



**TWO PART REQUEST FOR PROPOSAL (RFP)  
FOR AUDITING SERVICES  
BY  
ALEXANDER COUNTY  
NORTH CAROLINA**

Date of Issue: January 16, 2019  
Proposals Due: February 13, 2019  
Time: 2:00 PM

Issued By:  
Alexander County Finance Department  
621 Liledoun Road  
Taylorsville, North Carolina 28681

## **Introduction**

The Board of Commissioners of Alexander 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 Alexander County, North Carolina.

## **Type of Audit**

The audit will encompass a financial and compliance examination of the County’s Basic Financial Statements, supplementary information and compliance reports 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 County does NOT issue a Comprehensive Annual Financial Report (CAFR). The financial and compliance audit will cover federal, state, and local funding sources in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*; *OMB Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the State Single Audit Implementation Act; and all other applicable laws and regulations.

## **Time Period**

The County intends to continue the relationship with the Auditor for no less than three (3) 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, 2018 to June 30, 2019

July 1, 2019 to June 30, 2020

July 1, 2020 to June 30, 2021

## Requirements

The audit must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*; *OMB Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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).

The Finance Director will expect a listing of requested information needed for the audit at the planning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

The County will prepare and post most year-end adjusting journal entries before providing a trial balance to the Auditor. The Auditor will be responsible for preparation of year-end adjusting journal entries related to OPEB reporting, LGERS pension reporting, construction in progress for multi-year capital projects, close out at the end of multi-year capital projects, and any others noted during the audit that are necessary for financial statement presentation. Journal entries noted by the Auditor should be submitted to the Finance Director at the end of final fieldwork or shortly thereafter for proofing and reconciliation to the County's records.

The Auditor will be responsible for the preparation, typing, proofing, printing, and copying of the basic financial statements, supplementary information and compliance reports. The County's Finance Director will be actively involved in the Management Discussion & Analysis. The County's Deputy Finance Director prepares the Schedule of Expenditures of Federal and State Awards (SEFSA) and submits to the Auditor for review and inclusion in the compliance reporting package. The Finance Director and Deputy Finance Director will provide assistance to Audit staff in the preparation of financial statement schedules and note disclosures.

The County prefers interim fieldwork be completed in May or early June. Year-end fieldwork should take place between mid-August and September 30<sup>th</sup>. **An agreed upon post-closing trial balance should exist by October 10<sup>th</sup>.** The Auditor will submit a draft of the financial statements and note disclosures to be reviewed in detail by the Finance Director. This draft should be submitted to the County Finance Director to allow ample time for review and corrections. **The timing of this should insure final completion of the financial statements no later than the annual October 31<sup>st</sup> deadline.**

Guidance will be required for new note disclosures, all approved GASB's as well as GASB implementations, and other reporting requirements. These services will be included in the base bid.

Fifteen (15) bound copies of the audit report and one PDF file, management letter, and other applicable reports should be supplied to the Finance Director by mid-November. In addition, the Auditor is responsible for submitting the required copies to the staff of

the Local Government Commission (LGC). Any other copies required above the original fifteen may be charged on an as needed basis in addition to the quoted fee.

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 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 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 Auditor will be available to present the audit report to the Board of Commissioners at a scheduled meeting in November or December of each year. The Board typically has one meeting per month.

It is understood that managerial, supervisory and audit staff may be changed for a variety of reasons. Replacements may be made at the discretion of the proposer, provided there is no compromise in qualifications and/or experience. Staff continuity is of extreme importance to the County. The County must be notified of any changes in key audit personnel prior to the annual renewal of the contract.

The 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 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 staff prior to processing by the County. Interim or progress billings will be accepted up to seventy-five percent (75%) of the total fee prior to submission of the audited financial statements to the staff of the LGC and their approval of the audited financial statements.

## **Other Services**

The Auditor will prepare the Federal Data Collection Form and submit to appropriate agencies as required.

Guidance will be required for new note disclosures, all approved GASB's as well as GASB implementations, and other reporting requirements. These services will be included in the base bid.

