



Request for Proposal Audit Services

Issued: January 27, 2020

Proposals Due: February 28, 2020 at 3pm

The governing body of the Town of Rolesville (hereinafter called the “Town” invites qualified independent auditors (hereinafter called “auditor”) having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in the Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Town of Rolesville to reimburse firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the Town of Rolesville. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Wake County, North Carolina.

Type of Audit

The audit shall be performed in accordance with the laws and regulations of the State of North Carolina, which include requirements for the minimum scope of the Town’s audit. The audit firm shall comply with generally accepted auditing standards as required by the American Institute of Certified Public Accountants and Government Auditing Standards, issued by the Comptroller General of the United States. The audit firm shall apply auditing procedures necessary to render an opinion as to the basic financial statements, taken as a whole, in conformance with generally accepted accounting principles.

The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of proposal submission. This includes, but is not limited to, Governmental Accounting Standards Board statements and Government Auditing Standards. Although some pronouncements will not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during that contract period. The audit firm will be expected to advise appropriate Town staff on the applicability of accounting and reporting standards as they become effective.

The financial audit opinion will cover the financial statements for the governmental activities, each major fund, and the remaining fund information, which collectively constitutes the basic financial

statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The auditor shall express an opinion on the budgetary comparison information for the General Fund, the major funds and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the Audit report.

The audit will also include the following:

- a. Pre-planning conference with Finance staff in April/May timeframe where both the auditor and Finance staff discuss their expectations of the audit.
- b. Interim audit work prior to June 30th and/or prior to final close.
- c. Attendance at Town Board meeting in October/November for presentation of the financial statements by Manager or Partner of the Audit Staff with comments and potential questions from the governing board as requested.

The audit should encompass all funds and entity-wide activities as reported in the Town's Audit report at June 30, 2019 and any additional funds or entity-wide activities that may be added subsequent to that date.

If required, the audit firm will issue a management letter to the Town Board after completion of the audit and assist management in implementing recommendations, as is practical. Town staff also request that an informal letter be addressed to the Finance Officer with any efficiency, internal control or accounting improvements that could be made based on the audit staff's observation during their fieldwork. All content of the management letter must be discussed with the Finance Officer and Town Manager prior to issuance. The audit firm should be prepared to discuss the content while the management letter is in draft form to ensure that all parties fully understand the circumstances that lead to auditor comments.

The Town staff may require the auditor's guidance or input on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process as well as inclusion in the Town's financial statements. Guidance may be required for new note disclosures, all outstanding and effective authoritative standards and other reporting requirements at June 30 year-end. Cost for providing these services should be included in the auditor's base fee quote and will not be considered extra for additional billings. In cases, however, where services requested would require a more in-depth scope and require work significantly above the original fee quote, such additional fees must be negotiated prior to commencement of work.

Auditor Requirements

The audit firm is considered to be an independent contractor and will be wholly responsible for the services and the supervision of its own employees and permitted sub-contractors.

A planning meeting will be held each year to determine schedules that the Town will be responsible for preparing. Estimated timeframes will be established and interim audit work will be planned. Adequate notification will be given prior to any changes in estimated times.

If the Town of Rolesville audit engagement is subject to the standards for audit as defined in Government Auditing Standards, 2018 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the auditor warrants that he has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. **The auditor must provide a copy of their most recent peer review report with their proposal.**

The Financial Statement Preparer staff will prepare all standard year-end accruals and other adjusting journal entries. The Financial Statement Preparer will prepare the government wide year-end adjusting journal entries as well as any necessary entries to allocate the state pension balances. The Financial Statement Preparer will prepare any necessary Other Post-Employment Benefits (OPEB) entries.

The Town shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. The Town management will ultimately be responsible for the preparation and fair presentation of the financial statements, which includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements.

The Town will need the assistance of the Financial Statement Preparer for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information, footnotes, and compliance reports. The Town of Rolesville's Finance Officer will prepare the MD&A. A preliminary draft of the audit and required adjusting journal entries must be submitted to the Finance Officer by October 1 for proofing and reconciliation to the Town's records to allow ample time for review and corrections before it is sent to the Local Government Commission. The Town's Finance Officer will return the draft to the Financial Statement Preparer with proposed revisions within 10 working days. The Financial Statement Preparer will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information, and all applicable compliance reports.

