

Westmoreland County Tax Collection Committee

**REQUEST FOR PROPOSALS
FOR AUDITING SERVICES
FOR YEARS ENDING**

DECEMBER 31, 2012

DECEMBER 31, 2013

DECEMBER 31, 2014

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE
WESTMORELAND COUNTY, PENNSYLVANIA**

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1. INTRODUCTION

The Westmoreland County Tax Collection Committee (WCTCC) invites qualified firms of Certified Public Accountants to submit a proposal to conduct the annual audit of the WCTCC and its appointed Tax Collector, H.A. Berkheimer, Inc.

The WCTCC was established under Pennsylvania Act 32 of 2008, a law designed to reform local earned income tax collection throughout the state. The full law became effective January 1, 2012. The most significant part of Act 32 is the consolidation of local earned income tax collectors. Act 32 created 69 Tax Collection Districts (TCDs) across Pennsylvania. Each TCD is governed by a Board of Delegates appointed by municipalities and school districts within the TCD's boundary.

The WCTCC includes all Westmoreland County municipalities and school districts. A list of the 63 municipalities and school districts assigned to the WCTCC along with their most recent Earned Income Tax collection totals is attached as "Appendix A".

At December 31, 2011, the WCTCC currently held approximately \$37,500 in assets. Nearly all of the WCTCC's revenue is derived from assessments upon its member municipalities and school districts. The assessments are levied only when funding is needed, and it is unlikely that there will be more than one assessment in any single year. The WCTCC budgeted annual total expenditures of approximately \$25,000 in 2012.

Act 32 requires that each TCD appoint a single Tax Collector for the entire district. The WCTCC appointed H.A. Berkheimer, Inc. (Berkheimer) as its Tax Collector through December 31, 2014. Berkheimer also serves 26 other TCD's in Pennsylvania. Berkheimer operates its principal office in Bangor, PA, and maintains a satellite office in Derry, PA and Pittsburgh, PA. In addition to its duties with the WCTCC, Berkheimer also performs revenue collection services for several other Pennsylvania school districts, municipalities, counties and authorities, including current tax and utility fee collection; delinquent tax and municipal claim collection; courthouse record keeping; bankruptcy claim management; tax and utility bill printing; and comprehensive data, accounting, banking and reporting services.

The total amount of collections related to Act 32 that will be processed by Berkheimer is unknown at this time. However, based on prior year collections, it is anticipated that Berkheimer will disburse approximately \$70,000,000 to the WCTCC's municipalities and school districts. Disbursements are made from Berkheimer to each municipality and school district typically on a weekly basis, although disbursements are made more frequently during peak collection times.

2. **SCOPE OF SERVICES**

- a. Issue an Independent Auditor's Report on the financial statements of the WCTCC operations for calendar years 2012, 2013, and 2014.
- b. Perform an audit of the Tax Collector for tax years 2012, 2013, and 2014, and issue all items and reports required under Act 32 (*see Appendix B*) and the Agreement between the WCTCC and the Tax Collector (*see Appendix C*).
- c. Perform other auditing, control, or finance or consulting tasks designated by the Full WCTCC Board or the Operating Committee. These tasks may include, but are not limited to, additional testing of the accuracy of specific Political Sub Division's (PSD) collections and disbursements, design and operating effectiveness of controls in place at Berkheimer, and substantive testing of reports provided by Berkheimer to the WCTCC.

3. **KEY CONSIDERATIONS/PROCEDURES**

REVIEW PROCEDURE

The **Auditor Selection Committee** as defined below in the **SELECTION PROCESS** will review all submissions. The review and selection process is anticipated to take a maximum of eight (8) weeks. During this period, respondents may be asked to provide an oral presentation, additional data, and/or clarification of information previously submitted.

SELECTION PROCESS

The **Auditor Selection Committee** will consist of three members of the WCTCC Operating Board. The Auditor Selection Committee will make its recommendation to the WCTCC Operating Board and the WCTCC Operating Board will make its recommendation to the full WCTCC (the governing body). Each Auditor Selection Committee member will review proposals. The Auditor Selection Committee will analyze the provider based on the merits of their proposals and presentations.

PROPOSAL FORMAT AND DUE DATE

Proposals must be submitted and received (hard copy or via email) no later than 4 P.M., on November 30, 2012. Proposals should include a fixed price for the audit services required by Act 32 and the tax collector agreement as described in Appendices B and C, as well as alternate pricing for additional services provided at the request of the WCTCC as described in section 2c. **Proposals should include resumes of the individuals that will be assigned to the WCTCC work, and a list of the firm's municipal and school district clients.**

Proposals shall be transmitted to:

Via email

contact@westmorelandcountytcc.org

-- OR --

Via mail

Diane Figg

Southmoreland School District

314 Porter Avenue, Suite A

Scottdale, PA 15683

4. **TERMS AND CONDITIONS**

This Proposal solicitation does not commit the WCTCC to enter into any agreement or to pay any costs incurred in the preparation. Thereof, selection of a provider will be within the sole discretion of the WCTCC. The WCTCC reserves the right to accept, reject, or modify Proposals in part or in entirety. It is the responsibility of each provider to examine carefully the requirements before submitting. Any request for additional information may be directed to Diane Figg, Auditor Selection Committee Chairperson, at (724) 887-6958 ext. 8.