**Based on criteria set forth in GASB Statement 61, the Alexander County Economic Development Corporation (EDC) is reported as a discretely presented component unit in Alexander County's annual financial statements. The EDC is a 501(C)(3) nonprofit organization with a June 30 year-end. The EDC is audited under a separate agreement and a separate audit report is issued. The County prefers the same audit firm perform both the County audit and the EDC audit. The EDC Board, which is separate from the Board of County Commissioners, agrees with this arrangement. After the Board of Commissioners approves an audit contract for the County audit, the Auditor and the EDC Board will negotiate an agreement for the EDC's nonprofit audit and required tax filings.**

## **Description of Selection Process**

Two (2) 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 County will evaluate the auditor/audit firm on education, technical qualifications, and governmental audit experience. The first section of all proposals will be reviewed and evaluated. The top firms resulting from the evaluation of the first section will have their second section opened and reviewed.

The second section will be comprised of the firm's audit approach and costs. 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 reserves the right to reject any or all bids, waive technicalities, and to 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. Alexander County also reserves the right to request additional information from proposing firms. Failure to provide such additional information may preclude further consideration of the proposal.

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

The County requests that no County officials be contacted during this process. The Finance Director may be contacted only to clarify questions concerning the RFP.

## **FIRST SECTION**

The first section should address the requested information below. The corresponding responses should begin with the number below for the requested information. This section should have a separate cover page and be marked "Section One – Experience and Qualifications".

1. Give the office location that will be assigned to handle the audit and the number of partners, supervisory staff, seniors, and other professional staff employed at that office. Also indicate the number of staff members with local government experience.
2. 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.
3. Indicate the experience of the assigned office in providing additional services (other than audit) to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference(s).
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 supervisor and higher level person who may be assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentage of time each supervisor and higher level person will be on site.
7. Describe the relevant educational background of each person who may be assigned to the audit. This should include seminars and courses attended within the past three (3) years, especially those courses in governmental accounting and auditing.

8. 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.
9. Describe the procedures your firm has put into place for meeting professional independence standards under Government Auditing Standards (Yellow Book).
10. Describe liability insurance coverage arrangements, including the adequacy to cover claims.
11. Include a statement indicating if any regulatory action has been taken against the proposing audit firm. If so, please provide a description of the action taken.

## **SECOND SECTION**

The second section should address the requested information below. The corresponding responses should begin with the number of the requested information. This section should have a separate cover page and be marked "Section Two – Cost Estimate" and should include the Audit Cost Estimate sheet, located on the last page of this RFP.

1. Provide the name of the individual who will be the primary contact for the County to use during the proposal process.
2. Describe the information that will be contained in the management letter.
3. Describe the assistance expected from County staff. Please include a sample prepared by client (PBC) list used for a County audit.
4. Provide a tentative schedule for completing the audit within the specified deadlines of the RFP.
5. Specify costs using the format below for the audit year July 1, 2018 to June 30, 2019. For the second and third years, list the estimated costs. The cost for the audit year ending June 30, 2019 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. The cost for

audit year ending June 30, 2019 will be submitted on the "Audit Cost Estimate" sheet as a total by service, with each service itemized on an attached sheet as follows:

- A. Personnel costs - Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour:
    1. Estimated hours - Categorize estimated hours into the following: on-site interim work, on-site year-end 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 costs separately. These must be included in the cost estimate. The County will not directly reimburse for these types of expenses.
  - C. Financial Statement Preparation - List cost estimate for the annual report preparation assuming 15 copies. This is to include cost of printing, binding and covers. Provide the additional costs per report for additional copies over the 15 minimum.
  - 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.
6. List any other information the firm may wish to provide.
  7. Please include the Audit Cost Estimate sheet with your proposal.

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

Request for proposal packages will be available on the County's website at [www.alexandercountync.gov](http://www.alexandercountync.gov) and by request.

Responses to the Request for Proposal must be received by **2:00 PM on Wednesday, February 13, 2019**. Two (2) copies of each section of the proposal should be provided. Sealed envelopes containing proposals should be clearly identified on the front as "**Response to RFP for Audit Services**". Submissions of proposals by fax or email are not acceptable. Proposals should be submitted to:

Alexander County Finance Department  
Attn: Jennifer Herman, Finance Director  
621 Liledoun Road  
Taylorsville, NC 28681



The Finance Director and a selection committee will review the proposals and plan to make a recommendation to the Alexander County Board of Commissioners at their meeting on March 11, 2019 at which time the contract will be awarded.

Any questions must be submitted in writing by email to Jennifer Herman, Alexander County Finance Director, at [jherman@alexandercountync.gov](mailto:jherman@alexandercountync.gov).

