

## **Solicitation for Audit Service**

The City of Havre de Grace (City) is soliciting proposals from qualified vendors to conduct annual audits of its financial statements and to assist with generating year-end financial reports as called for by Federal, Maryland and City regulations. The City is looking to award a contract with a three (3) year base term and two (2) additional option years. It is anticipated that the contract will be a fixed price contract.

The award of this contract will be based on the City's evaluation of both technical competence and proposed price. The evaluation will occur in 2 stages. First, the City will determine that the vendor and its proposed engagement representatives meet the professional standards for Certified Public Accounting Firms in the State of Maryland. Once satisfied that this condition has been met, the City will evaluate the experience of the vendors in conducting independent audits for State of Maryland municipalities and familiarity with the Maryland Uniform Financial Report. Vendors who can demonstrate experience with auditing Maryland Municipal financial statements and the Maryland Uniform Financial Report within the last five (5) years will proceed to final determination. Final determination will be based upon the proposed price for the engagement over the entire 5-year term.

### **Services to be Provided**

The vendor will audit the basic financial statements as of and for the years ending June 30, 2008, 2009, and 2010. Additionally, if extended, the vendor will also audit the financial statements for the years ending June 30, 2011 and 2012.

All audits will be performed in accordance with generally accepted auditing standards in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. The City of Havre de Grace received an unqualified opinion for its June 30, 2007 financial statements and no instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements, or other matters required to be reported under *Government Auditing Standards* were noted during the examination. Copies of the June 30, 2007 financial statements and Maryland Uniform Financial Statements are available to interested vendors.

The vendor will also assist with drafting the financial statements and footnotes and with drafting the Maryland Uniform Financial Report.

The vendor will plan the audit so that it will be able to present the audited financial statements to the City Council during its meeting on the first Monday in November.

The vendor will also propose any adjustments to the financial records that result from the audit.

## **Objective of the Audit**

The objective of the audit is to provide an expression of opinion with respect to the financial statements, the City's compliance with laws and regulations and its internal controls. The audit will include tests of the City's accounting records and other procedures deemed necessary by the vendor in order to satisfy this objective. In the event the vendor is unable to express an opinion or to issue an opinion that is other than unqualified, the reasons for the condition will be promptly reported to the Director of Finance, or the Director of Administration, or the Mayor, at the discretion of the vendor, in order for the City to properly investigate and resolve the underlying causes.

## **Procedures and Limitations**

The City understands that the audit will be designed to provide reasonable, but not absolute, assurance of detecting error or fraud that would have a material effect on the financial statements as a whole. Further, the City understands that the audit will not be designed to detect error or fraud that is not material to the financial statements.

The City expects the vendor to consider the City's internal controls in planning and performing the audit. The vendor will be required to obtain an understanding of the controls and to test them in accordance with *Government Auditing Standards*, as determined by the vendor.

## **The City's Responsibilities**

The City will make all financial records and related information available to the vendor. The City also will oversee the services, provide management decisions and valuations as required to prepare the financial statements.

The City understands that the representations in the financial statements are those of management. The City will require the vendor to assess the completeness of the financial statements and to recommend disclosures or representations in order to ensure that the financial statements and the Maryland Uniform Financial Report are in accordance with generally accepted accounting principals for the United States of America as well as any Federal, Maryland, or City regulation.

Please contact George DeHORITY, Director of Finance, 410-939-1800, with any questions. Deadline for Proposals is: **Friday, April 4, 2008**