



Town of Elizabethtown

Request for Proposals

For

Professional Auditing Services

February 8, 2022

P.O. Box 700
Elizabethtown, NC 28337

Request for Proposal

The Town of Elizabethtown, North Carolina (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 this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Town 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. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Bladen County, North Carolina.

Type of Audit

1. The audit will encompass a financial and compliance examination of the unit's basic financial statements in accordance with the laws and/or regulations of the State of North Carolina, which included requirements for the minimum scope of audit. The financial and compliance audit will cover federal, state and local funding sources in accordance with Generally Accepted Auditing Standards; Government Auditing Standards, July 2018 revisions; the provisions of Title 2 U.S.W. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Implementation Act; and all other applicable laws and regulations.
2. The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of the proposal submission. This includes, but is not limited to, the Governmental Accounting Standards Board (GASB) statement 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.
3. The financial audit opinion will cover the financial statements for the governmental activities, the business-type 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, annually budgeted major fund and 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.

4. The audit will also include the following:
 - a. Pre-planning conference with Finance staff 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. Presentation of the financial statements by Manager or Partner of the Audit staff with comments and potential questions from the Board no later than the January Town Council meeting.
5. If required, the audit firm will issue a management letter to the Town Council 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 Director with any efficiency, internal control or accounting improvements that could be made based on the audit staff's observations during their fieldwork. All content must be discussed with the Finance Director prior to issuance.

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. No subcontracting will be allowed without the express prior written consent of the Town of Elizabethtown.

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.

The Town audit engagement must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards, July 2018 revisions, issued by the Comptroller General of the United States; and if applicable, the U.S. Office of Management and Budget's (OMB) Uniform Guidance and, if applicable, the State Single Audit Implementation Act, and any other applicable procedures for the audit of a local government's financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). 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.

Meeting LGC deadlines is a high priority for the Town. Therefore, the Town prefers interim fieldwork to be completed in late May or early June, at the latest. Year-end fieldwork should 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 should be provided to the Finance Director by September 30.** The Finance Director will expect a listing of requested information needed for the audit at the preplanning conference, or

before, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of the fieldwork.

The timing of the draft and review should insure final completion of the Financial Statements by the annual October 31 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, there will be a reduction in the audit fee of \$100.

Fifteen (15) copies of the audit report, management letter and other applicable reports must be supplied to the Finance Director within the time frame cited above. The auditor is responsible for completing the required data input sheet and electronically submitting the final Audit report to the State & Local Government Financial Division when (or prior to) submitting the final invoice for audit services to the Commission.

If 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 LGC for approval.

Either the manager or partner of the audit staff is required to present attend the Town Council meeting in which the audit report is presented. Required communications to the Council can be delivered at this point, as well as general comments regarding the audit process and the results of the audit. The finance director will coordinate this presentation and determine the date of the meeting the audit report will be presented.

The auditor should also be available to meet with Town Management upon request.

All working papers shall be retained and made available upon request for no less than three (3) years from the date of the audit report. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Audit Contract: Period & Payment of Audit Fees

The Town intends to continue the relationship with the Auditor for no less than three (3) years starting with fiscal year ending June 30, 2022. Continuation after the first-year contract will be based on an annual review of the Auditor, recommendation of the department staff, satisfactory negotiation of terms (including price), and availability of an appropriation. 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. After the initial three-year period, an annual extension may be granted by the Town based on the above-mentioned criteria and Town Council concurrence until a determination is made to request new proposals. It is requested that proposals be prepared for the following years, with year one being the only obligated year:

July 1, 2021 – June 30, 2022

July 1, 2022 – June 30, 2023

July 1, 2023 – June 30, 2024

The required current revision 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 required 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

Potential respondents should email spenny@elizabethtownnc.org to acknowledge receipt of the RFP and to inform the Town of its intent to submit a proposal. Provide the name, title, address, telephone number and email address of the individual who can address inquiries related to this RFP and the respondent's proposal.

All communications between the Town and prospective Auditors regarding this RFP shall be in writing. Any inquiries, requests for interpretation, technical questions, clarification or additional information shall be directed to Sharon A Penny, Finance Director, at spenny@elizabethtownnc.org. Any additional information disclosed to participating audit firms prior to bid submission will be shared with all audit firms who have submitted their intent to bid and contact information. All questions shall be received no later than 5:00 pm, Monday, February 21, 2022.

Bidders may not have communications, verbal or otherwise, concerning this RFP with any Town personnel or officials, other than the persons listed in this section.

Three (3) copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract".

Proposals must be submitted in two (2) sections and must be 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 auditor/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 reserves the right to make the award in the best interest of the Town.

Failure to respond to any requirements outlined in this 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.

Section I – Profile of the Firm

The purpose of Section I is to demonstrate the qualification, competence, and capacity of the firms seeking to undertake an independent audit of the Town of Elizabethtown in conformity with the requirements of this Request for Proposal. 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 Audit firm's North Carolina office location(s) that will handle the audit. (5%)
2. Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit. (5%)
3. Provide a list of the office's current and prior governmental audit clients, indicating the type(s) of services performed and the number of years served for each. Provide contact information for personnel of current and prior governmental audit clients who may be contacted for a reference. (20%)
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%)
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 with a statement whether that peer review included a review of specific government engagements.** (5%)
6. Describe the professional experience in governmental audits of each senior and higher-level staff assigned to the audit, the years of each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. (15%)
7. Describe the relevant experience and education with the new GASBs reporting requirements, seminars and courses attended with the past three years. Courses in governmental accounting and auditing should be clearly communicated. (5%)
8. Describe the professional experience of assigned staff in auditing relevant government organizations, programs, activities or functions (e.g., Water/Sewer service functions). (10%)

9. Describe any specialized skills, training or background in public finance of assigned staff. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books. (5%)
10. 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. Include any potential personal or professional conflicts of interest. (10%)
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements. (3%)
12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office. (7%)
13. 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. (5%)

Section II – 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.