Meeting LGC deadlines is a high priority for the Town. Therefore, the Town of Rolesville prefers interim fieldwork be completed in early June. Year-end fieldwork should begin in mid-August and be completed by late September. While many documents can be shared electronically, the Town expects that the audit firm staff will be onsite for fieldwork, including manager and partner level staff for at least a portion of the onsite work. **An agreed upon post-closing trial balance must exist by September 30.** The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

The timing of the draft and review should insure final completion of the Financial Statements by the annual October 31st deadline or no later than the annual grace period of December 1. For every

week the audit is late due to no fault of the Town of Rolesville, there will be a reduction in the audit fee of \$100.00.

One (1) electronic copy and ten (10) paper copies of each Audit report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above. In addition, the auditor is responsible for complying with the requirements of the LGC for submitting the audit and all associated documents and forms as required for the year under audit when (or prior to) submitting the final invoice for audit services rendered to the Commission.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

Either the manager or partner of the audit staff is required to present and attend the Town Board's meeting in which the Audit report is presented. Required communications to the governing board can be delivered at this point, as well as general comments regarding the audit process and the results of the audit. Finance staff will coordinate this presentation and determine the date and time of the meeting, typically held in October/November following the audit completion.

Audit Contract: Period & Payment of Audit Fees

The Town intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after the completion of the first year contract. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The Town of Rolesville reserves the right to request proposals at any time following the first year of this contract. It is requested that proposals be prepared for the following years, with year one being the only obligated year:

July 1, 2019 to June 30, 2020

July 1, 2020 to June 30, 2021

July 1, 2021 to June 30, 2022

The required current version of the form "Contract to Audit Accounts" (form LGC-205) is required to be executed as the contract document; however, the auditor and the Town may also execute an engagement letter and/or a Town contract to include additional terms not addressed in the LGC-205. The entire audit contract package must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC prior to payment by the Town. Interim or progress billings for services rendered marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the final audited financial statements to the staff of the Local Government Commission. The final 25% of the Audit fees (final invoice) will be paid when the financial statements, single audit (if applicable), management letter and amended contract (if applicable) have been reviewed or approved by the LGC.

The LGC only approves invoices for audit related work. Requests for payment related to any additional agreed upon procedures or AFIR work do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed and deemed satisfactory by Town staff.

Description of Selection Process

The Town requests that no Town officials be contacted during this proposal process. Submit questions regarding the RFP in writing via email to amy.stevens@rolesville.nc.gov. Any additional written information disclosed to participating audit firms prior to bid submission will be shared with all interested parties.

Proposals will be submitted in two sections and must be physically signed by an authorized representative of the audit firm. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The second section will consist of completed cost estimate sheets. The Finance Office staff will evaluate the firm on educational and technical qualifications. The firm best meeting the Town's expectations for experience, audit approach, and cost requirements will be selected.

Please keep in mind that cost, while an important factor will not be a sole determining factor. Unusually low bids that are obviously out of line with other bidders or are significantly lower than our current fees will raise concern. The lowest bid will not automatically be awarded preferential consideration.

The Town reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interest of the Town.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. Firms must be registered with the North Carolina State Board of CPA Examiners.

FIRST SECTION – PROFILE OF THE FIRM

The first section should address the requested information below. The corresponding responses should begin with the number below for the requested information.

1. Indicate the firm's North Carolina office locations that will handle the audit.
2. Indicate the number of people (by level) located within the local office that will handle the audit.
3. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.

4. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
5. Describe your audit organization's participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
6. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each individual will be on site. Relevant experience and education with the new GASBS reporting requirements should be clearly communicated.
7. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g. Water/Sewer, Electric service function).
9. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book) July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
13. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University of North Carolina School of Government in Chapel Hill.

SECOND SECTION – AUDIT APPROACH

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate, sealed envelope marked "Cost Estimate." The Town will evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

1. Type of audit program used (tailor-made, standard government, or standard commercial).

2. Use of statistical sampling.
3. Use of automated processes and internal control testing methods.
4. Use of computer audit specialists.
5. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
6. Information that will be contained in the management letter.
7. Assistance expected from the Town's staff, if other than that outlined in the RFP.
8. Tentative schedule for completing the audit within the specified deadlines of the RFP.
9. Specify costs using the format below for the audit year July 1, 2019 to June 30, 2020. For the second and third years, list the estimated costs. The cost for the audit year ending June 30, 2020 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a "not to exceed" amount.
 - A. Personnel costs – itemize the following for each category of personnel (partner, manager, senior staff accountants, clerical, etc.):
 1. Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor's office.
 2. Rate per hour.
 3. Total cost of personnel (for each category and in total).
 - B. Travel – itemize transportation and other travel.
 - C. Cost of supplies and materials – itemize.
 - D. Other costs - Completely identify and itemize.
 - E. If applicable, note your method of determining increases in audit costs on a year-to-year basis.
10. List any other information the firm may wish to provide.
11. Please include the Audit Cost Summary Sheet with your proposal.

