Office of Aging Audit - Section # 2**  
**Miscellaneous Expenses**

	Total Cost
Out of Pocket Expense (Specify)	
Meals & Lodging (Specify)	
Other (Specify)	
Total Cost	

**Total Proposed Cost**

Year 3 (2011)

(Total Cost of Section 1 and Section 2)

\$
----

### **Attachment #3**

#### **Travel**

Reimbursement for mileage shall be in accordance with the effective rates per mile established by the Internal Revenue Service (IRS).

Air travel by first class or business class is expressly prohibited.

#### **Lodging**

Lodging cost per night is limited to the maximum lodging rate established in the US federal government General Services Administration (GSA) current per-diem charts for the location of the overnight travel. The GSA per diem committee reviews and updates these charts at least annually and they reflect the average cost of meals for a given geographical area. The charts are available at the GSA website ([www.GSA.gov](http://www.GSA.gov)).

#### **Meals**

These rates are maximums and not flat allowances and include taxes and gratuities.

Meal reimbursements will be allowed up to the following amounts:

Breakfast - \$6.00

Lunch - \$11.00

Dinner - \$21.00

If you are traveling to a high cost area (large metropolitan area) the Meals and incidentals rates (M & IE rates) established and published in the U.S federal government General Services Administration (GSA) current per-diem charts for the location of the overnight travel should be referred to.

No claims for alcoholic beverages will be allowed.



- (b) We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DPW for the period in question. There were no adjustments to reported revenues or expenditures for the fiscal year ended June 30, 2007.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Mingis, Gutowski & Company, LLP*

July 15, 2008  
Swarthmore, Pennsylvania

Exhibit #2

CLIENT: County of Berks  
 CLOSING DATE: 12/31/06

GOVERNMENT  
 PREPARED BY CLIENT  
 (PBC) WORKPAPERS

WORKPAPER		DATE TO BE COMPLETED	RECEIVED
	<b>Items requested in electronic format (if possible, into excel):</b>		
1	Trial balance, for all funds, as of December 31, 2006	5/07	
2	Cash disbursements (check register) from 1/1/06 through 12/31/06	5/07	
3	Posted journal voucher list from 1/1/06 through 12/31/06	5/07	
4	Schedule of accounts receivable (non-grant), by fund, as of 12/31/06	5/07	
5	List of all escrow/agency fund type bank accounts, along with reconciliations and bank statements, as of 12/31/06	5/07	
6	Schedule of escrow/agency fund rolforward (beginning balance, additions, reductions, ending balance)	5/07	
7	Investment schedules reconciled to the general ledger as of 12/31/06 for all funds (with access to investment statements)	5/07	
8	Schedule of taxes receivable, reconciled to general ledger as of 12/31/06	5/07	
9	Schedule of real estate taxes receivable - 60 day rule	5/07	
10	Reconciliation of 2006 real estate taxes received, to original duplicate and to collections	5/07	
11	Schedule of delinquent taxes, by year, rolled forward (beginning balance, additions/deletions, penalties, interest, ending balance)	5/07	
12	Schedule detailing the components (tax, penalty, interest, commission) of the tax claim bureau real estate tax revenue remittances reconciled to the general ledger for the period Jan 2006 through February 2007	5/07	
13	Schedule of interfund receivables and payables and transfers	5/07	
	Government Fund Type Activities - Capital Assets:		
14	- Schedule of changes in capital assets, by account and fund reconciled to general ledger for accounts they are charged to	5/07	
	- Depreciation schedule		
15	Business Fund Type Activities - Capital Assets:		
	- Schedule of changes in capital assets, by account and fund reconciled to general ledger for accounts they are charged to	5/07	
	- Depreciation schedule		
16	Comparison of capital asset appropriations vs. expenditures by account for year ended 12/31/06	5/07	
17	Debt schedule, rolforward (beginning balance, additions, deletions, ending balance)	5/07	
18	Vacation/sick time Liability schedule @ 12/31/06	5/07	
19	Schedule reconciling fund balances at 12/31/06 per the CAFR to fund balances per the general ledger @ 12/31/06, including any changes in restricted or designated fund balances	5/07	
20	Detail schedule of encumbrances by fund as of 12/31/06	5/07	

