

**REQUEST FOR PROPOSALS FOR**

**AUDIT SERVICES**

TOWN OF MONTREAT NORTH CAROLINA

Due Date: **Friday March 6, 2020** Time: **2:00 P.M. Receipt Location**:

# Mailing Address:

Town of Montreat

P.O. Box 423

Attention: Darlene Carrasquillo, Finance Director Montreat, NC 28757

# Physical Address:

Town of Montreat

96 Rainbow Terrace

Attention: Darlene Carrasquillo, Finance Director Black Mountain, NC 28711

E-mail: [Dcarrasquillo@townofmontreat.org](mailto:Dcarrasquillo@townofmontreat.org)

Phone: (828) 669-8002

![A close up of a logo

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MEMO TO: Prospective Firms

FROM: Darlene Carrasquillo, Finance Director

SUBJECT: Request for Proposals – Selection of the Independent Auditor DUE DATE AND TIME: Friday, March 6, 2020 – 2:00 P.M.

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

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

All proposals are to be received by mail no later than Friday March 6, 2020 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 Montreat

P.O. Box 423

Attention: Darlene Carrasquillo, Finance Director Montreat, NC 28757

# Physical Address:

Town of Montreat 96 Rainbow Terrace

Attention: Darlene Carrasquillo, Finance Director Black Mountain, NC 28711

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

Should you have any questions, please contact Darlene Carrasquillo at the Town of Montreat by phone at (828) 669-8002, by e-mail to [Dcarrasquillo@townofmontreat.org](mailto:Dcarrasquillo@townofmontreat.org) or in person at Montreat Town Hall, 96 Rainbow Terrace, Black Mountain, NC 28711

# NOTICE

Proposals will be received by the Town of Montreat, until 2:00 P.M. Friday, March 6, 2020 in the office of the Finance Director, P.O. Box 423, Montreat, NC 28757, at which time they will be considered for the following:

# SELECTION OF THE INDEPENDENT AUDITOR

Specifications and proposal documents may be obtained in the office of the Finance Director of the Town of Montreat at 96 Rainbow Terrace, Black Mountian, NC 28711 between the hours of 8:00 A.M. – 5:00 P.M., Monday – Friday or by email request to [Dcarrasquillo@townofmontreat.org.](mailto:Dcarrasquillo@townofmontreat.org.)

The Town reserves the right to reject any or all proposals and to waive all informalities concerning proposal, or to award to the lowest responsible offeror or offerors, taking into consideration quality, performance and the time specified in the proposals for the performance of the contract.

Town of Montreat Darlene Carrasquillo Finance Director

# REQUEST FOR PROPOSALS FOR AUDIT SERVICES – TOWN OF MONTREAT, NC

The Town of Montreat (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 Montreat 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 Montreat. The offeror consents to personal jurisdiction and venue in a court of competent jurisdiction in Buncombe County, North Carolina.

# Type of Audit

The audit will encompass a financial and compliance examination of the Town’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 generally accepted auditing standards; *Government Auditing Standards;* the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register* June 27, 2003; the State Single Audit Implementation Act; and all other applicable laws and regulations.

# Period

The Town intends to continue to engage the auditor for up to four additional years, on the basis of annual negotiation, after the completion of the first year engagement for the FYE 2020 audit. Continuation after the first year contract will be based on an annual review of the Auditor and recommendation by the Audit Committee, 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. The Town of Montreat reserves the right to request proposals at any time following the first year of this contract. Thus, prepare responses for the following years, with Year one being the only obligated year:

July 1, 2019 to June 30, 2020

July 1, 2020 to June 30, 2021

July 1, 2021 to June 30, 2022

July 1, 2022 to June 30, 2023

July 1, 2023 to June 30, 2024

# Requirements

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, and 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 ultimately be responsible for the preparation, typing, proofing, and binding of the Basic Financial Statements, Supplemental Information, and Compliance Reports contained in the CAFR (Comprehensive Annual Financial Report). The Town of Montreat Finance Officer and other Administrative staff will be actively involved in the MD & A, and other schedules as they pertain to Town and demographic data. The auditor will submit a draft of the Financial Statements to be reviewed in detail by the Finance Officer. This draft should be submitted to the Town of Montreat in time to allow for ample review and corrections. It will be the auditor’s responsibility to submit final completion of the CAFR to the LGC no later than the October 31st deadline.

The Town of Montreat prefers interim fieldwork to be completed by the end of 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.** A preliminary draft of the audit and required journal entries must be submitted to the Financial Officer by October 1st for proofing and reconciliation to the Town’s records. The audit must be completed, reports rendered, and supplied to the Finance Officer and other Finance Department staff four (4) months following the fiscal year end (i.e. October 31).

The Finance 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.

Fifteen copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Officer within five business days following notification of approval from the Local Government Commission. 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 may be approved by the governing board and forwarded to the staff of the LGC for the approval.

