

## **REQUEST FOR PROPOSAL**

The Board of Directors for Eastern Carolina Council of Governments (hereinafter called the "Council") 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 Council 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 Council. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Craven County, North Carolina.

### **Type of Audit**

The audit will encompass a financial and compliance examination of the Council'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 financial and compliance audit will cover Federal, State, and local funding sources in accordance with general accepted auditing standards; Government Auditing Standards; July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; OMB 2.CFR.200; the State Single Audit Implementation Act; and all other applicable laws and regulations.

### **Period**

The Council 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 Council 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, 2020 to June 30, 2021**

**July 1, 2021 to June 30, 2022**

**July 1, 2022 to June 30, 2023**

### **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, OMB 2.CFR.200; 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 Auditor will prepare most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and compliance reports. The Council's Finance Director 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 Finance Director. This draft should be submitted to the Council in time to allow ample 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.

The Council prefers interim fieldwork be completed in mid-May. Yearend fieldwork should begin in mid-August and be completed by September 15th. An agreed upon post-closing trial balance must exist by September 30th. The Finance Director 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 fieldwork.

The audit must be completed and reports rendered four months following the fiscal year end (October 31).

A preliminary draft of the audit and required journal entries must be submitted to the Finance Director by October 1 for proofing and reconciliation to the Council's records.

Twenty copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Director within the time frame cited above. In addition, the auditor is responsible for submitting the required three copies to the staff of the Local Government Commission (LGC). Any other copies required will 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 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, 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 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 contract will be approved by the governing board and forwarded to the staff of the LGC for 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 the processing by the Council. If grant funds will be used to pay for the audit, the grant agreement may require the Grantor Agency's approval before the invoice may be paid. Interim or progress billings will be accepted up to the total fee approved by the LGC with the final payment payable upon successful 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 financial statements. The auditor will submit a draft for review by the Finance Director. The Finance Director will return the draft with the proposed revisions within 10 working days.

#### **Description of the Selection Process**

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

Proposals 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 Executive Director and Finance Director will evaluate the auditor on educational and technical qualifications. The top five firms from the first section will have their second section opened and evaluated. The firm best meeting the Council's expectations for experience, audit approach, and cost requirements will be selected.

PLEASE KEEP IN MIND THAT COST, WHILE AN IMPORTANT FACTOR, WILL NOT BE A SOLE DETERMINING FACTOR. UNUSUALLY LOW BIDS THAT ARE OBVIOUSLY OUT OF LINE WITH OTHER BIDDERS OR ARE SIGNIFICANTLY LOWER THAN OUR CURRENT FEES WILL RAISE CONCERN. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION.

The Council requests that no Eastern Carolina Council of Government's officials be contacted during this process. The Finance Director may be contacted only to clarify questions concerning the RFP. The Council 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 Council.

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 of 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 local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
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 on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new reporting model should be clearly communicated.
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.
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 contracted 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 – “Cost Estimate.” The Council plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

The second section should consist of completed cost estimate sheets, which will include the following information:

1. Type of audit program used (tailor-made, standard governments, 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 that outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Specify costs using the format below for the audit year July 1, 2020 to June 30, 2021. For two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2021, is binding, while the second and third years which follow are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to exceed” amount.
  - 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, year-end onsite work, and work performed in the auditor's office.

- (2) Rate per hour.
- (3) Total cost for each category of personnel and for all personnel costs in total.

B. Travel – itemize transportation and other travel costs separately.

C. Costs of supplies and materials – itemize.

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.

9. Please list any other information the firm may wish to provide.

10. Please include the Summary of Audit Costs Sheet with your proposal.

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

Request for proposal packages will be posted. Proposals signed by authorized officials will be received via mail by Jennifer Miller, Finance Director at PO Box 1717, New Bern, NC 28563 until February 19, 2021 at 4:00 p.m. Envelopes containing proposals should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”. The Finance Office will review the proposals and make a recommendation to the Executive Committee on March 11, 2021, at which time the contract will be awarded.

Any questions should be directed to Jennifer Miller, Finance Director, at [jmiller@eccog.org](mailto:jmiller@eccog.org). Phone appointments may be scheduled to further discuss any specific matters necessary in preparing your proposal.

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

#### **Entity**

The Council serves as an administrative and service arm for federal, state and local programs based on the needs and priorities of the local member governments. A council of local elected officials (County Commissioners, Mayors, and Town Councilmen) serve as the governing body. The COG represents a multi-county planning and service area. The counties of Carteret, Craven, Duplin, Greene, Jones, Lenoir, Onslow, Pamlico and Wayne, along with municipalities within these counties make up the membership of the Council.

The Council is part of a system of 16 regional councils covering the entire state. Although the majority of the agency's funding is from federal and state sources, the Council is a **local governmental unit**, which is responsible to its membership.

### **Funds**

The Council still maintains the following funds:

#### Governmental Funds

General Fund

Special Revenue Funds:

NC Department of Transportation Rural Planning Organization Fund

Area on Aging Program Fund

Fiduciary Fund

Craven/Pamlico Reentry Council

Budgeted revenues are estimated at \$6.9 million in FY 2020/2021.

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

A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2020 is enclosed with this RFP. Also included is a Summary Report of the Auditor's Results.

### **Budgets**

The Council budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the department level and amended as necessary by the governing board. The budgetary system is integrated with the accounting system to provide easy comparison with actual expenditures.

### **Accounting Records**

The Council maintains all of its accounting records at the finance office located in downtown New Bern, NC.

The Council maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on a server/client computer system. The financial software used is Accufund.

### **Assistance Available to the Auditor**

The Council will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted

amounts, accounting procedures and documents will be made available via hard copy or electronic file prior to the agreed upon date of the Yearend audit.

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 Council's personnel will prepare 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 each account.
4. A copy of the original budget, all amendments, and the final budget as of June 30.
5. A copy of all project ordinances and all amendments for all active projects during the audit period.
6. A copy of board policies, including travel and investment policies.
7. Copies of all correspondence with the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, faxes regarding the audited financial statements and compliance reports for the previous year.
8. Management's Discussion and Analysis.

### **Cash**

1. All bank reconciliation's for each month.
2. List of outstanding checks, showing check number, date and amount.

### **Receivables**

1. Listing of outstanding receivables by account as of the fiscal year end.
2. Listing of outstanding receivables in detail as of the fiscal year end.
3. Schedule of miscellaneous receivables booked as of the fiscal year end.

### **Other Assets**

1. Schedule of insurance coverage.

### **Fixed Assets**

1. Printout of all fixed asset acquisitions during the audit year.
2. Printout of all fixed asset dispositions during the audit year.
3. Printout of depreciation expense posted for the audit year.
4. Printout of complete fixed asset listing as of the fiscal year end.

### **Current Liabilities**

1. Schedule of accounts payable.

### **Long-Term Debt**

1. Computation of vested vacation payable as of the audit date.

### **Grants**

The following will be compiled for each grant:

1. Grant agreement.
2. Budget.
3. All financial reports.
4. Correspondence with grantor agency, including monitoring reports.
5. CFDA # and/or pass-through grant #.

## Size and Complexity of Unit

### Personnel/Payroll

Number of employees	<u>11</u>
Frequency of payroll.	<u>Bi-weekly</u>
Number of payroll checks	<u>0</u>
Number of direct deposit notifications	<u>12</u>

### Purchasing

Number of purchase orders issued each month.	<u>10</u>
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### Bank Accounts

Number of bank accounts	<u>1</u>
Average monthly activity in main accounts	
Number of deposits	<u>15</u>
Number of checks:	<u>45</u>

### Management Information Systems:

Number of PCs on premises	<u>11</u>
Storage/disk capacity of the central processing unit	<u>2TB</u>
Number of employed programmers	<u>0</u>

The following financial applications are on the central server:

None

The following financial applications are on the accounting server:

General Ledger

Accounts Payable

Payroll

Accounts Receivable

Bank Reconciliation

Cost Allocations

Purchasing

Special Conditions

Prepare any required schedules and additional statements that might be needed for grantor agencies (i.e. Statement of Allocated Cost, Statement of Fringe Benefits, etc.).

Contact information:

Jennifer Miller  
Finance Director  
Eastern Carolina Council of Governments  
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New Bern, NC 28563:  
Phone: 252-229-2817  
Email: [jmiller@eccog.org](mailto:jmiller@eccog.org)

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit  
Includes Personnel costs, travel, and on-site work \$ \_\_\_\_\_

2. Financial Statement Preparation \$ \_\_\_\_\_

3. Extra Audit Service  
\$ \_\_\_\_\_ per hour \$ \_\_\_\_\_

4. Other (explain)  
\_\_\_\_\_ \$ \_\_\_\_\_

5. Other (explain)  
\_\_\_\_\_ \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_