21	Detail schedule of employee conversion pay as of 12/31/06	5/07
22	Schedule of all grant payments, with supporting schedule, and reconciliation to general ledger	5/07
23	Schedule of grants receivable, including revenue account code	5/07
24	Schedule of deferred/unearned revenues	5/07
25	Schedule of due to other municipalities	5/07
26	Detail schedule of Farmland Fees-In-Progress as of 12/31/06	5/07
27	Accounts payable detail schedule, reconciled to the general ledger as of 12/31/06	5/07
28	Schedule of accrued payroll and payroll taxes, with supporting documentation (payroll runs)	5/07
29	List of Berks Heim reimbursement rates (MA, Medicare, Private Pay)	5/07
30	12/31/06 Internal Financial Statement – All Fund Types and Account Groups	5/07
31	Schedule of open contracts/commitments @ 12/31/06 for capital projects	5/07
32	Board minutes from June 1, 2006 through current date	5/07
33	Schedule of bid awards for 2006	5/07
34	Reconciliation of original approved budget to current budget	5/07
35	Grouping report for 2006 Financial Statements	5/07
36	Schedule of leases and minimum lease payments through term of the related lease	5/07
37	Reconciliation of wages per the 941's to the gross wages per payroll registers and payroll expense per the general ledger for 2006	5/07
38	Reconciliation of payroll taxes per the payroll tax returns to payroll tax expense per the general ledger for 2006	5/07
39	Entity-wide: Schedule of Long-Term Assets Schedule of Long-Term Receivables Schedule of Long-Term Liabilities	5/07
	<b>Other Items:</b>	
40	List of bank account names and numbers for confirmations	1/07
41	Copy of 2006 Budget, both original and final	5/07
42	Access to all bank statements and the related bank reconciliations (including a list of all outstanding checks and deposits in transit) as of 12/31/06 for all funds	5/07
43	Access to all bank and investment statements for January 2007 for all funds	5/07
44	Copy of 2006 outstanding real estate taxes as of 12/31/06	5/07
45	Copy of the Real Estate Appraised Value Report (Abstract of Appraised Values Summary Report, Rpt# MAS300) for 2006	5/07
46	Copy of 2006 Real Estate Tax Collections summary	5/07
47	Copy of daily revenue report of Tax Claim Bureau receipts for January 2007 and February 2007	5/07

48	Copy of capital asset capitalization policy	5/07
49	Report of vacation/sick time liability used during 2006	5/07
50	Vacation/sick Liability Report -- Yearly (computer run), including employee name, expense a/c classification, pay rate & vacation/sick hours and liability	5/07
51	Copy of actuarial report for Workers Compensation Liability	5/07
52	Copy of Disproportionate Share Calculation for year ending 12/31/06 (Berks Heim)	5/07
53	Copy of Berks Heim census summary	5/07
54	Elected officials' Approved Salaries and hourly rate	5/07
55	Access to insurance policies	5/07
56	Access to documents related to any debt issued during 2006	5/07
	<b>OTHER ITEMS MAY BE REQUESTED DURING THE AUDIT WHICH ARE NOT LISTED HERE</b>	

Exhibit #3

CLIENT: County of Berks - Pension Plan  
CLOSING DATE: 12/31/06

GOVERNMENT  
PREPARED BY CLIENT  
(PBC) WORKPAPERS

	WORKPAPER	DATE TO BE COMPLETED	DATE RECEIVED
1	Actuarial Report and supporting documentation for data submitted to actuary	5/07	
2	Schedule of cash and investments, reconciled to bank and investment statements	5/07	
3	List of participants receiving benefits - include name and benefit amount	5/07	
4	Detail list of all new retirees in 2006, including those receiving lump sum distributions	5/07	
5	Pension Board minutes from June 2006 through current date	5/07	
6	Reconciliation of employee and employer contributions to those recorded by the plan	5/07	
7	Detail of buy-backs for 2006	5/07	
8	Final trial balance as of 12/31/06	5/07	
9	Schedule of interest and dividend income, reconciled to the trial balance	5/07	
10	Schedule of plan contributions by pay date	5/07	
11	GASB 27 calculations and disclosure requirements	5/07	
12	Copy of pension plan summary of benefits and provisions	5/07	
13	Annual required contribution for 2006	5/07	

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**Exhibit #4**

**County of Berks**  
**Fees and Hours Required to Complete Previous Audits**

	<u>Hours</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Partners	55	\$307.00	\$310.00			
Managers	75	\$166.00	\$173.00			
Seniors	250	\$108.00	\$112.00			
Staff	390	\$81.00	\$84.00			

Total number of hours – 770

Out of pocket expenses (annually) - \$3,000.00

	<u>Estimated</u>	<u>Actual</u>
Grand Total (2002) -	\$64,295.00	\$64,395.00
Grand Total (2003) -	\$66,770.00	Not available (final invoice has not been issued)