

VILLAGE OF MARVIN
REQUEST FOR PROPOSAL
FOR AUDIT SERVICES



ISSUED MARCH 15, 2019

PROPOSALS DUE BY 4:00 PM, APRIL 1, 2019

REQUEST FOR PROPOSAL

The Village Council of the Village of Marvin (hereinafter called the “Village”) 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 Village of Marvin 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 Village of Marvin. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Union County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the Village’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 audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Implementation Act; and all other applicable laws and regulations.

Period

The Village 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 Village 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 1 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 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 preparation, typing, proofing, printing and copying of the Basic Financial Statement, supplementary information and compliance reports. The Village's Finance Officer 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 Officer. This draft should be submitted to the Village 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 31st deadline.**

The Village prefers interim fieldwork be completed in early June. Year-end fieldwork may begin in mid-August and should be completed by September 15th. **An agreed upon post-closing trial balance must exist by September 30th.** The Finance Officer will expect a listing of requested information needed for the audit and 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 (by October 31).

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

Eight (8) copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above. In addition, the auditor is responsible for submitting the required two 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, each major fund, and the remaining fund information, if applicable, which collectively constitute 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. The supplemental information, as required by GASB 34, will be subject to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the 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 prior to processing by the Village. 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 financial statements. The auditor will submit a draft for review by the Finance Officer. The Finance Officer will return the draft with proposed revisions within 10 working days. In addition, the following also applies:

1. Capital asset records which have not been audited previously
2. Assistance with year-end closing entries and QuickBooks entries, if needed.

Description of the Selection Process

Two 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 on the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Finance Officer will evaluate the auditor/firm on educational and technical qualifications. The top five firms from the first section will have their second section opened and evaluated. The firm best meeting the Village'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 Village requests that no Village officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

The Village 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 Village.

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 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 services 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 year, 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 – “Cost Estimate.” The Village plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

This second section should consist of completed cost estimate sheets, which will 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 completing the audit within the specified deadlines of the RFP.
8. Specify costs using the format below 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.
 - 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 on-site 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) Cost 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 mailed by March 15, 2019.

Proposals signed by authorized officials will be received by Christine Robertson, Finance Officer at 10004 New Town Rd, Marvin, North Carolina 28173 until April 1, 2019 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 Officer and the Village Administrator will review the proposals and make a recommendation to the Village Council on April 10, 2019 at which time the contract will be awarded.

Any questions should be directed to Christine Robertson, Finance Officer, at 704-843-1680 on Mondays or Tuesdays between 9:30 a.m. and 2:30 p.m. or via email at finance@marvinn.org. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal. Please call the Village at 704-843-1680 to schedule an appointment.

Description of the Governmental Entity and Its Accounting System

The Village of Marvin is a municipality in North Carolina with a population of approximately 6,967. The municipality does not operate a solid waste system or have any proprietary funds, component units or joint ventures.

Funds

The Village of Marvin maintains a general fund and a capital projects fund. There is no debt service fund or special revenue fund.

Budgeted revenues are estimated at \$1,268,583 for FY2019. The Village does not have any outstanding debt.

For more information on the Village's financial statements, the auditor should make reference to the Village's audit report for the year ended June 30, 2018, which can be viewed on the Village's website at www.marvinn.org (choose Government, Finance and Taxes, Financial Information).

Grants, Entitlement and Shared Revenues – A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2018 is enclosed with this RFP.

Budgets

The Village budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made, and expenditures are budgeted at the departmental level. The budgetary system is integrated with the accounting system to provide easy comparison with actual expenditures.

Accounting Records

The Village of Marvin maintains its accounting records at the Finance Office located in the Village Hall at 10004 New Town Road, Marvin, North Carolina. The Village uses QuickBooks for its financial accounting and reporting functions. The Village collects its own taxes. The Village has one checking account and two other accounts with minimal activity.

Assistance Available to Auditor

A planning meeting will be held during interim fieldwork each year to determine any schedules or information the Village will be responsible for preparing. The Village 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 will be made available via Excel. The Village will make every effort to perform the necessary accounting procedures and complete agreed upon documents no later than the dates set each year during the planning meeting. Adequate notification will be given prior to any change in estimated times.

Contact information:

Name: Christine Robertson
Title: Village of Marvin Finance Officer
Address: 10004 New Town Rd, Marvin, NC 28173
Phone: 704-843-1680
Fax: 704-843-1660
Email: finance@marvinnc.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) _____	\$ _____
<u>TOTAL</u>	\$ _____

ATTACHMENT

Village of Marvin
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass- through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to sub recipients	Local Expenditures
Federal Awards:						
none						
State Grants:						
Cash Assistance:						
<u>N.C. Department of Transportation</u> Powell Bill	n/a	57173	-	251,919	-	-
Total Assistance - State Programs			-	251,919	-	-
Total Assistance			\$ -	\$ 251,919	\$ -	\$ -

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Village of Marvin under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. Because the Schedule presents only a selected portion of the operations of the Village of Marvin, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village of Marvin.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.