**Proposed Timeline**

* Interim fieldwork to be completed by end of May
* Year-end fieldwork to begin mid-August
* A preliminary June 30th Trial Balance will be furnished to the auditor, by the Finance Officer, prior to Year-End fieldwork

(prior to submission of Trial Balance, a discussion will take place between the Finance Officer and the auditor to ensure all entries expected to be posted have been included in the final draft of the Trial Balance before auditor’s adjusting entries are made)

* Year-end fieldwork to be completed by September 8th
* An agreed upon post-closing Trial Balance, preliminary draft of the audit and a list of required journal entries, will be sent to the Finance Officer no later than October 1st for entering, proofing, and reconciliation to the Town’s records
* After all financial data and supplemental information has been reviewed by the Finance Officer, the auditor will prepare, type and print the Comprehensive Annual Financial Report (CAFR). The auditor will submit a draft for review by the Finance Officer. The Finance Officer will return the draft with proposed revisions no later than 5 working days prior to the deadline to submit the CAFR to the LCG
* Auditor sends Financial Statements and completed CAFR to the LGC no later than October 31st
* The audit must be completed, reports rendered, and supplied to the Financial Officer four (4) months following the fiscal year end (i.e. October 31st)
* Fifteen copies of each audit report, management letter, and other applicable reports to be supplied to the Finance Officers within five business days following notification of approval from the LGC
* The working papers shall be retained and made available upon request for no less than three years from the date of the audit report

# 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 Comprehensive Annual Financial Report. The auditor will submit a draft for review by the Financial Officer. The Finance Officer will return the draft with proposed revisions within 10 working days.

# Description of Selection Process

Eight (8) 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 firm’s prior experience and qualifications of 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 Montreat’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 COST PROPOSAL WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION.

The Town of Montreat requests that no Montreat officials or employees be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP. Email is the preferred method of communication, [Dcarrasquillo@townofmontreat.org](mailto:Dcarrasquillo@townofmontreat.org)

The Town reserves the right to reject any or all proposals, 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 completing 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, 2019 to June 30, 2020. For the four audit years that follow, list the estimated costs. The cost for the audit year ending June 30, 2020 is binding, while the following four years are estimated costs. Cost estimates must indicate the basis for the charges and whether

the amount is a “not-to-exceed” amount.

1. Details should be separately provided for the following:
   1. 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 categories:

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.
  1. Travel – Itemize transportation and other travel costs separately.
  2. Cost of Supplies and Materials – Itemize supplies and materials by type.
  3. Other Costs – Completely identify and itemize other costs.
  4. If applicable, note your method of determining increases in audit costs on a year to year basis

1. Please list any other information the firm may wish to provide.
2. Summary of Audit Costs Sheet must be included with all proposals.

# Time Schedule

All proposals signed by authorized officials are to be received by Darlene Carrasquillo, Finance Officer no later than Friday, March 6, 2020 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 Montreat

P.O. Box 423

Attention: Darlene Carrasquillo, Finance Director Montreat, NC 28757

# Physical Address:

Town of Montreat 96 Rainbow Terrace

Attention: Darlene Carrasquillo, Finance Director Montreat, NC 28711

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

The Audit Committee will review the proposals and make a recommendation to the Town Board at its regularly scheduled Board meeting in March of 2020.

The Town of Montreat requests that no Town of Montreat officials or employees be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP. Email is the preferred method of communication, [Dcarrasquillo@townofmontreat.org.](mailto:Dcarrasquillo@townofmontreat.org)

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

**Entity**

The Town of Montreat is a municipal government in North Carolina with a population of

Approximately 730. Based on the criteria set forth in GASB Statement 14, no additional organizations will be included in the audit.

**Funds**

The Town maintains the following funds:

Governmental Funds

General Fund

Enterprise Funds:

Water Fund

Capital Project Funds

Disaster Recovery and Major Building

Budgeted General Fund revenues are estimated at $2,245,300 in FYE 2016; Water Fund revenues are estimated at $327,000. In addition, outstanding Water Fund debt totaled $651,753 as of June 30, 2015. A further 10-year installment debt was incurred in FYE 2016 in the amount of $300,000, to be shared almost 50:50 between the two funds. The Town has no immediate plans to issue bonds.

**Budgets**

The Town budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level. The budgetary system is 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 96 Rainbow Terrace (a Black Mountain street). The Town maintains its accounting records utilizing the ICS accounting software system.

# Other Information

The Town of Montreat 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 General Ledger 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:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | FY19-20 | FY20-21 | FY21-22 | FY22-23 | FY 23-24 |
|  | ***Binding*** | ***Estimate*** | ***Estimate*** | ***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 supplies and materials by type. Other Costs – Completely identify and itemize other costs.

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

# This proposal 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 Montreat reserves the right to reject any and all proposals, to waive formalities, technicalities, and to recover and re-release this RFP.

This RFP and any proposals received thereto shall be valid for ninety (90) calendar days from the RFP due date.

# A certificate of insurance acceptable to the Town of Montreat and Form W-9 must be received prior to contract execution.

**No Business License is required in the Town of Montreat.**