



## REQUEST FOR QUALIFICATIONS OF INDEPENDENT AUDITING & RELATED SERVICES WHARTON COUNTY, TEXAS

The County of Wharton is requesting qualifications from public accounting firms to perform our annual audit and other related services.

### I. BACKGROUND INFORMATION

Wharton County's 2019 comprehensive annual financial report may be found on the County's website: <http://www.co.wharton.tx.us/page/wharton.Home>. The 2020 budgeted expenditures for all County of Wharton Funds are approximately \$30,426,157. The budget is also posted on the County's website.

#### A. Purpose of the Audit

The purpose of the Request for Qualifications is to obtain proposals from public accounting firms for independent auditing and related services. The organization-wide audit will encompass the financial statements of the governmental activities and the county's compliance over major federal award programs pursuant to uniform guidance. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards promulgated by the Comptroller General of the United States.

The financial statement audit is to determine whether:

1. The financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles; and
2. The County has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

As part of the audit of the general-purpose financial statements, the annual audit will also include obtaining an understanding of the County's internal control and reporting any reportable conditions relating to the internal control systems coming to the attention of the auditors.

#### B. Other Requirements

1. The accounting firm should provide and assist in the preparation an annual audit report in a form acceptable to the Governmental Accounting Standards Board.
2. Due to staff workload, the County can only provide substantially completed financial statements for each fund as well as supporting schedules for auditor review at the close of the fiscal year. All statements and schedules are typically available by mid-April. The independent auditor shall assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the County in conformity with U.S. G.A.A.P.

3. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.
4. The firm, upon being awarded this engagement, will be expected to review the detailed audit work plan and schedule with the Wharton County Auditor, prior to commencing the audit assignment.
5. All working papers and reports must be retained, at the Auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the County of the need to extend the retention period.
6. The auditor, in conjunction with its financial audit, shall perform a compliance audit of management controls on investments and adherence to the Investment Policy.

C. Independent Auditor

The interested accounting firm must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and meet standards of independence of the United States General Accounting Office (GAO).

D. Term of the Audit Engagement

The contract for audit services based upon County Commissioners' court approval of the proposal will be for the fiscal years ending December 31, 2020, 2021 and 2022.

E. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved may be brought before an independent mediation center, whose decision will be binding upon both parties.

II. PROPOSAL CONTENT

A. Cover Letter

See conditions for submission of proposal in Section III.

B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be done, the interested accounting firm will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;
2. Explain the interested accounting firm's approaches to performing an annual audit, including the methodology, nature, timing and extent of audit procedures to be performed;
3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the interested accounting firm, including direct and indirect financial interest, and the relationship of the

proposed audit team to employees of the County and any of the County Commissioners' court members.

### C. Management Component

The interested accounting firm will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the Request for Qualifications. To meet this requirement:

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review, and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;
4. Provide evidence that the interested accounting firm has experience in performing government audits. List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided. State the annual operating expenditure budget of the governments on the list;
5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing Boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two years;
9. Provide the names and qualifications of any needed outside specialists and consultants who will assist the interested accounting firm's staff members;
10. Describe the level of assistance that will be expected from County personnel; and
11. Provide evidence of the ability to comply with the requirements in Sections II and VI of the Request for Qualifications.

### D. Task/Activity Plan and Total Billing

1. The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned. Anticipated total billing charges to complete the engagement for the December 30, 2020 audit must be included. A statement of how these amounts would change for the subsequent years is also required.

2. The interested accounting firm should provide an estimation of billing charges for a Single Audit if required/needed for the County of Wharton.
3. The interested accounting firm should provide a quote on what they would charge for preparation and printing of the actual CAFR books.

E. Evaluation – Criteria used for evaluating the firm are shown in Attachment A.

### III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

All qualifications in response to this request must meet the following conditions to be considered:

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;
- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;
- C. The County reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;
- D. The County reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The interested accounting firm shall furnish such additional information that the County may reasonably require;
- F. The County will not be liable for any cost incurred in the preparation of qualifications;
- G. The County may ask interested accounting firms to send a representative for an oral interview prior to County Commissioners' court approval of a proposal. The County will not be liable for the costs incurred by the interested accounting firm in connection with such interview;
- H. The County and interested accounting firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, the County of Wharton reserves the right to award a contract without discussions/negotiations. The best and final proposal may be required as early as 24 hours after completion of negotiations/discussions;
- I. Qualifications must be signed by an individual authorized to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a "mistake in Qualifications", and the Qualifications will be rejected as "non-responsive";
- J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this proposal;
- K. Upon notification of potential selections for award, the person or entity submitting this proposal must give notice to the County if the person or an owner or operator of the

business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation);

- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect any other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

#### IV. PROCEDURES FOR SUBMITTING PROPOSALS

##### A. Delivery (Hard copy)

Responses to the Request for Qualifications should be addressed to:

Barbara A. Starling, County Auditor  
309 E. Milam St., Ste. 300  
Wharton, TX 77488  
(979) 532-2640

Qualifications must be submitted to the County in a sealed envelope clearly labeled "Independent Auditors' Qualifications." Qualifications must be received no later than **3:00 p.m., Tuesday, January 5, 2021**. Qualifications received after the time and date specified above will not be considered and will be filed unopened.