## **Description of the County and Accounting System**

### **Entity**

Alexander County is a local government in North Carolina with a population of approximately 38,000. It is located in the northwestern part of the state. The County operates under the Board-Manager form of government with a full-time County Manager hired by the governing body to oversee county operations. The governing body consists of five members who each year select among themselves the individuals to serve as Chair and Vice Chair.

The Alexander County Economic Development Corporation (EDC) is reported as a discretely presented component unit in the County's annual financial statements. The EDC is a 501(C)(3) nonprofit organization that exists for the purpose of engaging in charitable and educational efforts, and specifically to support economic development in Alexander County. As mentioned previously, the County prefers using the same audit firm for both the County audit and the EDC audit. The separate EDC Board and the Auditor will negotiate an agreement for the services to be provided for the EDC after the Board of County Commissioners approves an audit contract for the County audit. If you wish to review the EDC's June 30, 2018 audit report, please email County Finance Director Jennifer Herman to request a copy.

### **Funds**

The County maintains the following funds:

General Fund

Special Revenue Funds:

Fire Districts Fund

Revaluation Fund

Emergency Telephone System Fund

Multi-year grant projects

Capital Project Funds:

School Capital Improvements Fund

County Capital Project Fund

Multi-year capital projects

#### Enterprise Funds:

- County Water and Sewer Fund
- Bethlehem Water District Fund
- Bethlehem Sewer Fund
- Solid Waste Fund (landfill and convenience center sites)
- Landfill Closure Fund
- Enterprise Fund-Capital Project Funds for various multi-year projects

#### Agency Funds:

- Social Services Fund
- Sheriff's Civil Executions Fund
- Deed of Trust Fees Fund
- Fines and Forfeitures Fund

For additional information, the Auditor should refer to the Alexander County audit report for the year ended June 30, 2018, which can be viewed on the County's website at [www.alexandercountync.gov](http://www.alexandercountync.gov) , (click on Departments, Finance, Audited Financial Statements).

#### **Grants, Entitlements, and Shared Revenues**

A copy of the Schedule of Expenditures of Federal and State Awards and a Summary of Auditor's Results showing the major federal and state programs for the year ended June 30, 2018 can be viewed in the audit report.

#### **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 object level for the 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**

The County maintains the accounting records at the Finance Department located on the first floor of the County Administration Building at 621 Liledoun Road, Taylorsville, NC 28681. Any department or enterprise-specific accounting records can be viewed at the department offices within the County. The County uses Munis software for general ledger, budgetary, accounts payable, fixed assets/depreciation, and payroll transactions.

## **Other Information**

Number of employees – approximately 300 full-time/175 part-time

Frequency of payroll – Bi-Weekly

Estimated number of payroll disbursements per year – 100 checks/11,350 direct deposit

Frequency of accounts payable - Weekly

Estimated number of accounts payable checks per year – 7,000

Estimated number of purchase orders per year – 900

Number of bank accounts – 5 (including one central depository account)

Number of NC Capital Management Trust accounts – 8

Alexander County has five different employer contribution rates for the NC LGERS pension plan due to timing differences when certain County departments joined LGERS. LGERS has the following entities listed for the County: Alexander County Social Services, Alexander County Public Library, Alexander County Health Department, and Alexander County. All four of these have their own employer contribution rates for LGERS. Law enforcement officers are reported under Alexander County along with general employees but have a separate employer rate.

Alexander County contracts with the City of Hickory (in neighboring Catawba County) for the City to provide billing and collection services as well as maintenance on the water and sewer lines owned by the County for the County Water and Sewer Fund, Bethlehem Water District Fund, and Bethlehem Sewer Fund. The City of Hickory remits the customer collections (net of the City's service fee) to the County on a quarterly basis.

## **Assistance Available to the Auditor**

A planning meeting will be held each year to determine schedules that the County will be responsible for preparing. County personnel will make every attempt 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 County is aware of and understands the need to provide assistance to the auditor and will make every attempt to meet agreed upon deadlines.

**AUDIT COST ESTIMATE  
FOR ALEXANDER COUNTY  
(Per Year)**

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>
Base Audit (Includes Personnel costs, travel, and on-site work)			
Financial Statement Preparation			
Extra Audit Service \$_____ per hour			
Other (explain):			
Other (explain):			
<b>Total</b>			

**Basis/methodology of cost estimate:**

**Basis for determining cost estimate after first year:**

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