



**TWO PART REQUEST FOR PROPOSAL (RFP)
FOR AUDITING SERVICES
BY
THE COUNTY OF IREDELL
NORTH CAROLINA**

Date of Issue: January 18, 2019
Proposals Due: February 11, 2019
Time: 2:00 PM

Issued By:
Iredell County Finance Department
200 South Center Street, Reception Area
Statesville, NC 28677
Phone: (704) 878-3040

The Board of Commissioners of Iredell County, North Carolina (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 Iredell County, North Carolina to reimburse firms for any expenses incurred in preparing proposals in response to this request.

Type of Audit

The audit will encompass a financial and compliance examination of the unit'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; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Uniform Administration requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State single Audit Implementation Act and all other applicable laws and regulations.

Period

The unit 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.

July 1, 2018 to June 30, 2019
July 1, 2019 to June 30, 2020
July 1, 2020 to June 30, 2021

There is no express or implied obligation to re-bid the service at the end of the initial three-year period.

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; OMB Uniform Administration requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Nonprofit Organizations; the State Single Audit Implementation Act, and any other applicable procedures for the audit of government's financial statements prepared in accordance with GAAP.

The audit must be completed and reports rendered by October 31 of each year covered by the audit contract.

One electronic copy 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 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, 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 will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the general fund, the major funds, and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

The 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 staff of the Local Government Commission must approve the audit contract. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the County. 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 75% of the total fee prior to the Local Government Commission's receipt and approval of the audited financial statements.

Other Services

The Finance Director will prepare and provide to the auditor the Management's Discussion and Analysis, the Transmittal Letter, and the Statistical Section. The auditor will prepare, and electronically transmit all other components of the Comprehensive Annual Financial Report. The auditor will submit a draft of the CAFR for review by the Finance Director. The draft and any proposed revisions will be returned to the auditor within 10 working days.

Special services include:

1. Preparation of the Federal Data Collection Form and submit to appropriate agencies as required.
2. Preparation of a "financial data review" required by the Federal Transit Authority for the Iredell County Area Transportation System (ICATS) **Please quote this separately from the financial preparation for the County.**
3. Any additional fees for the audit of Major Program compliance per the Uniform Guidance and the State Single Audit Implementation Act.

Description of Selection Process

Three 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." or two separate files (clearly marked) can be emailed to debra.cheek@co.iredell.nc.us

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 Finance Director 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 experience, audit approach, and cost requirements will be recommended to the Iredell County Board of Commissioners.

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 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, including seminars and continuing education courses in governmental accounting and auditing attended within the past three years.
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 reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), Amendment 3. 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 or separate file marked – “Cost Estimate.”** The County 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. List the estimated costs for the two succeeding audit years. The cost for the audit year ending June 30, 2019 is binding, while the two years which follow are estimated costs.
 - A. Manpower costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour. (Do not include any costs for preparation, typing, or printing of the Comprehensive Annual Financial Report.)
 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 manpower costs.
 - B. Preparation and typing of the Comprehensive Annual Financial Reports. Final report to be provided in electronic format.
 - C. Travel – itemize transportation and other travel costs separately.
 - D. Cost of supplies and materials – itemize.
 - E. Other costs – completely identify and itemize.
9. Other Information.

Time Schedule for Awarding the Contract

Request for proposal packages will be mailed by January 18, 2019.

Please acknowledge by January 25, 2019 the receipt of this request for proposal and your intent to respond with a proposal.

Debra L. Cheek, Finance Director, located at 200 South Center Street will receive proposals signed by authorized officials until **February 11, 2019 at 2:00 PM**. Envelopes or files containing proposals must be clearly marked "**Audit Proposal**". The Finance Director will review the proposals and make a recommendation to the Board of Commissioners on **March 5, 2019** at which time it is expected that the contract will be awarded.

A pre-proposal conference will be held on **January 31, 2019 at 10:00 a.m.** in the Commissioners' Meeting Room of the Iredell County Government Center, 200 South Center Street, Statesville to answer any questions that might arise and to discuss general background information and the operations of the County. Information covered at the conference will *not* be sent to audit firms not attending the conference. Each firm attending will be provided a copy of the June 30, 2018 Comprehensive Annual Financial Report and a copy of the 2019 Budget Ordinance. (You may access the CAFR and current year budget information prior to the pre-proposal conference at the County's web site: www.co.iredell.nc.us.)

Description of the Governmental Entity and Its Accounting System

Entity

Iredell County, North Carolina was established as a body politic November 18, 1788. The County's population was projected to be 176,229 at July 1, 2018 by the Office of State Planning. The last countywide revaluation was effective January 1, 2015 (Currently working on revaluation for January 2019) and there were approximately 93,946 land parcels within the County at the January 2015 revaluation period.

Based on the criteria set forth in GASB Statement 14, there have been no component units included in the audit.

Iredell County, North Carolina has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the past twenty eight years. Beth M. Jones has been County Manager since 2018, and Debra L. Cheek has been Finance Director since 2017 and was Assistant Finance Director since 2005.

