



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

Date of Issue: January 15, 2025
Proposals Due: February 20, 2025
Time: 3:00 PM

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

Request for Proposal

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 an Annual Comprehensive Financial Report (ACFR). The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*; the provisions of Title 2 U.S. 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.

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, the Governmental Accounting Standards Board (GASB) 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 County 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, the business-type activities, each major fund, discretely presented component units (as applicable) 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

funds, and 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:

- Planning conference with Finance staff where both the Auditor and Finance staff discuss their expectations of the audit.
- Interim audit work prior to June 30th.
- Attendance at the Board of Commissioners meeting in early December for presentation of the financial statements by a manager or partner of the Auditor.

The audit should encompass all funds and entity-wide activities as reported in the County's audited financial statements at June 30, 2024 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 Board of Commissioners after completion of the audit and assist management in implementing recommendations, as is practical. Content of the management letter should be discussed with the Finance Director prior to issuance.

The County 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 County'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.

The Alexander County audit engagement must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*, 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 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 they have 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.**

Audit Fieldwork

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

The County prefers interim fieldwork be completed in May or early June. Year-end fieldwork should be completed by late September. While many documents can be shared electronically, the County expects that the audit firm staff will be onsite for fieldwork, including manager-level staff for at least a portion of the onsite work. **The Auditor's proposed adjusting journal entries should be provided to the County by October 10th.** The Finance Director will expect a listing of requested information needed for the audit at the planning conference, periodic conferences as needed during the conduct of the audit, as well as an exit conference at the completion of fieldwork.

Financial Statement Preparation

The County's Finance staff will prepare all standard year-end accruals and adjusting journal entries. The **audit firm, serving as the Financial Statement Preparer**, will be responsible for proposing the year-end adjusting journal entries related to government-wide financial statements, 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.

The County shall designate an individual, such as the Finance Director, 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 County's 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 County will need **the audit firm to serve as Financial Statement Preparer** for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information and compliance reports. The County's Finance Director will work with the Auditor to prepare the MD&A.

A tech-reviewed draft of the audit and required adjusting journal entries should be submitted to the Finance Director by October 25th for proofing and reconciliation to the County's records to allow ample time for review and corrections. The Finance Director will notify the audit firm's Financial Statement Preparer of proposed revisions within 10 business days. Once all issues for discussion are resolved, the Auditor will finalize the audit reporting package.

The timing of the financial statement draft and review should ensure final completion of the Financial Statements by November 15th or no later than the deadline in effect for the current audit year as noted by the Local Government Commission (LGC).

The Auditor is responsible for completing the required data input sheet and electronically submitting the final audit report as a text-based PDF file to the State & Local Government Financial Division when (or prior to) submitting the final invoice for audit services rendered to the LGC.

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 Auditor is required to present and attend the Board of Commissioners' meeting in which the audit report is presented. Required communications to the Board 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 with the Auditor on the audit presentation, which should take place at the Board's December meeting following completion of the audit.

Audit Contract: Time Period and Payment of Audit Fees

The County intends to continue the relationship with the Auditor for no less than three (3) years starting with the fiscal year ending June 30, 2025. Continuation after the first-year contract will be based on an annual review of the Auditor, recommendation of the Finance 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 County based on the above-mentioned criteria and Board of Commissioners concurrence for up to two additional years or until a determination is made to request new proposals. The years identified under this RFP are:

July 1, 2024 to June 30, 2025

July 1, 2025 to June 30, 2026

July 1, 2026 to June 30, 2027

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 County may also execute an engagement letter and/or a county 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 staff prior to payment by the County. Interim or progress billings marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the audited financial statements to the staff of the LGC. The final 25% of the audit

fees (final invoice) will be paid when the financial statements, single audit, 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 County staff.

Description of Selection Process

Submission of Questions Concerning RFP

After the RFP issue date, all communications between the County 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 Alexander County Finance Director Jennifer Herman by emailing jherman@alexandercountync.gov . **All questions shall be received by 5:00 pm on Friday January 31, 2025.**

Potential respondents should email jherman@alexandercountync.gov to acknowledge receipt of the RFP and to inform the County of its intent to respond. 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.

Proposals must be submitted in two sections and must be physically signed by an authorized representative of the Auditor. The first section will be comprised of the audit firm's prior experience and qualification of its personnel in performing governmental audits. The second section will consist of completed cost estimate sheets. County Finance staff will evaluate the audit firm on educational and technical qualifications. 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 suitability of the services for its intended use, 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.