Section II should consist of completed cost estimate sheets, which will include the following information:

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 government's staff, if other than 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, 2021 to June 30, 2022. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2022 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. Audit firm personnel costs – itemize the following for each category of personnel (partner, manager, senior, staff accountant, clerical, etc.) with the different rates per hour.
 - 1) Estimated hours categorized as follows:
 - a) On-site interim work
 - b) Year-end on-site work
 - c) Work performed in the auditor’s office
 - B. Travel – itemize transportation and other travel costs separately
 - C. Cost of supplies and materials – itemize
 - D. Other costs – identify completely and itemize
 - E. Method of determining increases in audit costs on a year-to-year basis, if applicable
10. List any other information the firm may wish to provide.
11. Include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

RFP Release Date	February 8, 2022
Deadline for RFP Questions *	February 25, 2022 by 5pm
Deadline for Receipt of Proposals **	March 18, 2022 by 5pm Town of Elizabethtown Attn: Sharon A Penny, Finance Director 805 W. Broad St. Elizabethtown, NC 28337
Selection Recommendation to Town Council	April 4, 2022

*Any questions should be directed to Sharon Penny, Finance Director at

spenny@elizabethtownnc.org

**Proposals can be submitted electronically via email to Sharon Penny or on paper. Envelopes containing proposals on paper should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES".

- Email submittals should include two separate pdf attachments for sections 1 and 2
- Paper submittals should include three (3) copies of the bound proposal clearly separating section 1 and 2

The Town reserves the right to request additional information deemed necessary to aid in the selection process.

The evaluation and selection criteria and process contained in the RFP will be used by the Selection Committee. The Finance Director plans to report the evaluation outcome to the Town Council and seek the Town of Elizabethtown's Council's concurrence and authorization to consider entering into an agreement with the selected Prospective Auditing Firm at the March 7, 2022 Town Council meeting. The Town will enter into a contract with the Prospective Auditing Firm that is selected by the Town of Elizabethtown's Town Council. The contract awarded will comply with the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), specifically 2 CFR Part 200.327, the State Single Audit Implementation Act; and all other applicable laws and regulations.

Description of the Governmental Entity and Its Accounting System

A PDF copy of the Town's most recent Audit Report may be obtained by emailing Sharon Penny at spenny@elizabethtownnc.org or by clicking the link below for the Town's website.

Link to Town's website <https://www.elizabethtownnc.org>

The following organizations will be discretely presented component units in the financial statements:

Elizabethtown Airport/Economic Development Commission
Elizabethtown ABC Board

A separate report is issued by the Airport Authority and the ABC Board, and the related engagements are by separate contract.

Funds

For information on The Town of Elizabethtown's funds and financials, the auditor should refer to the Town of Elizabethtown's audit report for the year ended June 30, 2020, which can be found on the Town's website at <https://www.elizabethtownnc.org> (Click on Services then Finance). Previously issued audited financial statements for Elizabethtown Airport/Economic Development Commission and Elizabethtown ABC Board are available upon request.

Grants, Entitlements and Shared Revenues

A copy of the Schedule of Federal and State Expenditures and a Summary of the Auditor's Results showing the major programs for the year ended June 30, 2021 are available upon request.

Budgets

The Town budgets all funds on the modified accrual basis of accounting as required by North Carolina Law. All appropriations for annually budgeted funds are made at the departmental level and at the project level for the multi-year capital project funds. 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 the finance office located at 805 West Broad St., Elizabethtown, NC 28337. All accounting journals and subsidiary ledgers are maintained on Tyler Technology Incode software.

Assistance Available to Auditor

The Town will designate an individual that understands the services to be provided in accordance with GAGAS Paragraph 3.73 (GAGAS 2018 Revision).

A planning meeting will be held to determine any schedules or information the Town will be responsible for preparing. Town personnel will make every effort to perform the necessary accounting procedures and complete agreed upon documents no later than dates

set each year during the initial planning meeting. Adequate notification will be given prior to any changes in estimated times. The Town is aware of and understands the need to provide assistance to the auditor and will make every effort to meet agreed upon deadlines.

TOWN OF ELIZABETHTOWN

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit

Includes Personnel Costs, Travel, & On-Site Work

\$

2. Financial Statement Preparation

\$

3. Extra Audit Service

\$ Per Hour

\$

4. Other (explain)

\$

\$

TOTAL for Fiscal Year 2021 - 2022

\$

TOTAL for Fiscal Year 2022 - 2023

\$

TOTAL for Fiscal Year 2023 - 2024

\$

Firm:	Primary Contact:
Address:	Telephone:
	Fax:
	Email:
Authorized Signature:	
Title:	Date:

Elizabethtown Airport/Economic Development

SUMMARY OF AUDIT COSTS SHEET

5. Base Audit

Includes Personnel Costs, Travel, & On-Site Work

\$

6. Financial Statement Preparation

\$

7. Extra Audit Service

\$ _____ Per Hour

\$

8. Other (explain)

\$

\$

TOTAL for Fiscal Year 2021 - 2022

\$

TOTAL for Fiscal Year 2022 - 2023

\$

TOTAL for Fiscal Year 2023 - 2024

\$

Firm:	Primary Contact:
Address:	Telephone:
	Fax:
	Email:
Authorized Signature:	
Title:	Date:

