

# MADISON COUNTY



## Request For Proposal For Auditing Services

July 1, 2017 - June 30, 2018

July 1, 2018 - June 30, 2019

July 1, 2019 - June 30, 2020

*February 2, 2018*

*Rhea Hollars, CPA, Finance Officer*

## **Introduction**

The Board of Commissioners of Madison County (hereinafter called the “County”) 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 County 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 County. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Madison County, North Carolina.

## **Type of Audit**

The audit will encompass a financial and compliance examination of the County’s Comprehensive Annual Financial Report (CAFR) in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the 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 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of Title 2 U.S. Code of Federal Regulations 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.

## **Period**

The County 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 County reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with Year one being the only obligated year:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

July 1, 2019 to June 30, 2020

### **Time Schedule for Awarding the Contract**

Responses to the Request for Proposal must be received by 2:00 PM on Friday, March 9, 2018. Three copies of the each section of the bid (see below) should be mailed in a sealed envelope bearing the name of the firm or individual submitting it, and be clearly marked “**Response to RFP for Audit Services**”. Responses should be submitted to:

County of Madison  
Attn: Rhea Hollars, Finance Officer  
107 Elizabeth Lane  
Marshall, NC 28753

All submittals must be valid for 90 days from the opening date but the contract is expected to be awarded in April 2018. Submissions received after the specified time will be considered late and will not be considered.

The County reserves the right to reject any and all submittals or to waive any minor irregularities in the process. The County also reserves the right to seek new proposals when it is in the best interest of the County. Minority owned businesses are encouraged to participate in the submission process.

Proposals signed by authorized officials will be received by Rhea Hollars, Finance Officer, at 107 Elizabeth Lane, Marshall, NC 28753 until March 9th, 2018 at 2:00 PM. The Finance Officer and a selection committee will review the proposals and make a recommendation to the Board of Commissioners on April 10<sup>th</sup>, 2018 at which time the contract will be awarded.

### **Inquiries**

Any questions should be directed to:

Rhea Hollars, Finance Officer  
rhollars@madisoncountync.gov

### **Requirements**

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, July 2011 revisions issued by the Comptroller General of the United States; Office of Management and Budget Uniform Guidance, the State Single Audit Implementation Act of 1996, and any other applicable procedures for the audit of a government’s financial statements prepared in accordance with GAAP.

The County prefers interim fieldwork be completed in May or early June. Year-end fieldwork should begin in August and be completed by the middle of September. An agreed upon post-closing trial balance must exist by October 13<sup>th</sup>. The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the audit, as well as an exit conference prior to the completion of fieldwork.

Required journal entries, if any, must be submitted to the Finance Department by October 6<sup>th</sup> for proofing and reconciliation to the County's records.

The Auditor will prepare an electronic draft CAFR by mid-October. The Finance Officer will communicate all recommendations, revisions and suggestions for improvement to the Auditor within ten working days after receipt. The Auditor will complete the review of the comments as expeditiously as possible. Once all issues for discussion are resolved and the auditor provides opinions and compliance reports, the Auditor will deliver the final electronic draft of the CAFR to the Finance Officer.

The audit must be completed and reports rendered four months following the fiscal year-end (October 31<sup>st</sup>).

The 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 completing the required input data sheet and submitting the CAFR to the Local Government Commission (LGC).

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the discretely presented component unit, 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 subject 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 basis financial statements taken as a whole. The auditor shall also 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 Finance Officer will provide assistance to Audit staff in the preparation of any Statement, Schedule, Exhibit or Note in the CAFR.

The auditors will be available to meet with County staff and management as necessary to discuss the audit process or any issues related to the audit.

The auditors will be available to present the CAFR to the Board of Commissioners at a scheduled meeting in November or December of each year.

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

Staff continuity is important to the County and the County must be notified of any changes in key audit staff personnel prior to the annual renewal of the contract.

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.

### **Audit Contract and Payment of Audit Fees**

The audit contract must be approved by the staff of the LGC. Invoices are subject to approval by the LGC prior to processing by the County. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited CAFR to the LGC and their approval of the audited CAFR.

### **Description of Selection Process**

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

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Finance Office staff will evaluate the auditor/firm on educational and technical qualifications. The top five firms from the first section will have their second section opened and evaluated. The second section will be the cost component of the bid. The firm best meeting the County'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. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION.

The County requests that no Madison County officials be contacted during this process. The Finance Officer, as identified in the "Inquiries" section above, may be contacted only to clarify questions concerning the RFP.