APPENDIX A

Districts within the WCTCC and their Latest Earned Income Tax Collection Totals

Political Sub Division	Year	EIT
ADAMSBURG BORO	2010	\$8,356
ALLEGHENY TWP	2010	\$860,465
ARNOLD CITY	2010	\$264,147
ARONA BORO	2010	\$20,355
AVONMORE BORO	2010	\$56,471
BELL TWP	2010	\$182,876
BELLE VERNON AREA SD	2010-11	\$1,083,172
BELLE VERNON BORO	2010	\$53,704
BOLIVAR BORO	2010	\$33,834
BURRELL SD	2010-11	\$1,317,192
COOK TWP	2010	\$232,576
DELMONT BORO	2010	\$271,004
DERRY TWP	2010	\$980,433
DERRY AREA SD	2010-11	\$1,165,432
DERRY BORO	2010	\$196,747
DONEGAL BORO	2010	\$13,059
DONEGAL TWP	2010	\$145,607
EAST HUNTINGDON TWP	2010	\$531,719
EAST VANDERGRIFT BORO	2010	\$33,583
EVERSON BORO	2010	\$42,159
EXPORT BORO	2010	\$43,362
FAIRFIELD TWP	2010	\$179,888
FAYETTE CITY BORO	2010	\$40,233
FRANKLIN REGIONAL SD	2010-11	\$3,740,559
GREATER LATROBE SD	2010-11	\$3,243,032
GREENSBURG CITY	2010	\$2,597,379
GREENSBURG SALEM SD	2010-11	\$1,977,726
HEMPFIELD AREA SD	2010-11	\$4,969,229
HEMPFIELD TWP	2010	\$4,483,341
HUNKER BORO	2010	\$22,232
HYDE PARK BORO	2010	\$27,918
IRWIN BORO	2010	\$364,327
JEANNETTE CITY	2010	\$596,839
JEANNETTE CITY SD	2010-11	\$522,732
KISKI AREA SD	2010-11	\$2,132,662
LATROBE BORO	2010	\$747,629
LAUREL MOUNTAIN BORO	2010	\$17,726
LIGONIER BORO	2010	\$118,051
LIGONIER TWP	2010	\$652,598
LIGONIER VALLEY SD	2010-11	\$1,330,054
LOWER BURRELL CITY	2010	\$1,147,996
MADISON BORO	2010	\$37,895
MANOR BORO	2010	\$349,110

Political Sub Division	Year	EIT
MONESSEN CITY	2010	\$414,626
MONESSEN CITY SD	2010-11	\$316,501
MOUNT PLEASANT AREA SD	2010-11	\$1,305,782
MT PLEASANT BORO	2010	\$391,188
MT PLEASANT TWP	2010	\$847,566
MURRYSVILLE BORO	2010	\$3,546,944
NEW ALEXANDRIA BORO	2010	\$48,846
NEW FLORENCE BORO	2010	\$36,963
NEW KENSINGTON CITY	2010	\$945,352
NEW KENSINGTON-ARNOLD SD	2010-11	\$969,772
NEW STANTON BORO	2010	\$251,723
NORTH BELLE VERNON BORO	2010	\$142,352
NORTH HUNTINGDON TWP	2010	\$3,567,746
NORTH IRWIN BORO	2010	\$63,075
NORWIN SD	2010-11	\$3,134,258
OKLAHOMA BORO	2010	\$66,174
PARKS TWP	2010	\$146,232
PENN BORO	2010	\$35,775
PENN TWP	2010	\$2,420,476
PENN-TRAFFORD SD	2010-11	\$2,888,353
ROSTRAVER TWP	2010	\$1,233,312
SALEM TWP	2010	\$474,987
SCOTTDALE BORO	2010	\$382,089
SEWARD BORO	2010	\$20,948
SEWICKLEY TWP	2010	\$517,516
SMITHTON BORO	2010	\$35,022
SOUTH GREENSBURG BORO	2010	\$203,361
SOUTH HUNTINGDON TWP	2010	\$538,032
SOUTHMORELAND SD	2010-11	\$926,899
SOUTHWEST GREENSBURG BORO	2010	\$161,641
ST. CLAIR TWP	2010	\$61,154
SUTERSVILLE BORO	2010	\$42,124
TRAFFORD BORO	2010	\$245,406
UNITY TWP	2010	\$2,504,136
UPPER BURRELL TWP	2010	\$245,643
UPPER TYRONE TWP	2010	\$134,118
VANDERGRIFT BORO	2010	\$245,968
WASHINGTON TWP	2010	\$906,792
WEST NEWTON BORO	2010	\$221,759
YOUGH SD	2010-11	\$1,174,128
YOUNGSTOWN BORO	2010	\$21,657
YOUNGWOOD BORO	2010	\$215,082
Total		\$68,886,887

APPENDIX B
Audit Requirements of Act 32

53 P.S. § 6924.505

Practitioner's Toolbox

PENNSYLVANIA STATUTES, ANNOTATED BY LEXISNEXIS(R)

History

- * Pa.C.S. documents are current through 2012 Regular Session Act 64, Enacted June 13, 2012. *
- * P.S. documents are current through Act 2012-33 *
- * May 30, 2012 Annotation Service. *

PENNSYLVANIA STATUTES
TITLE 53. MUNICIPAL AND QUASI-MUNICIPAL CORPORATIONS
PART I. GENERAL MUNICIPAL LAW
CHAPTER 24A. LOCAL TAX ENABLING ACT
CHAPTER 5. CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES

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53 P.S. § 6924.505 (2012)

§ 6924.505. Tax collection committees.

(h) AUDITS OF TAXES RECEIVED AND DISBURSED.--

(1) By the end of each calendar year, the tax collection committee shall provide for at least one examination for each calendar year of the books, accounts, financial statements, compliance reports and records of the tax officer by a certified public accountant or public accountant approved by the tax collection committee. The examination shall include an audit of all records relating to the cash basis

receipt and disbursement of all public money by the tax officer, a reconciliation of the monthly reports required by section 509(b), an analysis of the bond amount under section 509(d) and an analysis of the collection fees charged to the tax collection committee. In the case of a private agency, the examination shall not include payroll and other proprietary information. The examination shall be conducted according to generally accepted governmental auditing standards.

(2) The certified public accountant or public accountant shall issue a report, in a format prescribed by the department, to the tax collection committee, which shall include an auditor's opinion letter, a financial statement, a reconciliation of the monthly reports required by section 509(b) with the receipts and disbursements, a summary of collection fees charged to the tax collection committee, a report on the tax officer's compliance with this act, a list of any findings of noncompliance with this act and a copy of a management letter if one is issued by the auditor. If there are findings of noncompliance, a copy of the report shall be filed with the Department of the Auditor General and the department. A copy of the report shall be filed with all political subdivisions within the tax collection district and the department on or before September 1 of the succeeding year. The department may make available on its Internet website summary data from the reports filed under this subsection.

APPENDIX C

Audit-Related Excerpts from the Agreement between WCTCC and H.A. Berkheimer, Inc.

Article VIII – Audit

- 1 Required Annual Financial Statements and Reports. As soon as available, but in any event by April 30 of each year, Collector will deliver to the Committee and each Political Subdivision that levies Tax: (i) Collector’s annual certified public accountant audit report with financial statements, including consolidated balance sheet reflecting collection assets, liabilities, and equity as of the end of the prior calendar year, related consolidated statement of income, and cash flows for such tax year. In each case, the financial statement will set forth in comparative form the corresponding figures for the prior calendar year, and will be in reasonable detail, including footnotes, prepared in accordance with generally accepted accounting principles applied on a consistent basis and certified without exception or qualification by the independent certified public accounting firm selected by Collector and approved by the Committee (the “CPA”). (ii) The CPA letter to management with respect to the audit. In addition to the foregoing, by April 30 of each year during which Collector collects Tax under this Agreement, Collector will deliver to the Committee and each Political Subdivision that levies Tax an Independent Service Auditor’s Report relating to internal controls prepared by the CPA in accordance with SAS No. 70 covering the prior calendar year, with scope and in form satisfactory to the Committee based on consultation with the Committee auditor. The report shall be a Type II report testing Collector’s controls during the calendar year. Among other things, the report shall address the 5 key components on internal control as defined in SAS No. 55, including: control environment; risk assessment; control activities; information and communication; and monitoring. The report must include an unqualified opinion from the CPA.
 - a. Separate Information Related to Collector Business, Aggregate Trust Funds, and TCC Trust Funds. The annual financial statements will separately state:
 - i. Collector business balance sheet. Additionally, the Committee may view at a mutually convenient time and place but not retain, copy, or publish Collector income statement, and cash flows.
 - ii. Aggregate trust fund assets, liabilities, and cash flows relating to all customers for which Collector collects funds.
 - iii. Aggregate trust fund assets, liabilities, and cash flows relating to funds collected or held by Collector under this Agreement.
 - iv. In addition, Collector will provide a supplemental schedule showing trust fund assets, liabilities, and cash flows separately state for each Political Subdivision for which Tax is collected.
- 2 If requested, the Collector shall make available its books, accounts, financial statements, compliance reports and records for Audit by a Certified Public Accountant of the Collector’s and Committee’s designation. The examination by the Committee’s representative shall include an Audit of all records relating to the cash basis receipt and disbursement of all public money by the Collector, a reconciliation of the monthly reports required by §509(b) and analysis of the bond amount under §509(d), an analysis of the collection fees charged to the Committee and any other information deemed pertinent by the Committee. The examination shall not include payroll and other proprietary information and shall be conducted in accordance with accepted governmental auditing standards.

- a. The Collector shall engage a Certified Public Accountant, acceptable to the Committee, to perform an annual SAS 70 Audit of its operations. The Collector shall, upon receipt thereof, provide the Committee with a copy of its annual audit.