



COUNTY OF MONROE, MICHIGAN

REQUEST FOR PROPOSALS

PROFESSIONAL AUDITING SERVICES

PROPOSALS ISSUED TO FIRMS: November 7, 2018

PROPOSALS DUE: ***FRIDAY, NOVEMBER 30, 2018 @ 4:00 P.M.***
MONROE COUNTY FINANCE DEPARTMENT
2ND FLOOR, 125 EAST SECOND STREETS
MONROE, MICHIGAN 48161

THE COUNTY OF MONROE, MICHIGAN
REQUEST FOR PROPOSALS

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THE COUNTY OF MONROE, MICHIGAN
REQUEST FOR PROPOSALS
COUNTY OF MONROE, MICHIGAN

I. INTRODUCTION

A. General Information

The County of Monroe, Michigan is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the year ending December 31, 2018, with the option of auditing its financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Offices (GAO) Government Auditing Standards (1994), the provision of the federal 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.

There is no expressed or implied obligation for the County of Monroe, Michigan to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, a sealed proposal must be received by **Friday, November 30, 2018** at the County of Monroe, Michigan at the Monroe County Finance Department by **4:00 p.m.** Eastern Standard Time. In lieu of a hard copy proposal, a PDF file of the proposal may be submitted by the same deadline to michael_bosanac@monroemi.org. The County of Monroe, Michigan reserves the right to accept or reject any or all proposals submitted, to waive any irregularities and to make an award that is determined by the County of Monroe to be in the best interest of the County.

During the evaluation process, the County reserves the right, where it may serve the County's best interest, to request additional information or clarifications from proposers or to allow corrections of errors or omissions. At the discretion of the County, firms submitting proposals may be requested to make presentations as part of the evaluation process.

The County of Monroe, Michigan reserves the right to retain all proposals that have been submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County and the firm selected.

It is anticipated the selection of a firm will be completed by December 31, 2018. Following the notification of the selected firm it is expected a contract will be executed between both parties by January 15, 2019.

B. Term of Engagement

A five-year contract is contemplated, subject to the annual review and, the satisfactory negotiation of terms (including a price acceptable to both the County of Monroe, Michigan and the selected firm), the concurrence of the County and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The County of Monroe, Michigan is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the year ending December 31, 2018, with the option to audit the County's financial statements for each of the four (4) subsequent fiscal years. These audits are to be preformed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The County of Monroe, Michigan desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The auditor shall also be responsible for performing certain limited procedures involving all current required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

C. Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standard as set forth by the American Institute of Certified Public Accountants, the standard for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1994), the provisions of the Single Audit Act of 1984 as amended in 1996 and the provision of the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments and Non-Profit Organizations. Financial Statements shall be prepared in accordance with Governmental Accounting Standards Board Statement 34. (GASB 34)

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on 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.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required report(s) on internal controls, the auditor shall communicate any reportable conditions 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 organization'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 report(s) on internal controls.

The reports on compliance shall include all instances of noncompliance, irregularities and illegal acts. 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.

Reporting to the Monroe County Board of Commissioners.

Auditors shall assure themselves that the County of Monroe, Michigan's Board of Commissioners is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgments' and accounting estimates.

4. Significant audit adjustments.
5. Disagreements with management.
6. Management consultation with other accountants.
7. Major issues discussed with management prior to retention.
8. Difficulties encountered in performing the audit.

E. Special Considerations

1. The financial statements of the County of Monroe, Michigan include as component units, the Monroe County Road Commission, County Agency under the Drain Commissioner and the Monroe County Mental Health Authority which are audited by other auditors. Additionally, the financial statements of the Monroe County Library System, a blended component unit are audited by other auditors. The Monroe County Employees Retirement System Trust is also audited separately from this engagement. It is anticipated that the auditor will not be required to provide special assistance to those entities auditors.
2. The County of Monroe, Michigan will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is expected that the auditor will assist the County of Monroe in continuing meeting the requirements of that program.
3. The County of Monroe, Michigan currently anticipates it will prepare one or more official statements during the next five years in connection with the sale of debt securities which will contain the general purpose financial statements and the auditor's report therein. The auditor shall be required, if requested by the financial advisor and/or the underwriter, to issue a consent and citation of expertise "as the auditor and any necessary comfort letters". Such services will be compensated above and beyond the fees proposed to and agreed to under this engagement and scope of services.
4. The County of Monroe, Michigan has determined that the U.S. Department of Health and Human Services will function as the recognized agency in accordance with the provisions of 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.

5. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are to be issued as part of a separate report.

F. Working paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of six (6) years, unless the firm is notified in writing by the County of Monroe, Michigan of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties.

The County of Monroe, Michigan

The United States Department of Health and Human Services

The United States General Accounting Office (GAO)

The State of Michigan, Department of Treasury

Parties designated by the federal or state governments or by the County of Monroe, Michigan as part of an audit quality review process.

Auditors of entities of which the County of Monroe, Michigan is a sub-recipient of grant funds.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

- A. The office of the Administrator/Chief Financial Officer and the Finance Department is located at 125 East Second Street, Monroe, Michigan on the second floor of the Courthouse Annex. The Administrator/Chief Financial Officer can be reached by phone at (734) 240-7267 and by fax at (734) 240-7266.

The auditor's principal contacts with the County of Monroe, Michigan will be Michael Bosanac, Administrator/Chief Financial Officer and Sue Maier, Director of Fiscal Services, or a designated representative, who will coordinate the assistance to be provided by the County of Monroe, Michigan to the auditor.

An organizational chart is attached and made a part of this solicitation. A list of key

personnel will be available to any auditing firm anticipating bidding on the audit and requesting the same.

B. Background Information

The County of Monroe, Michigan was established in July, 1817, as one of the first steps in the organization of the Michigan territory after the war of 1812. It consists of 562 square mile with 15 townships, 5 villages and 4 cities.

The County of Monroe, Michigan fiscal year begins on January 1, and ends on December 31.

The County of Monroe has a total estimated payroll for 2018 of \$26,804,477 covering approximately 458 full time employees, 103 regular part time employees and 63 seasonal part time employees.

More detailed information on the County of Monroe, Michigan and its finances can be found in the 2018 budget and prior CAFRs on the County's web site via the following: http://www.co.monroe.mi.us/government/departments_offices/finance/index.html

C. Fund Structure

The County of Monroe, Michigan operates with the following fund accounting structure to ensure and demonstrate compliance with finance related legal requirements:

- 101 Series- General Fund
- 200 Series - Special Revenue Funds
- 300 Series - Debt Service Funds
- 400 Series - Capital Projects Funds
- 500 Series - Enterprise Funds
- 600 Series - Internal Service Funds
- 700 Series - Trust and Agency Funds
- 800 Series - Drain Funds

The County of Monroe, Michigan follows the State of Michigan guidelines for Account numbers structure and development.

D. Budgetary Basis of Accounting

The County of Monroe, Michigan prepares its budget on a modified accrual basis as we budget based on expected earned revenues within the fiscal year and expected expenditures occurring during the fiscal period.

E. Federal and State Financial Assistance

During the fiscal year to be audited the County of Monroe, Michigan received both federal and state assistance. Federal assistance comes from the following agencies.

1. U.S. Department of Agriculture
2. U.S. Department of Health and Human Services
3. U.S. Department of Justice
4. U.S. Department of Labor
5. U.S. Department of Homeland Security
6. U.S. Environmental Protection Agency
7. U.S. Department of Housing and Urban Development
8. U.S. Department of Transportation

F. Pension Plans

The County of Monroe, Michigan has its own Pension System (Monroe County Employees Retirement System-MCERS) with funds actually under the control of a custodial bank (Comerica) and separate money managers. The MCERS shall be responsible for conducting its own audit and retaining its own auditor to perform all necessary procedures and produce an audit report for the County to include in its CAFR.

G. Component Units

The County of Monroe, Michigan has six (6) component units as defined in conformity with the Governmental Accounting Standard Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Three of those units are the Monroe County Road Commission, Monroe County Agency and the Monroe County Mental Health Authority and are discretely presented component units. These units are audited by separate Accounting firms. The fourth discretely presented component unit is the Monroe County Drain Commission. In addition, the County of Monroe, Michigan has one blended component unit where a separate audit report is done and the report is blended into capital projects and debt service funds. The Monroe County Building Authority is the blended component unit. The Monroe County Library System is a blended component unit and is audited by other auditors.

H. Joint Ventures

The County of Monroe, Michigan does not participate in any joint ventures.

