

CITY OF CONCORD

CONCORD, NORTH CAROLINA

Request for Proposal

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

Type of Audit

The audit will encompass a financial and compliance examination of the City’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 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 City intends to continue the relationship with the auditor for no less than five 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 City of Concord 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, 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*, 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 audit must be conducted in a timely manner such that all necessary financial and compliance information (including any adjusting journal entries identified during the audit) are completed and presented to the City's Finance staff no later than the 15th of September each year, to enable the City to prepare the financial statements.

All statements, schedules and notes to the financial statements (except those listed below) will be drafted by the Finance staff and presented in electronic version to the auditor for review and editing by mid-October.

Preparation, typing, and proofing of the following items are the responsibility of the auditor and should be provided electronically to the Finance staff so that the final CAFR can be completed no later than October 31st of each year:

- Independent Auditors' Report
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act
- Report on Compliance for Each Major State Program and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act
- Schedule of Findings & Questioned Costs
- Corrective Action Plan (if needed)
- Summary Schedule of Prior Year Audit Findings

The City will be responsible for the actual printing, copying and binding of the audit reports and all costs associated. An electronic copy of the audit report, management letter, and other applicable reports must be ready to submit to the City Council and Local Government Commission no later than October 31st of each year. The Finance staff of the City will prepare the Local Government Commission's required Transmittal Document that must accompany the submission of the CAFR. The auditor will be responsible for electronically submitting all required documents along with the CAFR to the Local Government Commission no later than October 31st of each year.

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the financial statements of the discretely presented component unit, 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 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 Local Government Commission for approval.

Audit Contract & Payment of Audit Fees

The audit contract must be approved by the Local Government Commission (LGC). Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the City of Concord. 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

First Concord Corporation is a nonprofit corporation of the City that is organized exclusively for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle of the City. First Concord is presented as a blended component unit in the City’s Comprehensive Annual Financial Report. We would like for the chosen firm to prepare a Form 990 Exempt Organization Return for First Concord Corporation. The fee for this service should be included in the audit contract fee.

The City of Concord’s Housing Department receives funds from HUD as its main source of revenue. Each year, the City is required to complete various reports that are submitted to HUD. One of these reports is submitted to the Real Estate Assessment Center (REAC). We would like for the chosen firm to assist us in the submission of this report including the HUD required certification process as part of this submittal. The fees for this service should be billed separately from the audit fees. Please include information on how the fee for this service would be determined.

Description of Selection Process

One copy 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 Finance Director, Deputy Finance Director, and selected finance staff 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 City of Concord’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 City of Concord requests that no City of Concord officials be contacted during this process. The Deputy Finance Director may be contacted only to clarify questions concerning the RFP.

The City of Concord 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 City.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. Firms must be registered with the North Carolina Secretary of State or hold a Certificate of Authority to do business in the State of North Carolina.

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 North Carolina office location(s) that will handle the audit

2. Indicate the number of people (by level) located within the local office that will handle the audit.
3. 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.
4. 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.
5. 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.
6. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, including 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.
7. Describe the relevant educational background of each individual 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.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g. utilities, transit, airports, capital projects, etc.).
9. 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.
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.
11. 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. Please include any potential personal or professional conflict of interest.
12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements. A certificate of insurance will be required from the selected firm.
13. Describe any regulatory action taken by any oversight body against the proposing audit or local office.
14. Any other information the firm may wish to provide.

Second Section

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 government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.

4. Organization of the audit team and approximate percentage of time spend 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, 2019 – June 30, 2020. For the four audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2020 is binding, while the next four years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount. The scope of audit and cost presented should include all approved pronouncements at the date of this mailing. Although some pronouncements will not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during the contract period. The City will require the auditor’s assistance to comply with these reporting requirements.
 - a. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the respective rate 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 of 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 include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

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| Release Date | Monday, January 13, 2020 |
| Deadline for Questions | Wednesday, February 5, 2020 by 5:00 PM |
| Questions to be Answered No Later Than | Friday, February 7, 2020 |
| Deadline for Receipt of Proposals | Friday, February 21, 2020 by 4:00 PM City of Concord, Finance Department Attn: Jessica Jones, Deputy Finance Director PO Box 308 Concord, NC 28026 |
| Notice of Recommended Firm | Friday, February 28, 2020 |
| Council Approval | Thursday, March 12, 2020 |

Potential respondents should email jonesj@concordnc.gov to acknowledge receipt of the RFP and to inform the City of its intent to respond. Provide the name, title, address, telephone and email address of the individual who can address inquiries related to this RFP and the respondent’s proposal.