The County reserves the right to reject any or all bids, waive technicalities and be the sole judge of the suitability of the proposed services, and further specifically reserves the right to make the award in the best interest of the County.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

## **First Section**

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 office location that will be assigned to handle the audit.
2. Indicate the number of people (by level) located within the assigned office that will handle the audit. Briefly describe their roles and professional experience in governmental auditing.
3. Provide a list of the assigned 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 assigned 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 most recent peer review. If any deficiencies were noted on the peer review, please provide information as to how the firm addressed these issues.
6. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, including the years on each job, and his/her position while on each audit. Indicate the percentage of time each senior and higher-level personnel will be on site.
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., solid waste, transit, airports or health authorities).
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. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2011 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
12. Describe any regulatory action taken by any oversight body against the proposing audit organization or assigned office.
13. Provide names, addresses and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.

## **Second Section**

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

Specify costs using the format below for the audit year July 1, 2017 to June 30, 2018. For the two audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2018 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. The scope of audit and cost presented should include all approved pronouncements at the date of this mailing. 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 the contract period. The County may require the auditor's assistance to comply with these reporting requirements.

1. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour:
  - a. 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
  - b. Rate per hour
  - c. Total cost for each category of personnel and for all personnel costs in total
2. Travel – itemize mileage and other travel costs separately
3. Cost of supplies and materials – itemize
4. Other costs – completely identify and itemize
5. If applicable, note your method of determining increases in audit costs on a year to year basis

Please include the Summary of Audit Costs Sheet (Exhibit 1) with your proposal.

This second section should also 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 information systems audit specialists
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member
5. Information that will be contained in the management letter
6. Assistance expected from the County's staff, if other than outlined in the RFP

7. Tentative schedule for completing the audit within the specified deadlines of the RFP
8. Use of internal audit staff
9. Indication of the format in which the County's trial balance must be submitted
10. Please list any other information the firm may wish to provide

**Description of the Governmental Entity and Its Accounting System Entity**

Madison County is a county in North Carolina with a population of approximately 21,000. The County operates a landfill.

Based on the criteria set forth in GASB Statement 14, the Madison County Tourism Development Authority is reported as a discretely presented component unit in the CAFR. The Authority is audited under a separate agreement and a separate report is issued.

**Funds**

The County maintains the following funds:

<b>Governmental Funds</b>	<b>Proprietary Funds</b>
General Fund	Enterprise Funds
Special Revenue Funds	Landfill Fund
Occupancy Tax Fund	
Emergency Telephone System Fund	<b>Fiduciary Funds</b>
Fire District Fund	Agency Funds
Capital Projects Funds	Tax Collectors Fund
2016 QSC Fund	Social Services Fund
	Inmate Funds

For additional information, the auditor may request a PDF copy of Madison County's FY 2017 CAFR.

**Budgets**

The County budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level for all annually budgeted funds and at the project level for all multi-year funds. The County also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

### **Accounting Records and Software – Special Conditions**

The County maintains the accounting records at the Finance Office located at 107 Elizabeth Lane, Marshall, NC 28753. The County uses Open Windows by Harris for all of the accounting and payroll transactions.

### **Assistance Available to Auditor**

The County will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. The following accounting procedures will be completed and documents prepared by the County on or about August 20<sup>th</sup>:

1. All subsidiary ledgers will be reconciled to control accounts.
2. All bank account reconciliations for each month will be completed.
3. County personnel will prepare all routine year-end adjusting entries.
4. A balanced general ledger will be available.

In addition, County personnel will be responsible for the following items:

1. Work papers and schedules, as jointly decided upon prior to the audit (as detailed in the “Prepared by Client List”)
2. Schedules, footnotes, transmittal letter, MD&A and supplemental schedules required to complete the County’s CAFR

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
1. Audit (includes personnel costs, travel, and supplies and materials)	\$ _____	\$ _____	\$ _____
2. Preparation of Annual Financial Statements	\$ _____	\$ _____	\$ _____
3. Extra Audit Services (\$ _____ per hour)	\$ _____	\$ _____	\$ _____
4. Other (explain) _____ _____ _____	\$ _____	\$ _____	\$ _____
4. Other (explain) _____ _____ _____	\$ _____	\$ _____	\$ _____
<b>TOTAL</b>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Name of Firm: \_\_\_\_\_

Date: \_\_\_\_\_