I. Magnitude of Finance Operations.

The finance department is headed by Sue Maier, Director of Fiscal Services and consists of three (3) employees.

J. Computer Systems

Hardware - The County of Monroe, Michigan currently uses several computer data systems to administer the Accounting, Payroll, Delinquent Tax and Receipt systems.

Software - The Payroll System is a product from KI Software out of Mason, Michigan and they currently update and maintain the system. The County is in the process of converting to ADP. The remaining applications, Accounting, Delinquent Tax and Refund applications are commercial Systems specifically designed for Governmental Accounting and Delinquent Tax Systems.

K. Internal Audit Function

The County of Monroe, Michigan does not maintain an internal financial audit function.

L. Availability of Prior Audit Reports and Working Papers

Interested Bidders who wish to review prior years audit reports and management letters should contact the Michigan Department of Treasury. 2nd Floor Treasury Building, Lansing, Michigan 48922, by calling (517) 373-3227 or utilize the Treasury website document search. The County of Monroe, Michigan will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals. Before contacting the State or the County, please review the information and reports available on line at the County's web site.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

| | |
|---------------------------------------|---|
| Request for proposal issued | November 7, 2018 |
| Due date for notification of interest | November 19, 2018 |
| Due date for proposals | November 30, 2018 at 4:00 p.m. |

B. Notification and Contract Dates

Selected firm notified no later than: **December 31, 2018**

Contract date **January 14, 2019**

C. Date Audit May Commence **January 15, 2019**

The County of Monroe, Michigan will have all records ready for the audit interim work to begin and all management personnel available to meet with the firm's personnel as of December 1 of each fiscal year.

D. Schedule for the 2018 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the County of Monroe, Michigan exercises its options for additional audits).

Each one of the following tasks must be completed by the auditor no later than the dates indicated:

1. Interim Work

The auditor shall complete interim work by a mutually agreed upon schedule between the County and auditor.

2. Detailed Audit Plan

The auditor shall provide the County of Monroe, Michigan by **January 31, 2019** both a detailed audit plan and a list of all schedules to be prepared by the County of Monroe, Michigan.

3. Fieldwork

The auditor shall complete all fieldwork by **April 30, 2019.**

4. Draft Reports

The auditor shall have drafts of the audit report(s) (if applicable) and recommendations to management available for review by the Finance Department and the Chief Financial Officer by May 15th of each fiscal year.

- E. Entrance Conferences, Progress Reporting and Exit Conferences (A similar time schedule will be developed for audits of future fiscal years if the County of Monroe, Michigan exercises its option for additional audits).

At a minimum, the following conferences should be held by the dates indicated on the schedule:

| | <u>Week of</u> |
|---|--------------------------------------|
| Entrance conference with Chief Financial Officer, Director of Fiscal Services and Finance Office Accountant | By mutual agreement of work schedule |
| <ul style="list-style-type: none"> The purpose of this meeting will be to discuss the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the auditor. | |
| Progress conference with Chief Financial Officer, Director of Fiscal Services and Finance Office Accountant | By mutual agreement of work schedule |
| <ul style="list-style-type: none"> The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested. | |
| Progress conference with Chief Financial Officer, Director of Fiscal Services and Finance Office Accountant | By mutual agreement of work schedule |
| <ul style="list-style-type: none"> The purpose of this meeting will be to discuss the year-end work to be performed. | |
| Exit conference with Chief Financial Officer, Director of Fiscal Services, Finance Office Accountant. | No later than May 15, 2019 |
| <ul style="list-style-type: none"> The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings. | |

- F. Date Final Report is Due (if applicable)

A draft copy of the Auditor's work product as well as all other applicable reports will be due at the office of the Chief Financial Office by June 1st of each fiscal year.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance.

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations in addition to assisting in making access to records and files available to the auditor. The preparation of confirmations will be the responsibility of the County of Monroe, Michigan.

B. Electronic Data Processing (EDP) Assistance

The Information Technology Director will be available to provide explanations. The auditor will be allowed to use the computer system to look at transactions or Master File Accounts but only on an inquiry basis. The County will provide the access to the Computer System.

C. Statements and Schedules to be prepared by the Staff of the County of Monroe, Michigan

Finance Department staff will prepare a preliminary trial balance and schedules supporting balance sheet accounts where necessary. Other schedules will be prepared as reasonably requested by the auditor. The final trial balance will be prepared by the Finance Department to include all year-end and audit adjustments identified.

D. Work Area, Telephones, Photocopying and FAX Machines

The County of Monroe, Michigan will provide the auditor with reasonable workspace and chairs. The auditor will also be provided with reasonable access to computers and computer software, telephone, photocopying facilities and FAX machine subject to the County of Monroe, Michigan priorities. The work area will be in the Finance Office suite.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit by November 19, 2018, a Notification of Interest in the format attached to the letter transmitting this Request for Proposal. Failure to do so will disqualify firms from submitting a proposal. This form may be faxed to (734)-240-7266 or emailed to michael_bosanac@monroemi.org.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Mr. Michael Bosanac
Administrator/Chief Financial Officer
Telephone: (734)-240-7267 or Facsimile (734)-240-7266
E-mail: michael_bosanac@monroemi.org

CONTACT WITH PERSONNEL OF THE COUNTY OF MONROE, MICHIGAN OTHER THAN THE ADMINISTRATOR/CHIEF FINANCIAL OFFICER OR THE DIRECTOR OF FISCAL SERVICES REGARDING THIS REQUEST FOR PROPOSAL MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

3. Submission of Proposals

The following material is required to be received by **Friday, November 30, 2018 at 4:00 p.m.** for a proposing firm to be considered:

a. A master copy (so marked) in a separate envelope of a Technical Proposal or, if submitted electronically, in a separate email transmission with the subject header of the email the words **SEALED TECHNICAL PROPOSAL** in bold and the below information attached as a pdf file to include the following:

i. Title Page

Title page showing the request for proposals subject; the firms name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposers understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement

and a statement that the proposal is a firm and irrevocable offer for sixty (60) days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

v. Executed copies of the Proposer Guarantees and Proposer Warranties, attached to this request for proposal Appendix A and Appendix B

- b. The proposer shall submit a Master Copy (so marked) of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL
FOR
COUNTY OF MONROE, MICHIGAN
FOR
PROFESSIONAL AUDITING SERVICES

If submitted electronically, in a separate email transmission with the subject header of the email, “SEALED DOLLAR COST PROPOSAL” in bold and the cost amount outlined in an attached PDF file.

- c. Proposers should send the completed proposal consisting of the two separate sealed envelopes or e-mail transmissions to the following address:

If by hard copy:

Mr. Michael Bosanac
Administrator/Chief Financial Officer
County of Monroe
Finance Department, 2nd Floor
125 East Second St,
Monroe, Michigan 48161-2197

If by electronic file:

michael_bosanac@monroemi.org

B. Technical Proposal

1. General Requirements.

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County of Monroe, Michigan in conformity with the requirements of this request for proposals. As such, the substance of proposal will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal shall be limited to 20 pages, single sided, 12 font size.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposers capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subject, items Numbers 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence.

The firm should provide an affirmative statement that is independent of the County of Monroe, Michigan as defined by generally accepted auditing standards and the U.S. General Accounting Offices Government Auditing Standards.

3. License to Practice in the State of Michigan.

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Michigan.

4. Firm Qualifications and Experience.

The proposer should state 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.

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

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

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

5. Partner, Supervisory and Staff Qualifications and Experience.

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Michigan. 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.

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. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which staff to be assigned to the audit reflect the County of Monroe, Michigan's commitment to Affirmative Action.

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 County of Monroe, Michigan. However, in either case, the County of Monroe, Michigan retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the County of Monroe, Michigan, which retains the right to approve or reject replacements.

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

6. Prior Engagements with the County of Monroe, Michigan or one of its Component units.

List separately all engagements within the last five years, ranked on the basis of total staff hours, involving the County of Monroe, Michigan or one of its component units by type of engagement (i.e. audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firms office from which the engagement was performed, and the name and telephone number of the principal client contact, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the County of Monroe, Michigan written notice of any professional relationships entered into the period of this agreement with any of the County of Monroe, Michigan component units.

7. Similar Engagements with Other Government Entities.

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal.

These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach.

The proposal should set forth a work plan, including an explanation of the audit

methodology to be followed to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as the County of Monroe, Michigan's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

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

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the County of Monroe, Michigan's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems.

The proposal should identify and describe any anticipated potential audit problems, the firms approach to resolving these problems and any special assistance that will be requested from the County of Monroe, Michigan.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price.

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The

total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The County of Monroe, Michigan will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar bid should include the following information:

- a. Name of firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the County of Monroe, Michigan.
- c. A Total All-Inclusive Maximum Price for the 2018 fiscal year engagement using the format of Appendix C.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expense, presented in the format provided in the attachment (Appendix C), which supports the total all-inclusive maximum price for the 2019, 2020, 2021 and 2022 engagements. In the alternative to an all inclusive price for these additional four (4) years, a statement as to how the maximum amount each year will be determined assuming there are no significant changes in the financial or management operations of the County of Monroe, Michigan or the auditing standards under which the audit is conducted.

3. Out-of-pocket Expenses included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g. travel, lodging and subsistence) will be reimbursed at the rates used by the County of Monroe, Michigan for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost bid in the format provided in the attachment (Appendix C).

All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing County of Monroe, Michigan rates for its employees.

4. Rates for Additional Professional Services.

If it should become necessary for the County of Monroe, Michigan to request the auditor to render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the County of Monroe, Michigan and the firm. Any such additional work agreed to between the County of Monroe, Michigan and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

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. Interim billings shall cover a period of not less than a calendar month. Five percent (5%) will be withheld from each billing pending delivery of the firm's final reports. Present any discounts available for prompt payments.

VII. EVALUATION PROCEDURES

A. Review Committee

Proposals submitted will be evaluated by management employees of the County of Monroe or their designee(s)

B. Review of Proposals

The Review Committee will use a point formula during the review process to score proposals. Each member of the Review Committee will first score each technical proposal by each of the criteria described in Section VII C below. The Review Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptable low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The County of Monroe, Michigan reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Only firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of Michigan.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the County of Monroe, Michigan.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report (when requested) and the firm has a record of quality audit work.

2. Technical Qualifications: (Maximum Points - 80)

a. Expertise and Experience

- (1) The firm's past experience and performance on comparable government engagements with similar scope of services.
- (2) 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. This includes years of experience and education of the personnel, support from the firm's supervisory staff including but not limited to both

managerial support and resources to complete the engagement.

b. Audit Approach

- (1) Adequacy of proposed staffing plan for various segments of the engagement.
- (2) Adequacy of sampling techniques.
- (3) Adequacy of analytical procedures.

3. Price: (Maximum Points - 20)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN
AUDIT FIRM

D. Presentations

During the evaluation process, the County, at its discretion, request any one or all firms to make presentations. Such presentations will provide firms with an opportunity to answer any questions the County may have on a firm's proposal. Not all firms may be asked to make such presentation.

E. Final Selection

It is anticipated that a firm will be selected by the County of Monroe, Michigan no later than December 31, 2018. Following notification of the firm selected, it is expected a contract will be executed between both parties by January 14, 2019.

F. Right to Reject Proposals.

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 Monroe, Michigan and the firm selected.

The County of Monroe, Michigan reserves the right without prejudice to reject any or all proposals.

VIII. INDEMNIFICATION

The AUDITOR shall indemnify, defend and hold harmless the County of Monroe, Michigan, its employees and agents from and against all claims damages, losses and expenses (including, without limitation, reasonable attorneys fees) arising out of, or

consequence of, any negligent act or omission or intentional act of the AUDITOR, to the extent of its responsibility for such claims, damages, losses and expenses and to the fullest extent provided by law.

IX. INSURANCE

The AUDITOR agrees to procure and maintain, without any additional expense to the County of Monroe, Michigan, until final acceptance by the County of Monroe, Michigan of the services covered by this AGREEMENT, insurance for professional liability, errors and omissions, general liability in the aggregate amount of \$1,000,000 and vehicular liability insurance, Michigan Workman's Compensation Insurance and name the County of Monroe, Michigan as additional insured. Before commencing work, the AUDITOR shall furnish to the County of Monroe, Michigan a Certificate(s) showing that the requirements of this Article are met and the Certificate(s) shall provide that the policy shall not be changed or canceled until thirty (30) days prior written notice had been given to the County of Monroe, Michigan.

X. TERMINATION OF CONTRACT

The County of Monroe, Michigan shall have the right, at any time, to terminate the work required of the AUDITOR by this AGREEMENT, by written notice of such termination provided to the AUDITOR by the County of Monroe, Michigan, and, in the event of such termination of this AGREEMENT, the AUDITOR shall be entitled to compensation for all work theretofore authorized and performed, pursuant to this AGREEMENT, such compensation to be in accordance with this AGREEMENT.

XI. NON-DISCRIMINATION REQUIREMENT

The AUDITOR shall not discriminate against any employee of the County of Monroe, Michigan on the basis of race, color, age, creed, national origin, sex, handicap or source of payment. The AUDITOR shall comply with the Affirmative Action policies and Plan of the County of Monroe, Michigan

XII. APPLICABLE LAW

This AGREEMENT shall be construed for all purposes under the laws of the State of Michigan.

APPENDICES

- A. Proposer Guarantees
- B. Proposer Warranties
- C. Format for Schedule of Professional Fees and Expenses to Support the Total All-inclusive Maximum Price

APPENDIX A

PROPOSER GUARANTEES

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

Signature of Official _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX B

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able, if applicable, to comply with the State of Michigan laws with respect to foreign (non-State of Michigan) corporations.

 - B. Proposer warrants that it is willing and able to obtain an errors and omission insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

 - C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the County of Monroe, Michigan.

 - D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
-

Signature of Official _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2018 FINANCIAL STATEMENTS

| | Standard | Quoted | |
|---|----------|--------|-------|
| | Hourly | Hourly | |
| | Hours | Rates | Rates |
| | | | Total |
| Partners | _____ | _____ | _____ |
| Managers | _____ | _____ | _____ |
| Supervisory staff | _____ | _____ | _____ |
| Staff | _____ | _____ | _____ |
| Supervisory staff | _____ | _____ | _____ |
| Other (specify). _____ | _____ | _____ | _____ |
| Subtotal | | | _____ |
| Total for services described in Section II E of the RFP (Detail on subsequent pages) | | | _____ |
| Out-of-Pocket expenses (Provide itemized listing) | | | _____ |
| Other (specify): _____ | | | _____ |
| Total all-inclusive maximum price for 2018 audit | | | _____ |

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX C
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2018 FINANCIAL STATEMENTS
COMBINING SCHEDULE - ALL SERVICES
DESCRIBED IN RFP SECTION IIE

| <u>Nature of Service To Be Provided</u> | <u>Total Price</u> | <u>Schedule</u> |
|---|--------------------|-----------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |



MONROE COUNTY

FINANCE DEPARTMENT

125 East Second Street · Monroe, Michigan 48161-2197
Telephone: (734) 240-7250 · Fax (734) 240-7266

Date: November 7, 2018
To: Invited Certified Public Accounting Firms
From: Michael Bosanac
Administrator/Chief Financial Officer
Subject: Professional Auditing Services

The County of Monroe, Michigan is soliciting proposals from qualified firms of certified public accountants to audit the County of Monroe, Michigan financial statements for the year ended December 31, 2018, with the option of auditing the County of Monroe, Michigan's financial statements for the four (4) subsequent fiscal years. Audit firms expressing interest will be provided with a copy of a request for proposal (RFP).

To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in the RFP. Please indicate your intent to submit a proposal by completing the attached Notification of Interest and returning it to the address listed below by November 19, 2018, at 4:00 p.m.

COUNTY OF MONROE, MICHIGAN

Mr. Michael Bosanac

Administrator/Chief Financial Officer

125 East Second St.

Monroe, Michigan 48161

Or via e-mail at: michael_bosanac@monroemi.org

Completed proposals must be received at that address by 4:00 PM EST on November 30, 2018.

All questions and correspondence should be directed to the Administrator/Chief Financial Officer in writing at the above address or by calling (734) 240-7267 or by facsimile to (734) 240-7266 or by e-mail at michael_bosanac@monroemi.org. Contact with County of Monroe, Michigan personnel other than the Administrator/Chief Financial Officer regarding this RFP may be grounds for elimination from the selection process.