#### **DO NOT FAX YOUR QUALIFICATIONS!**

##### B. Number of Copies of Qualifications

Submit four (4) copies of the qualifications. The qualifications are to be bound and sealed.

#### V. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Qualifications or about the operations of the County may contact:

Barbara Starling-[barbara.starling@co.wharton.tx.us](mailto:barbara.starling@co.wharton.tx.us) , Wharton County Auditor

The County will only respond to questions submitted via email. The County will send addendums to the RFQ to potential accounting firms via email. Emails should contain firm contact name, address and email address.

#### VI. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide fifteen (15) bound copies of the final comprehensive annual financial report.
- B. A preliminary draft of the audit report(s) will be presented to the County prior to submission of the final draft. Timing of the submission must allow County personnel sufficient time to review the report.
- C. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the last June meeting of the County Commissioners' court (4th Monday).
- D. The independent auditor will be required to present the audit report to the Wharton County Commissioners' court on or before an August meeting of the County Commissioners' court. If additional year options are activated, the audit report must be delivered with similar timing in subsequent years.
- E. The independent auditor shall provide a management letter containing comments oriented toward constructive improvements as deemed necessary by the independent auditor.

## VII. PROPOSED SCHEDULE

- A. Qualifications Timing:
  - Questions/clarifications on requirements due to County before submission of proposals on January 5, 2021
  - Qualifications due to the County on January 5, 2021 at 3:00 p.m.
  - Approval (or rejection of all) by County Commissioners' court on January 11, 2021 at 9:30 a.m.
- B. Audit Timing (subject to change):
  - Start interim field work – April and May 2021
  - Mail confirmations – January 2021
  - Perform year-end audit procedures – April and May 2021
  - Draft financial statements and management letter due to Wharton County Auditor for review mid-June 2021
  - Presentation of issued financial statements and report to County Commissioners' court in July or August 2021

## VIII. COUNTY COMMISSIONERS' COURT APPROVAL

The County Commissioners' court expects to engage an audit firm for three years. However, the Wharton County Commissioners' court expressly reserves the right to reject all submissions and to review the relationship on an annual basis and to formally approve each year's extension. The County of Wharton reserves the right to cancel any contract resulting from this Request for Qualifications at any time, for any reason (or for no reason) with a thirty (30) day written notice to the firm. The firm may cancel any resulting contract, at any time for any reason, or for no reason with a sixty (60) day written notice.

Any notice required or permitted to be delivered to the firm shall be deemed to be delivered when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the bidder's address appearing on the face of the Request for Qualifications (or

as subsequently revised or changed). Any compensation due the firm will be limited to items received and/or services performed and accepted by the County. It is possible that the County Commissioners' court could terminate the relationship at any time. However, the County Commissioners' court does not desire or expect that to be the case and assumes that a continuing and satisfactory relationship will be the experience.

IX. OTHER INFORMATION

- A. Auditors will be allowed to work on site after 5:00 p.m. and on weekends if necessary and desirable. However, it cannot be guaranteed that staff will be available to answer questions at those times. Arrangements should be made in advance if these after-hours periods are necessary.
- B. The County Commissioners' court will pass a motion accepting the written proposal as the understood agreement for services performed and other commitments.

## EVALUATION WORKSHEET

This worksheet is to be used to document the County's evaluation of the interested accounting firms' qualifications. Points within the ranges specified are to be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the various qualifications. In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the County reserves the right to consider other factors in making a final selection.

### PROFESSIONAL QUALIFICATIONS

The evaluation of professional qualifications of the interested accounting firms will be based on the following criteria:

#### I. Mandatory Criteria

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria:

- A. The interested accounting firm must be an independent auditor properly licensed for public practice;
- B. Must meet the independence standards of Government Auditing Standards, United States General Accounting Office (GAO);
- C. Must not have a record of substandard work; and
- D. Must submit a proposal meeting all of the requirements of the Request for Qualifications.

#### II. Technical Criteria Points

Qualifications which have met each of the criteria in Section I above will be evaluated on the following criteria:

- A. Technical experience of the firm:
  1. Auditing experience in Texas counties (0-25) \_\_\_\_\_
  2. Auditing experience in other government entities (0-5) \_\_\_\_\_
- B. Characteristics of the staff, including consultants to be assigned to the audit:
  1. Size and structure of the firm, including audit staff positions (0-5) \_\_\_\_\_
  2. Qualifications of supervisory personnel, consultants, and the field audit team (0-20) \_\_\_\_\_
  3. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15) \_\_\_\_\_
- C. Clear understanding of the work to be performed:
  1. Comprehensiveness of the audit work plan (0-5) \_\_\_\_\_
  2. Realistic time estimates of each major segment of the work plan, and the estimated number of hours for each staff level including consultants assigned (0-10) \_\_\_\_\_

D. Total Fee (0-15) \_\_\_\_\_

Total Technical Points (100 max) \_\_\_\_\_

III. Oral Interviews (If Necessary) Interview Points Awarded (0-15) \_\_\_\_\_

Total Points (115 max) \_\_\_\_\_