



LAWRENCE PUBLIC  
LIBRARY

## MEMO

**TO:** Brad Allen, Library Director

November 15, 2019

**FR:** Denise Berkley, Bookkeeper

**RE:** Library Audit RFP

Lawrence Public Library prepared a request for proposal for auditing services, attached here. The request was sent to five firms: SS&C Solutions, Gordon CPA, Berberich Trahan & Co., RSM LLP, and Adams Brown Beran and Ball. We received three bids. RSM (the City's new auditor) and Adams Brown declined to bid.

- Gordon CPA was the lowest bid, at \$5,575 for 2019. Gordon CPA has 16 municipal clients and six library clients.
- SS&C was the next lowest bid, at \$11,350 for 2019. SS&C listed one municipality and no libraries as clients.
- Berberich Trahan's bid for 2019 was \$18,000. They currently audit 12 municipalities and six libraries.

My recommendation is to choose Gordon CPA given their price and experience with municipal and library audits. Detailed proposals from each firm are available if you wish to look at them.

The Lawrence Public Library is seeking proposals from qualified certified public accounting firms to prepare, audit, and express an opinion on the fair representation of the Library's financial statements for the year ending 12-31-2019, with an option for an additional three years.

#### General Information:

The Lawrence Public Library is a component unit of the City of Lawrence, Kansas. The Library building is owned by the City of Lawrence, Kansas, and taxes are levied by the City for Library operations. Additional support is provided by the State of Kansas, Northeast Kansas Library System, Lawrence Public Library Foundation and the Friends of Lawrence Public Library. The Foundation and Friends are both 501(c)3 organizations. Those organizations will merge on 1-1-2020. The Library is governed by a seven member Board of Trustees appointed by the City.

#### General Financial Information

The Library operates on a calendar year for financial reporting. QuickBooks accounting and payroll software is used for transactions and Excel spreadsheets are used to prepare monthly financial reports for the Board of Trustees. Bamboo HR is used for hiring, time tracking and leave management. Our annual operating budget for 2019 was \$4,775,000 not including restricted gift funds from the Friends and Foundation. The Library maintains one checking account and invests excess operating and capital improvement funds at the Kansas Municipal Investment Pool. The Library employs one part-time bookkeeper who handles all accounting and payroll transactions for the Library. The Library has 47 full time employees and 48 part time employees that are paid once per month. The Library is a participating employer with the Kansas Public Employees Retirement System (KPERS) and provides a limited post-employment medical insurance plan for retirees not yet eligible for Medicare. Lawrence Public Library is a political subdivision exempt from Kansas Retailer's Sales Tax and Kansas Compensating Tax under KSA 79-3606(b).

#### Management

The Library management structure includes the Executive Director who reports to the Board of Trustees, one Assistant Director who reports to the Executive Director, and eight managers/department heads.

#### Scope of Services

The Library requires the auditor to prepare, audit and express an opinion on the fair representation of the Library's financial statements for the year ending 12-31-2019. The auditor will convert the Library reports to a financial statement representation found in governmental accounting that will be acceptable to the City of Lawrence, Kansas. The auditor will also conduct a financial audit of the Lawrence Public Library Foundation and prepare their 990 tax return and State of Kansas report to the Secretary of State. The 2018 statements and audit for the Library and the Foundation are included for reference. Written communication will be provided to management and those charged with governance of significant deficiencies and material weaknesses identified in the audit and a management letter will

include suggestions of operational improvements. The Library requires a printed and electronic copy (PDF) of the completed audit. We require 10 bound copies for the Board of Trustees. The auditor will present its audit findings to the Board of Trustees at a date to be determined by the Executive Director. The Foundation requires 10 bound copies and an electronic copy of their audit and a presentation to their Board of Directors of the audit findings and the 990 tax return. The Library requests that the auditing firm be available throughout the remaining year for consultation and advisory services.

#### Working Papers

Audit working papers shall remain in the custody of the auditor, at their expense, for a minimum of three years. Upon request, the auditor will provide copies of working papers to any succeeding auditors, the City of Lawrence, Kansas, and the Lawrence Public Library.

#### Timing of Audit and Standards

The Library requires the audit to be completed no later than 4-30-2020. Field work, which has in past years been one day, may be scheduled at a mutually agreed upon day(s) any time after 1-31-2020. The audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, and the Kansas Municipal Audit Guide.

#### Proposal Submissions

Proposals should include the following:

1. Contact information
2. Transmittal letter
3. Firm profile
4. Firm qualifications, including experience, independence and license
5. List of staff assigned to the audit and their qualifications
6. Fees for services, with separate quotes for the Library and the Foundation. Include subsequent pricing for years 2-4.

Three copies of the proposal should be delivered to Lawrence Public Library, Attn: Denise Berkley, 707 Vermont Street, Lawrence, KS 66044.