

PUBLIC NOTICE

CITY OF LEBANON AUTHORITY
PROFESSIONAL AUDITING SERVICES
REQUEST FOR PROPOSALS

The City of Lebanon Authority is soliciting proposals for professional auditing services for the year ending December 31, 2009, with options of auditing services for each of the two subsequent years (2010 & 2011).

Contact Tom Deitzler, General Manager, City of Lebanon Authority, 2311 Ridgeview Road, Lebanon, PA, 17042 (717-272-2841), to obtain a copy of the full Request for Proposals, or with inquiries concerning the RFP. A copy is also available on the Authority's website at www.lebanonauthority.org.

Sealed proposals will be received until 1:00 pm prevailing time September 16, 2009, and opened at 2:00 pm the same day, in the Authority's Administration Building, 2311 Ridgeview Road, Lebanon, PA, 17042.

All proposals must be sealed and plainly marked "PROPOSALS FOR CITY OF LEBANON AUTHORITY FOR PROFESSIONAL AUDITING SERVICES" and delivered to Tom Deitzler, General Manager, City of Lebanon Authority, 2311 Ridgeview Road, Lebanon, PA, 17042, before the hour stated above.

The City of Lebanon Authority reserves the right to reject or accept any or all proposals submitted.

Tom Deitzler
General Manager, City of Lebanon Authority

REQUEST FOR PROPOSALS
CITY OF LEBANON AUTHORITY

Certified Public Accountants, Public Accounts, and other Auditors who possess the standard qualifications to conduct an audit of the City of Lebanon Authority's basic financial statements. Proposals must be completed in accordance with all specifications contained in this request. Proposals must be received by 1:00 pm Wednesday, September 16, 2009, and will be opened at 2:00 pm that same day.

I. Overview of Services:

1. Perform a financial audit which includes a comprehensive examination of all of the City of Lebanon Authority's funds for the period of January 1, 2009 to December 31, 2009, with options of auditing its financial statements for each of the two subsequent years (2010 & 2011).
2. Submit reports in accordance with generally accepted audit standards and will include tests of the accounting records of City of Lebanon Authority and other procedures considered necessary to express such reports.
3. Prepare final financial statements based on reports and schedules provided by Authority.
4. Prepare the Department of Community and Economic Development (DCED) Annual Report of Municipal Authorities for each audit year.
5. Fulfill all other contractual requirements.

II. Proposal Submission Procedure:

1. Proposals and inquires shall be directed to Tom Deitzler, General Manager, City of Lebanon Authority, 2311 Ridgeview Road, Lebanon, PA 17042, 717-272-2841.
2. Firm may submit questions until the proposal deadline after which no information will be furnished until an award has been made.
3. Proposals shall be submitted in a sealed envelope marked '**Proposals for City of Lebanon Authority for Professional Auditing Services**'.
4. City of Lebanon Authority reserves the right to make an award without further discussion of the proposals submitted. Therefore, the proposal should contain the most favorable terms for both price and technical approach.
5. Proposals received after the time specified for receipt will not be considered, except where only one proposal is involved and it is received after the time specified, it may be evaluated and considered for award in accordance with the City of Lebanon Authority procedures. As used in this section, the term "only proposal received" means only proposal received submitted by one firm responding to the Request for Proposals.
6. Proposals may be withdrawn or modified in person by a firm or its authorized representative, provided his/her identity is made known and he/she signs a receipt for proposal, prior to the date the proposal must be received.

7. A pre-audit conference will be held on a date that is mutually agreed upon between the City of Lebanon Authority and the firm at the Authority office located at 2311 Ridgeview Road, Lebanon, PA 17042. At this time, all financial records will be available for inspection.

III. Proposal Content:

In order to expedite the review process and permit a maximum degree of comparison, the City of Lebanon Authority requests that proposals be organized in the following manner:

1. Title Page: Show the RFP subject, the name of the firm, address, telephone number, name of contact(s), and the date.
2. Table of Contents: Include a listing of the proposal material by section and page number.
3. Letter of Transmittal:
 - a) Briefly state the firm's understanding of the work to be performed and make a positive commitment to complete the work within the established time period.
 - b) State the all-inclusive fee for which the work will be performed.
 - c) State the names and titles of the persons who will be authorized to make representations for the firm.
 - d) State the person signing the letter is authorized to bind the firm and the proposal is valid for a minimum of ninety (90) days following the proposal submission deadline.
4. Technical Proposal: (per instructions in Section IV).
5. Compensation: State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee for which the work will be done.

IV. Technical Proposal Instructions:

The proposal shall include a separate section entitled "Technical Proposal." It shall describe the firm's technical background and approach in concise, straightforward detail and shall affirm that the firm is a properly licensed certified public accountant, or possesses the standard qualifications to conduct such audit. The following subjects should be included:

1. Independence: The firm should provide an affirmative statement that it is independent of the City of Lebanon and City of Lebanon Authority as defined by Generally Accepted Auditing Standards, and the U.S. General Accounting Office's Government Auditing Standards (1988).
2. License to Practice in Pennsylvania: An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Pennsylvania.
3. Firm Qualifications and Experience: The firm should state the size of the firm, the size of its governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number of full-time and part-time staff to be employed in this engagement.

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.

4. 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. Provide information on the government auditing experience of each person.
5. Similar Engagements With Other Government Entities: List the firm's 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.
6. 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 this request for proposal. In developing the work plan, reference should be made to such sources of information as the City of Lebanon Authority's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Firms 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 extent to which statistical sampling is to be used in the engagement
 - d) Type and extent of analytical procedures to be used in the engagement
 - e) Approach to be taken to gain and document an understanding of the City of Lebanon Authority's internal control structure
 - f) Approach to be taken in determining laws and regulations that will be subject to audit test work
 - g) Approach to be taken in drawing audit samples for purposes of tests of compliance
7. Identification of Anticipated Potential Audit Problems: The proposal should 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 City of Lebanon Authority.

V. Work Summary:

1. Audit schedule and scope:
 - a) The firm is to perform a financial audit of the City of Lebanon Authority for the period beginning January 1, 2009 and ending December 31, 2009, with options for the two subsequent years (2010 & 2011).
 - b) The auditor shall determine whether:
 1. The financial statements of the City of Lebanon Authority present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principals.
 - c) The firm will prepare the Authority's DCED Annual Report of Municipal Authorities for each audit year.
 - d) The firm will prepare all financial statements.

VI. Other Provisions:

1. The selected firm shall be expected to begin work as soon as official notification to proceed is received from the City of Lebanon Authority.
2. An exit conference is to be held with the appropriate Authority personnel prior to issuance of the final report.
3. The City of Lebanon Authority staff will assist in providing information and pulling records prior to and/or during the audit.
4. The components of the report shall be bound together into a single report and submitted to the City of Lebanon Authority in twelve (12) copies.
5. A representative of the firm shall be made available, if requested, to present the completed audit to the Authority Board and answer any questions the Board may have pertaining to the report.

VII. Timetable:

1. Date of contract award (approximately): October, 2009.
2. Date work can commence (approximately): May / June, 2010.
3. Date for final report completion and exit conference: June 30, 2010.
4. If through no fault of the City of Lebanon Authority, the firm fails to complete the audit within the specified period of time, the assessment of penalty fees against the firm by the Authority in the amount of \$100.00 per day may be levied.

VIII. Payment for Audit Services:

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 Sealed Dollar Cost Proposal. Interim billing shall cover a period of not less than a calendar month. Final payment will pend delivery of the final reports.