Time Schedule

RFP Release Date	<i>January 27, 2020</i>
Deadline for RFP Questions	<i>February 10, 2020 by 5:00 pm</i>
Questions to be Answered No Later Than	<i>February 14, 2020</i>
Deadline for Receipt of Proposals	<i>February 28, 2020 by 3:00 pm</i> Town of Rolesville Attn: Amy Stevens PO Box 250 502 Southtown Circle Rolesville, NC 27571
Notice of Recommended Firm	<i>March 31, 2020</i>
Board Approval	<i>April 7, 2020</i>

Questions should be directed to Amy Stevens, Finance Director, at 919-556-3506 or amy.stevens@rolesville.nc.gov. Appointments may be scheduled to further discuss any specific matters necessary in preparing your proposal.

Proposals can either be submitted electronically via email or on paper. Envelopes containing proposals should be clearly identified on the front with the words RESPONSE TO RFP FOR AUDIT SERVICES. Email submissions should include two separate pdf attachments for sections 1 and 2.

Town staff will review the proposals and make a recommendation to the Board of Commissioners, at which time the contract will be awarded.

Description of Entity and Accounting System

ENTITY

The Town of Rolesville is a local government in North Carolina with a population of approximately 9,000 residents. The Town provides the following services: General Administration, Planning & Economic Development, Police, Public Works, Parks and Recreation. The Town does NOT operate any public utilities, such as water, sewer, or electric systems. The Town of Rolesville has 40 permanent employees.

The financial reporting entity consists of only the primary government.

FUND REPORTING

The Town maintains a general fund and two capital projects funds. There are no debt service funds or special revenue funds.

Budgeted revenues are estimated at \$10,327,255 for FY2019-20. In addition, outstanding debt totaled \$3,474,494 as of June 30, 2019.

For more information, the auditor should refer to the audit report for the previous year, which can be viewed on our website www.rolesvillenc.gov.

GRANTS, ENTITLEMENTS, AND SHARED REVENUES

The auditor should refer to the audit report for the previous year, which can be viewed on our website www.rolesvillenc.gov.

BUDGETS

The Town budgets all funds on the modified accrual basis of accounting as required by North Carolina General Statutes. Appropriations are made at the departmental level. The Town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide comparison with actual expenditures.

ACCOUNTING RECORDS

The Town maintains all its accounting records at Town Hall located at 502 Southtown Circle, Rolesville, NC 27571. All accounting journals and subsidiary ledgers are maintained on Southern Software's FMS financial software.

Assistance Available

The Town has designated the Finance Director as a person with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed.

The Town will make available to the auditor sufficient help to pull and re-file records, and prepare necessary confirmations.

The Town will prepare the following items:

- Trial balance and budget-to-actual report.
- General Ledger transaction detail report for each account.
- A copy of the original budget, all amendments, and the final budget as of June 30, 2020.
- A copy of all project ordinances and all amendments for active projects during the audit period.
- A copy of board policies, including travel policies, investment policies, debt policies, fund balance policies, and purchasing policies including how the pre-audit process is performed.
- Copies of all signed Board meeting minutes.
- Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, letters regarding the audited financial statements, and compliance reports for the previous year.
- Required supplementary information, e.g. actuarial information for the Law Enforcement Officers' Separation Allowance.
- All bank reconciliations for each month.

- List of outstanding checks by account, showing check number, date, and amount.
- Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year end.
- List of outstanding receivables as of the fiscal year end.
- Schedules of insurance coverage.
- Listing of all capital assets.
- Printout of all capital asset acquisitions and dispositions made during the audit year.
- Schedule of accounts payable as of the fiscal year end.
- Debt schedule for each debt issue and related payments.
- Detailed information on grants, including grant agreements, grant budgets, financial reports, and correspondence.

**TOWN OF ROLESVILLE
AUDIT
COST ESTIMATE**

Base charge – Financial Audit	\$
Financial Statement Preparation	\$
Extra Audit Service (per hour)	\$
Other (explain):	\$
Other (explain):	\$
Total	\$

BIDDER NAME:	Primary Contact:
Address:	Telephone:
	Fax:
Printed Name:	E-mail:
Authorized Signature:	Date:

PROPOSAL CERTIFICATION

By signing above I certify that I have carefully read and fully understand the information contained in this RFP, and that I have the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted and have the authority to sign Proposal on behalf of my organization.