Bidders shall not have communications, verbal or otherwise, concerning this RFP with any County personnel or elected officials, other than the County Finance Director. Failure to follow this instruction may disqualify the bid.

Section 1 – Profile of the Audit Firm

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

1. List the office location(s) that will be assigned to handle the audit.
2. Indicate the number of people (by staff level) located within the audit firm's assigned office that will handle the audit.
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 (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.
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 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 senior and higher-level person will be on site.
7. Describe the relevant experience and education of each person who may be assigned to the audit. This should include seminars and courses attended within the past three (3) years. Courses in governmental accounting and auditing should be clearly communicated.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., counties).
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, email addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.

11. Describe the procedures your firm has put into place for meeting professional independence standards under Government Auditing Standards (Yellow Book).
12. Describe the audit firm's liability insurance coverage arrangements, including the adequacy to cover claims.
13. Describe any regulatory action taken by any oversight body against the proposing audit firm.
14. List any other information the firm may wish to provide.

Section 2 – Audit Approach and Cost Estimate

The second section should address the requested information below. The corresponding responses should begin with the number of the requested information. This section should include the Audit Cost Estimate sheet, which is located on the next-to-last page of this RFP.

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 and any programs used to collect workpapers and schedules from audit clients.
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 (if one is issued).
7. Assistance expected from County staff. **Please include a sample prepared by client (PBC) list used for a county government audit.**
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, 2024 to June 30, 2025. For the second and third years, list the estimated costs. The cost for the audit year ending June 30, 2025 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 this RFP is published. 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 will require the Auditor's assistance to comply with these reporting requirements. The cost 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 respective 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 each category of personnel and all personnel costs 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 16 hard copies. This is to include cost of printing, binding and covers.

 - 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 Estimate sheet with your proposal.

Time Schedule for Awarding the Contract

| | |
|--|---|
| RFP Release Date | Wednesday January 15, 2025 |
| Deadline for RFP Questions* | Friday January 31, 2025 by 5:00 pm |
| Questions to be Answered No Later Than | Friday February 7, 2025 |
| Deadline for Receipt of Proposals** | Thursday February 20, 2025 by 3:00 pm Alexander County Finance Department Attn: Jennifer Herman, Finance Director 621 Liledoun Road Taylorsville, NC 28681 |
| Notice of Recommended Firm | Friday February 28, 2025 |
| Board of Commissioners Approval | Monday March 10, 2025 |

*Any questions should be directed to Finance Director Jennifer Herman by emailing her at jherman@alexandercountync.gov .

**Proposals must be submitted to the Finance Director on paper by February 20, 2025 by 3:00 pm. The paper proposals may be sent by mail or other delivery service, or delivered in person.

- Envelopes should include three (3) copies of the complete proposal package (clearly separating the documents for Section 1 and Section 2).
- Envelopes containing proposals should be clearly identified on the front as to the contents. The Finance Department is located in the Alexander County Administration Building at the address listed above (physical address and mailing address are the same).

The Review Committee, consisting of the County Manager, the Finance Director, and the Deputy Finance Director, will evaluate the proposals and make a recommendation to the Alexander County Board of Commissioners at the March 10, 2025 Board of Commissioners meeting for awarding the audit contract.

Any questions about the evaluation of proposals must be submitted in writing by email to Finance Director Jennifer Herman at jherman@alexandercountync.gov .

Description of the County and its Accounting System

Alexander County is a local government in North Carolina with a population of approximately 37,000. 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.

Reference should be made to the most recent audit report for a general overview of the County. A pdf copy of the most recent audit report is located on the Finance Department section of the County's website, www.alexandercountync.gov or by emailing Finance Director Jennifer Herman at jherman@alexandercountync.gov.

The following organizations will be discretely presented component units in the County's audit report:

Alexander County Economic Development Corporation (EDC)

Alexander County ABC Board

A separate audit report is issued by the EDC (a nonprofit entity) and the related audit engagement is by separate audit contract. A separate audit report is issued for the ABC Board and the related audit engagement is by separate audit contract.

Funds

Alexander County maintains the following funds:

General Fund

Special Revenue Funds:

Fire Districts Funds

Opioid Settlement Fund

Revaluation Fund

Emergency Telephone System Fund

Multi-year grant projects (various)

Capital Project Funds:

School Capital Improvements Fund

Multi-year capital projects (various)

Enterprise Funds:

County Water and Sewer Fund

Solid Waste Fund (landfill and convenience center sites)

Landfill Closure Fund

Enterprise Fund-Capital Project Funds for various multi-year projects

Custodial Funds:

- Municipal Tax Fund
- Sheriff's Civil Executions Fund
- Jail Inmate Pay Fund

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, 2024 can be viewed in the audit report.