Funds

Iredell County, North Carolina maintains the following funds:

Governmental Funds

General Fund

Special Revenue Funds:

Fire District Funds (4)

Emergency Telephone System Fund

Transportation Services Fund

Juvenile Crime Prevention Grant Fund

Capital Projects Funds:

- Jail Expansion Project Fund
- Mooresville High School Project Fund
- Public Safety Complex Capital Project Fund
- Parks Capital Project Fund
- Facilities and Improvement Fund
- Jennings Park Project Fund
- 2016 GO Bonds NIHS/SIHS Project Fund
- 2018 GO Bonds MCC Project Fund
- 2018 GO Bonds ISS Middle Schools Project Fund

Proprietary Funds

Enterprise Funds:

- Solid Waste Disposal Facility Fund
- EMS Special Services Fund

Internal Service Funds:

- Employee Health Care Benefits Self-Insurance Fund
- Workers' Compensation Self-Insurance Fund
- Property and Liability Self-Insurance Fund

Fiduciary Funds:

Agency Funds:

- Social Services Guardianships Fund
- Fines and Forfeitures Fund
- Municipal Tax Collections Fund
- Sheriff's Agency Fund
- Inspection Bonds Fund
- Cooperative Extension Agency Fund
- Employee Flex Benefits Account Fund
- Gross Receipts Tax Collections Fund
- Register of Deeds Collection Fund

As of December 31, 2018, the amended revenue budget, excluding capital project amounts and Internal Service Funds, is \$245,483,587 for fiscal year 2019. In addition, outstanding debt totaled \$200,849,164 as of June 30, 2018. Iredell County, North Carolina has an AA bond rating from Standard & Poor's Corporation, Aa1 from Moody's Investors Service, and AAA from Fitch.

Grants, Entitlements, and Shared Revenues

A copy of the Schedule of Federal and State Expenditures for the year ended June 30, 2018 is included in the June 30, 2018 Comprehensive Annual Financial Report and will be distributed at the pre-proposal conference.

Budgets

Iredell County budgets all funds on the modified accrual basis of accounting as required by North Carolina law. The budget is adopted at the departmental level. The County also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

Accounting Records

Iredell County, North Carolina maintains all its accounting records at the Finance Office located at 200 South Center Street, Statesville, NC. The County uses MUNIS financial software on a Windows 2012 Server.

Assistance Available to Auditor

The County will make available to the auditor sufficient help to pull records, and prepare and mail all necessary confirmations. An electronic copy of the preliminary trial balance with budgeted amounts will be made available no later than Friday, August 23rd. The final accrual for Sales Taxes will not be made until it is received on September 15, 2019. The following accounting procedures will be completed and documents prepared by the unit's staff as soon as possible after the fiscal year end but no later than August 30. These dates are contingent on final field work being performed the first week of September each year.

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. (Completed by July 31, 2019)

The unit'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 requested by the auditor.
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 active projects during the audit period.
6. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files maintained in the Finance and Purchasing offices.
7. Copies of all correspondence with the staff of 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 and Investments

1. Copies of all bank statements and reconciliations for all bank accounts for June and July of current year.
2. Provide the supporting documentation for the reconciling items for the central depository/main checking account.
3. Schedule of investments by fund as of June 30. Include all interest earned and accrued.
4. List of all bank accounts and investment accounts opened or closed during the fiscal year.

Accounts Receivable

1. Detailed listing of outstanding receivables for all funds at June 30.
2. Detail aging report for Solid Waste accounts receivable as of June 30.
3. Copy of "Nonprofit and Governmental Entity Claim for Refund State and County Sales and Use Tax (E-585)" for the current fiscal year.

Property Taxes Receivable

1. Prepare levy and receivable schedules.
2. Provide a summary of tax collections by year and district including penalties, interest, refunds, and releases.
3. Provide Tax Collector's year-to-date payment listing by year.
4. Provide report to reconcile DMV collections of motor vehicle taxes the County is reporting.

Capital Assets

1. Provide list of all capital asset acquisitions and dispositions for all funds made during the audit year.
2. Prepare report of accumulated depreciation and current year depreciation for fiscal year.
3. List of all construction in progress as of June 30 and any projects complete during fiscal year.

Accounts Payable/Other Liabilities

1. Provide list of all accounts payable by vendor at June 30 for each fund.
2. Provide A/P balances and schedules through June 30 for all funds.
3. Provide landfill "Closure and post closure liability report".
4. Provide the check register for June 30 and July 1 of current year.

Payroll

1. Computation of accrued payroll and related liabilities as of June 30.
2. Provide a vacation pay accrual report.
3. Quarterly 941 reports complete and submitted for fiscal year.

Long-Term Debt

1. Debt Schedule for each debt issue and related payments.
2. Schedule of all operating leases.
3. LEO and OPEB actuarial reports for the fiscal year.
4. IBNR reports

Fund Balance

1. Reconcile fund balances for each fund through fiscal year end.
2. Provide list of fund balance reservations or designations.

Grants

1. Prepare the Schedule and Expenditures of Federal and State Awards.

Iredell County Information Re: Size & Complexity of Unit

Personnel/Payroll

Number of employees - Full Time 1003, Part Time 329
Frequency of payroll – Bi-weekly

Property Tax

Number of tax bills issued – approx. 111,000
Total dollar amount of most recent year's collections - \$118,820,265
Total dollar amount of levy - \$120,126,639

Solid Waste Disposal Enterprise Fund Billing

Number of statements each month - 138
Number of purchase orders issued - 18

Bank Accounts

Number of Checking Accounts –1
Number of Other accounts including Bond accounts: - 31
Average monthly activity in main accounts
Number of deposits (Central Depository) – 830
Number of checks (Central Depository) – 840

The following financial applications are on the computer system:

- General Ledger
- Accounts Payable Grants/Project Accounting
- Accounts Receivable/Payment Processing
- Human Resources/Payroll
- Capital Assets
- Budget

The following financial applications are on separate computer system within the Departments

- Accounts Receivable Taxes
- Solid Waste Disposal Enterprise Fund Billing
- Inspections and Planning Billing and Receivables
- Animal Services Billing and Receivables
- Parks and Recreation Billing and Receivables

Special Conditions

Iredell County collects taxes for the City of Statesville and the Towns of Harmony, Love Valley, Mooresville and Troutman.

Contact Information:

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