After the proposal issue date, all communications between the City and prospective Bidders regarding this RFP shall be in writing. Any inquires, requests for interpretation, technical questions, clarification, or additional information shall be directed to **Jessica Jones, Deputy Finance Director** by emailing jonesj@concordnc.gov.

Proposals signed by authorized officials will be received by Jessica Jones, Deputy Finance Director at PO Box 308, Concord, NC 28026 until February 21, 2020 at 4:00 p.m. Envelopes containing proposals should be clearly identified on the front as to the contents. The Finance Office will review the proposals and make a recommendation to the City Council on March 12, 2020 at which time the contract will be awarded.

Any questions concerning this Request for Proposals should be submitted in writing to:

Jessica Jones, Deputy Finance Director
P.O. Box 308
Concord, N.C. 28026
Email jonesj@concordnc.gov

Description of the Governmental Entity and Its Accounting System

Entity

A PDF copy of the City's Comprehensive Annual Financial Report for the year ended June 30, 2019 is located on the City's website (see below for link) or by emailing jonesj@concordnc.gov. Reference should be made to the CAFR for a general overview of the City, including the number of employees and size of the City.

<https://www.concordnc.gov/Departments/Finance>

The following organizations will be included in the audit report:

City of Concord ABC Board (discrete component)
First Concord Corporation (blended component)

A separate report is issued by the ABC Board and the related audit engagement is by separate contract.

Funds

The City of Concord maintains the following funds:

Governmental Funds

General Fund

Special Revenue Funds:

General Capital Reserve Fund
Housing Assistance Fund
Market Rate Units Fund
Community Development Grant Fund
Section 108 Loan/BEDI Grant Fund
Home Fund
Municipal Service District Fund
Additional Vehicle Tax Fund

Capital Projects Funds:

Parks Capital Projects Fund
Transportation Capital Projects Fund
General Fund Capital Projects Fund
Fire and Life Safety Capital Project Fund

Proprietary Funds

Enterprise Funds:

Stormwater Fund
Electric Fund
Water Fund
Transit Fund
Wastewater Fund
Golf Fund
Regional Airport Fund
Public Housing Fund
Electric Projects Capital Project Fund
2008 Revenue Bonds Capital Project Fund
Water Projects Capital Project Fund
Wastewater Projects Capital Project Fund
Utility Capital Reserve Project Fund
Airport Capital Project Fund
Stormwater Capital Projects Fund
Golf Capital Project Fund
Housing Capital Project Fund

Internal Service Fund:
 Central Services
Fiduciary Funds:
 Pension Trust Fund:
 Other Postemployment Benefit Trust Fund
 Agency Funds:
 Self Funded Insurance Fund

Grants, Entitlements, and Shared Revenues

A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2019 is available as part of the CAFR on the City's website at <http://www.concordnc.gov/Departments/Finance>.

Budgets

The City of Concord budgets all funds on the modified accrual basis of accounting as required by North Carolina Law. Appropriations are made at the departmental level. The City 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 City of Concord maintains all its accounting records at the finance office located at 35 Cabarrus Avenue W, Concord, NC 28025. All accounting journals and subsidiary ledgers are maintained on CentralSquare's eFinancePlus financial software. The City utilizes Docuware for electronic storage for A/P.

Assistance Available to Auditor

The City will make available to the auditor sufficient help to pull and re-file records, and prepare necessary confirmations. An electronic version of the trial balance with budgeted amounts will be made available in late August. The City of Concord finance department will be responsible for preparing work papers and schedules as jointly decided upon prior to the audit. As many workpapers and supporting documentation as possible will be made available electronically to the auditor upon request.

Summary of Audit Costs Sheet

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

2. Extra Audit Service \$ _____ per hour \$ _____

3. Other (explain) _____ \$ _____

- TOTAL** \$ _____

PROPOSAL CERTIFICATION

Proposer's Signature: _____ **Date:** _____

By signing above I Certify that I have carefully read and fully understand the information contained in this RFP; and that I have the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted and have the authority to sign Proposal on behalf of my organization.

BY(Printed): _____

TITLE: _____

COMPANY: _____

ADDRESS: _____

TELEPHONE: _____

EMAIL: _____