[ACCOUNTING FIRM'S LETTERHEAD]

County of Monroe, Michigan
Mr. Michael Bosanac
Administrator/Chief Financial Officer
125 East Second St.
Monroe, Michigan 48161-2197

NOTIFICATION OF INTEREST

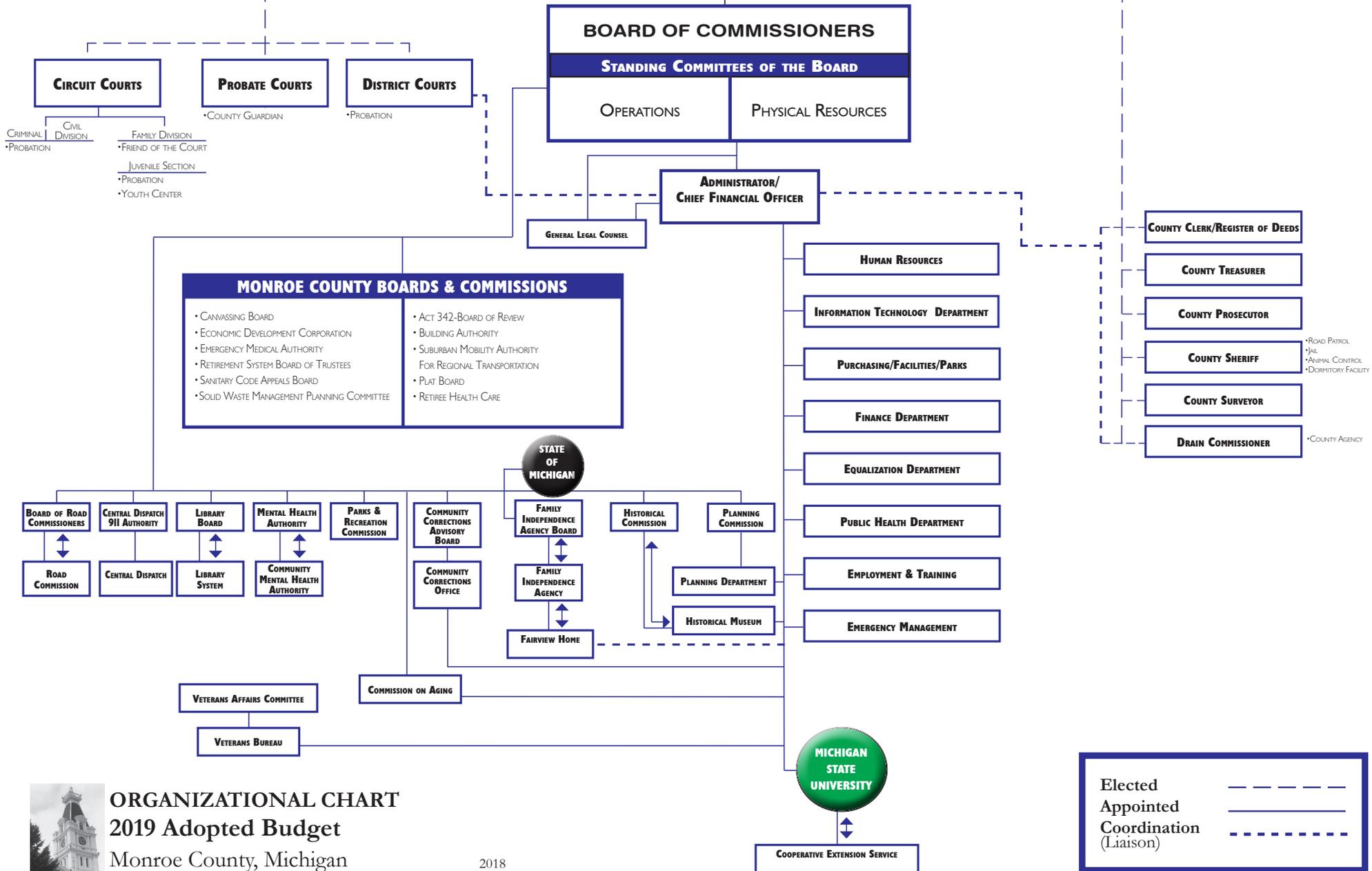
Dear Mr. Bosanac:

Our firm is interested in submitting a proposal to audit the County of Monroe, Michigan's financial statements for the year ending December 31, 2018, with the option of auditing the County of Monroe, Michigan's financial statement for the four(4) subsequent fiscal years, as set forth in the request for proposal (RFP) dated November 7, 2018.

Sincerely,

[AUDIT FIRM]

Monroe County Voters



ORGANIZATIONAL CHART
2019 Adopted Budget
 Monroe County, Michigan

| | |
|------------------------|-----------|
| Elected | ----- |
| Appointed | ===== |
| Coordination (Liaison) | - - - - - |