Budgets

The County annual budget is adopted for the General Fund, the Fire Districts Funds, the Opioid Settlement Fund, the Revaluation Fund, the Emergency Telephone System Fund, the School Capital Improvements Fund, the Solid Waste Fund, the Landfill Closure Fund, and the County Water and Sewer Fund. Multi-year project budget ordinances are prepared for various capital projects and grant projects. 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 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 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 respective department offices within the County. The County uses Munis software by Tyler Technologies for general ledger, budgetary, accounts payable, capital assets, depreciation, and payroll transactions.

Assistance Available to Auditor

The County 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 County will make available to the auditor sufficient help to pull and re-file records, and prepare necessary confirmations. An electronic version of the trial balance with budgeted amounts will be made available in late August. The following accounting procedures will be completed and documents prepared by the County's staff no later than two weeks prior to the start of the year-end final audit fieldwork.

- The books of account will be fully balanced.
- All subsidiary ledgers will be reconciled to control accounts.
- All bank account reconciliations for each month will be completed.

The County's personnel will prepare/provide the following items:

General

1. Working Balance Sheet for each fund.
2. Working Statement of Revenues, Expenditures, and Transfers for each fund.
3. General Ledger transaction detail report for requested accounts.
4. A copy of the original budget, all amendments, and final budget as of June 30.
5. A copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of County policies as requested.
7. Copies of all Board meeting minutes.
8. Copies of all correspondence with the staff of the Local Government Commission (LGC), including semiannual Cash and Investment Reports (LGC 203), unit letters, and letters regarding the audited financial statements and compliance reports for the previous year.
9. Required supplementary information, such as actuarial information for the Law Enforcement Officers' Separation Allowance and Other Postemployment Benefits (OPEB).

Cash and Investments

1. All bank reconciliations for each month, signed and dated by both a preparer and a knowledgeable reviewer.
2. List of outstanding checks by account, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end.

Receivables

1. Listing of unpaid tax bills totaled by year as of the fiscal year-end.
2. Listing of outstanding receivables by account as of the fiscal year-end.
3. Schedule of miscellaneous receivables booked as of the fiscal year-end.

Capital Assets

1. Listing of capital assets by function and activity with supporting schedules of changes in capital assets and supporting detail of additions, retirements and transfers.
2. List of capital asset additions made during the audit year and CIP placed in service.
3. List of capital asset dispositions made during the audit year.
4. Depreciation expense posted for the audit year.

Current Liabilities

1. Schedule of accounts payable.
2. Schedule of accrued payroll and related liabilities.

Long-Term Liabilities

1. Debt schedule for each debt issue and related payments.
2. Summary of changes in long-term liabilities for debt issues, leases, subscription liabilities, compensated absences, OPEB, etc.

Grants

The following will be compiled for each grant:

1. Grant agreement.
2. Grant budget.
3. Financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. Assistance Listing (AL) # and/or pass-through grant #.

Size and Complexity of County

Personnel/Payroll

Number of employees – approximately 700 including full-time/part-time/seasonal

Frequency of payroll – Bi-Weekly

Estimated number of payroll direct deposit advices per year – 11,350

Property Tax

Total dollar amount of most recent year's collections – \$26,413,329

Total dollar amount of levy - \$27,204,152

Accounts Payable

Frequency of accounts payable - Weekly

Estimated number of accounts payable checks per year – 6,300

Estimated number of purchase orders per year – 1,300

Bank Accounts

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

Number of investment accounts – five NC Capital Management Trust accounts and one account with First Citizens Wealth Management

Other

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. The City of Hickory remits the customer collections (net of the City's service fee) to the County on a quarterly basis.

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

| | FY 2025 (binding) | FY 2026 (estimate) | FY 2027 (estimate) |
|---|--------------------------|---------------------------|---------------------------|
| Base Audit (Includes Personnel costs, travel, and on-site work) | | | |
| Financial Statement Preparation | | | |
| Extra Audit Service \$_____ per hour | | | |
| Other (explain): | | | |
| Other (explain): | | | |
| Total | | | |

| | |
|-------------|------------------|
| AUDIT FIRM: | Primary Contact: |
| Address: | Telephone: |
| | Fax: |
| | E-mail: |
| | Date: |

PROPOSAL CERTIFICATION

Proposers Signature: _____

Date: _____

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 the proposal on behalf of my organization.

BY (Printed): _____

TITLE: _____

COMPANY: _____

ADDRESS: _____

TELEPHONE: _____

EMAIL: _____