

**REQUEST FOR PROPOSAL**

**FOR**

**AUDIT SERVICES**

TOWN OF GRANITE QUARRY, NORTH CAROLINA

Due Date: **Friday, January 25, 2019** Time: **2:00 P.M.**

**Receipt Location**:

**Mailing Address**:

Town of Granite Quarry Municipal Building

P.O. Box 351

Attention: Tanya Word, Town Clerk

Granite Quarry, NC 28072

**Physical Address**:

Town of Granite Quarry Municipal Building

143 N. Salisbury Street

Attention: Tanya Word, Town Clerk

Granite Quarry, NC 28146

E-mail: [clerk@granitequarrync.gov](mailto:clerk@granitequarrync.gov)

Phone: 704-279-5596



MEMO TO: Prospective Bidders

FROM: Tanya Maria Word, Chief Financial Officer

SUBJECT: Request for Proposals – Selection of the Independent Auditor

**DUE DATE AND TIME: Friday, January 25, 2019 ~ 2:00 P.M.**

The Town of Granite Quarry is currently seeking proposals from qualified auditors for the project entitled “Selection of the Independent Auditor.”

Enclosed are our specifications and bid proposal covering this work. Please review these documents carefully and use the forms provided to submit your bid.

All proposals are to be received by mail no later than Friday, January 25, 2019 by 2:00 P.M. Each proposal should be clearly marked: “**Proposal Response – Selection of the Independent Auditor.**”

*These materials should be mailed or delivered to:*

**Mailing Address**:

Town of Granite Quarry Municipal Building

P.O. Box 351

Attention: Tanya Word, Town Clerk

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**\*\*\*Email or facsimile submissions will not be accepted\*\*\***

Should you have any questions, please contact Tanya Word at the Town of Granite Quarry by phone at 704-279-5596, by e-mail to [clerk@granitequarrync.gov](mailto:clerk@granitequarrync.gov) or in person at Granite Quarry Municipal Building, 143 N. Salisbury Street, Granite Quarry, North Carolina 28146.

**NOTICE**

Proposals will be received by the Town of Granite Quarry, until 2:00 P.M. Friday, January 25, 2019 in the office of the Town Clerk, P.O. Box 351, Granite Quarry, North Carolina, at which they will be considered for the following:

**SELECTION OF THE INDEPENDENT AUDITOR**

Specifications and bid documents may be obtained in the office of the Town Clerk of the Town of Granite Quarry, 143 N. Salisbury Street, Granite Quarry, North Carolina, between the hours of 9:00 A.M. – 5:00 P.M., Monday – Friday or by email request to [clerk@granitequarrync.gov](mailto:clerk@granitequarrync.gov)

The right is reserved to reject any or all bids and to waive all informalities concerning bid, or award bid to the lowest responsible bidder or bidders, taking into consideration quality, performance and the time specified in the proposals fore the performance of the contract.

Town of Granite Quarry

Tanya Maria Word

Town Clerk

**REQUEST FOR PROPOSAL FOR AUDIT SERVICES –**

**TOWN OF GRANITE QUARRY, NC**

The Town of Granite Quarry (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 of Granite Quarry to reimburse firms for any expenses incurred in preparing proposals in response to this request.

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

**Type of Audit**

The audit will encompass a financial and compliance examination of the Town’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 Act Amendments of 1996; the provisions of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions; the State Single Audit Implementation Act; and all other applicable laws and regulations.

**Period**

The Town intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after the completion of the first-year contract. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The Town of Granite 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; *Government Auditing Standards*, July 2011 revisions issued by the Comptroller General of the United States; Office of Management and Budget Uniform Guidance; the *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 Auditor will prepare most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, and proofing, the Basic Financial Statement, supplementary information and compliance reports. The Town of Granite Quarry Financial Officer, and other Finance Department staff will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statement to be reviewed in detail by the Financial Officer. This draft should be submitted to the Town of Granite Quarry in time to allow ample review and corrections. **The timing of this should ensure final completion of the Financial Statements no later than the annual October 31st deadline.**

The Town of Granite Quarry prefers interim fieldwork to be completed by mid-May. Year-end fieldwork should begin in mid-August and be completed by September 8th. **An agreed upon post-closing trial balance must be completed via Excel by September 8th.** The Financial Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of the fieldwork.

A preliminary draft of the audit and required journal entries must be submitted to the Chief Financial Director by the first week of October for proofing and reconciliation to the Town’s records. The audit must be completed, reports rendered, and supplied to the Chief Financial Officer and other Finance Department staff four (4) months following the fiscal year end (i.e. October 31).

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the financial statements of the aggregate discretely presented component units, 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 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 working papers shall be retained and made available upon request for no less than three 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 contact will be approved by the governing board and forwarded to the staff of the LGC for the approval.

**Audit Contract & Payment of Audit Fees**

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the Town. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

**Other Services**

The auditor will prepare, type and print the audited Comprehensive Annual Financial Report. The auditor will submit a draft for review by the Financial Officer. The Financial Officer will return the draft with proposed revisions within 10 working days.

**Description of Selection Process**

Ten (10) copies and one (1) PDF of the proposal should be submitted at the time and place indicated under the section entitled “Time Schedule for Awarding Contract.”

Proposals will be submitted in two sections. The first section will be comprised of the audit form’s prior experience and qualifications if its personnel in performing governmental audits. The Town will evaluate the auditor/firm on governmental audit experience, education and technical qualifications. The top five firms from the first section will have their second section opened and evaluated. The firm best meeting the Town of Granite Quarry’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 Town of Granite Quarry requests that no Town of Granite Quarry officials or employees be contacted during this process. The Financial Officer may be contacted only to clarify questions concerning the RFP. Email is the preferred method of communication, [clerk@granitequarrync.gov](mailto:clerk@granitequarrync.gov)

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

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

**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 number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the 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 firm 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.
4. Describe your audit organization’s participation in AICPA-sponsored or comparable quality control (peer review). Provide a copy of the firm’s current peer review.
5. Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on each job, and his/her position while one each audit. Indicate the percentages of time each senior and higher-level personnel will be on site.
6. 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.
7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g. utilities, solid waste, transit, airports, or health authorities and school systems).
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. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
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 local office.

**Second Section**

Proposals should include completed cost estimate sheets and any other necessary cost information in a ***separate sealed*** envelope marked – “Audit RFP Cost Estimate.” The Town plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

This second section should 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 computer 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 government’s staff, if other than outlined in the RFP.
7. Tentative schedule for competing the audit within the specified deadlines of the RFP.
8. Provide total costs using the Summary of Audit Costs Sheet for the audit year July 1, 2018 to June 30, 2019. For the two audit years, which follow, 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.
9. Details should be separately provided for the following:
10. Personnel Costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical etc.) with the different rates per hour.
11. Estimated hours – categorize estimated hours into the following:

On-site interim work,

Year-end on-site work,

Work performed in the auditor’s office.

1. Rate per hour.
2. Total cost for each category of personnel and for personnel costs in total.
3. Travel – Itemize transportation and other travel costs separately.
4. Cost of supplies and materials – Itemize
5. Other Costs – Completely Identify and Itemize
6. Please list any other information the firm may wish to provide.
7. Summary of Audit Costs Sheet must be included with all proposals.

**Time Schedule for Awarding the Contract**

Request for proposal packages will be sent to audit firms on Friday, November 16, 2018. The RFP package will also be posted on the Town’s website [www.townofgranitequarrync.gov](http://www.townofgranitequarrync.gov) November 16, 2018 to January 25, 2019.

All proposals signed by authorized officials are to be received by Tanya Word, Financial Officer no later than **Friday, January 25, 2019 by 2:00 P.M.** Each proposal should be clearly marked: “**Proposal Response – Selection of the Independent Auditor.**”

*These materials should be mailed or delivered to:*

**Mailing Address**:

Town of Granite Quarry Municipal Building

P.O. Box 351

Attention: Tanya Word, Town Clerk

Granite Quarry, NC 28072

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Granite Quarry, NC 28146

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The Financial Officer and Town Manager will review the proposals and make a recommendation to the Town Board at its regularly scheduled Board meeting on March 4, 2019 at which time the contract will be awarded.

The Town of Granite Quarry requests that no Town of Granite Quarry officials or employees be contacted during this process. The Financial Officer may be contacted only to clarify questions concerning the RFP. Email is the preferred method of communication, [clerk@granitequarrync.gov](mailto:clerk@granitequarrync.gov)

**Description of The Town & Accounting System**

**Entity**

Town of Granite Quarry is a local government in North Carolina with a population of 3,200.

**Funds**

The auditor should make reference to the Town of Granite Quarry audit report for the year ended June 30, 2018, to obtain an electronic copy, please submit in writing via email to Shelly Shockley, Finance Officer @ [office@granitequarrync.gov](mailto:office@granitequarrync.gov).

**Budgets**

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

**Accounting Records**

The Town maintains all its accounting records at the Finance Office located at 143 N. Salisbury Street, Granite Quarry, North Carolina 28146. Any department or specific accounting records can be viewed at the department offices within the Town. The Town maintains is cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on FMS Software.

**Other Information** (need information from Shelly and Scott)

Personnel/Payroll

Number of full time & part-time employees – 18 Full-time, 47 Part-time (including Fire

Department Volunteers

Frequency of Payroll – Bi-weekly

Number of payroll direct deposit advises per month – Approximately 80 per month (part-

time employees working varies each pay period)

(Payroll processing is performed by a third-party service provider (Paylocity).

Purchasing

Number of Purchase Orders Issued to date for FY18 –875

Bank Accounts

Number of Bank Accounts – 1

Number of deposits (central depository) – 52

Number of Checks

Checking Account (only main account) has $650,840.84 monthly average as of May.

Central Depository – 671written to date

Payroll (Direct Deposit) – Approximately 80 per month (part-time employees working varies each pay period)

The following financial applications are on the FMS Financial Software:

General Ledger

Accounts Payable

**Other Information**

The Town of Granite Quarry does not maintain an internal audit function.

**Assistance Available to the Auditor**

The Town will make available to the Auditor sufficient help to pull and re-file records and prepare and mail all necessary confirmations. A final trial balance with budgeted amounts will be made available each year via Excel by September 8th. The following accounting procedures will be completed, and documents prepared by the Town’s staff no later than September 8th:

The books of account will be fully balanced.

All subsidiary ledgers will be reconciled to control accounts.

All bank account reconciliations for each moth will be completed.

**SUMMARY OF AUDIT COSTS SHEET**

FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |
| --- | --- | --- | --- |
|  | FY18 | FY19 | FY20 |
|  | ***Binding*** | ***Estimate*** | ***Estimate*** |
| Base Audit Fee:  Includes all personnel costs, travel, and on-site work, details as described below | $ | $ | $ |
|  |  |  |  |
| Financial Statement Preparation:  Includes preparation and printing of CAFR | $ | $ | $ |
|  |  |  |  |
| Extra Audit Services (if needed) | $ | $ | $ |
|  |  |  |  |
| Other Costs:  (Explain) |  |  |  |
| **TOTAL:** | $ | $ | $ |

**Separately provide detail for the following components of the *Base Audit Fees*:**

Personnel Costs –

Itemize the following for each category of personnel (partner manager, senior, staff accountants, clerical, etc.) with the different rates per hour.

Estimated hours – categorize estimated hours into the following:

# of Hours – On-site interim work, #\_\_\_\_\_\_\_\_\_\_ Rate per hour \_\_\_\_\_\_

# of Hours – Year-end on-site work, # \_\_\_\_\_\_\_\_\_ Rate per hour \_\_\_\_\_\_\_\_\_\_

# of Hours – Work performed in the auditor’s office #\_\_\_\_\_\_\_ Rate per hour \_\_\_\_\_\_

Total cost for each category of personnel and for all personnel costs in total.

Travel – Itemize transportation and other travel costs separately.

Cost of supplies and materials – Itemize

Other Costs – Completely Identify and Itemize

If applicable, note your method of determining increases in audit costs on a year to year basis.

**This RFP for Audit Services is submitted by:**

**Firm Name**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Authorized Representative Name**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Please Print)

**Authorized Representative Signature**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Title:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Date**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Address:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**City/State/Zip**:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Telephone**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

It is understood by the Offeror that The Town of Granite Quarry reserves the right to reject any and all Proposals, to waive formalities, technicalities, and to recover and rebid this RFP.

This RFP is valid for sixty (60) calendar days from the RFP due date.

**A certificate of insurance and W9 must be received prior to any work being done.**

**No Business License is required in the Town of Granite Quarry or Rowan County, NC**