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# Request for Proposals

Annual Audit Services

1/3/2022

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## 1 Project Information

The Town of Leland (hereinafter called the "Town") invites qualified independent auditors (hereinafter called the "Auditor"), having sufficient governmental accounting and auditing experience in performing audits 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 Leland to reimburse responding firms for any expenses incurred in preparing a proposal 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 Leland. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Brunswick County, North Carolina.

All proposals must be provided in a sealed envelope and received by 03:00 PM on January 28, 2022. Inquiries, amendments, or submissions received after the time and date stated shall not be considered for evaluation.

Questions, requests for information, and responses to this RFP shall be addressed and delivered to:

Carly Hagg, Finance Director  
102 Town Hall Drive  
Leland, NC 28451  
chagg@townofleland.com  
(910) 338-9735

## 2 Project Background, Goals, and Objectives

The audit will encompass a financial and compliance examination of the Town's Audit Report in accordance with the laws and 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 (GAAS); *Government Auditing Standards*; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of *OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register*; the Federal and State Single Audit Implementation Acts; and all other applicable laws and regulations.

### Period

The Town intends to continue the relationship with the Auditor for no less than three (3) years on the basis of annual negotiations at the completion of each one-year contract. Upon a successful negotiation, the Town will execute an annual contract documenting the terms and conditions agreed upon for audit services to be performed. The Town reserves the absolute right to request proposals at any time following the first year of any contract entered into with firms responding to this RFP. Thus,

responding firms should submit proposals for the following years, with Year 1 being the only obligated year:

Year 1 July 1, 2021 to June 30, 2022

Year 2 July 1, 2022 to June 30, 2023

Year 3 July 1, 2023 to June 30, 2024

### Entity

The Town of Leland is located at the Northern end of Brunswick County with a fast-growing population. The current population based on the 2020 census is 25,647. The Town operates under the Town Council-Manager form of government with a full-time Town Manager hired by the governing body to oversee Town operations. The governing body consists of a Mayor (four-year term) and four (4) Council members (four-year staggered terms). The unit provides the following services to its citizens: police protection, fire protection, building inspections, street maintenance, planning and code enforcement, and park facilities. The Town consists mainly of residential, commercial, and rental properties. The Town of Leland operates one (1) General Fund and approximately fourteen (14) Capital Project and Reserve Funds. The Town has one (1) component unit, which is a separate governing body, the Leland Tourism Development Authority (Leland TDA).

### Fund and Account Groups, Grants, Entitlements, and Shared Revenues

Responding firms should make reference to the Town of Leland's Audit Report for the fiscal year ended June 30, 2021, located on the Town's website, as this will give insight into the complexity of the Town's financial reporting. The Town may receive Federal Funds during fiscal year 2021-2022 that will require a Single Audit.

### 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 Town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated within the accounting system to provide easy comparison with actual expenditures.

### Accounting Records

The Town of Leland maintains its' accounting records in the Finance Department, located at 102 Town Hall Drive. The Town maintains all accounts to include the general ledger, accounts payable, purchasing, and cash receipts within Incode10 from Tyler Technologies and payroll with Paylocity.

### Size and Complexity of Town

Personnel/Payroll:

Number of Employees – 154 FT /14 PT / 9 Volunteer Firefighters as of December 2021

Frequency of Payroll – Biweekly

Property Tax:

Billed and collected by Brunswick County

**Purchasing:**

Number of purchase orders issued FY 20/21 – 1,667

**Bank Accounts:**

Number of Central Depository Accounts – 1

NC Cash Management – 1

CD's – 0

Loan/Project Accounts – 1

Custodial Accounts – 2

**Information Technologies Environment:**

Software – Tyler Technologies: Incode10 and Paylocity

**3 Scope of Work**

The audit must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the State Single Audit Implementation Act, and any other applicable procedures for the audit of a local government's financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The audit will include all funds maintained by the unit.

The audit must be completed, including all single audit compliance work, and final draft reports rendered, no later than four (4) months following the fiscal year end of June 30, which is October 31.

The Auditor will work with the Finance Director to prepare year-end adjusting journal entries. The Auditor will prepare the Schedule of Expenditures of Federal and State Awards. The Auditor will prepare the federal Data Collections Form and submit to appropriate agencies as required.

The Auditor will prepare secondary market disclosures as required by the Security and Exchange Commission (SEC), SEC Ruling 15c2-12.

Guidance will be required for new note disclosures, all approved GASB's, as well as GASB implementations, and other reporting requirements. These services will be included in the base bid.

The Auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Audit Report. The Auditor will submit a draft of the audit to be reviewed in detail by the Finance Director. This draft should be submitted to the Town in time to allow for ample review and corrections. **The timing of the submission of the draft audit should ensure final completion of the audit no later than the annual October 31<sup>st</sup> deadline.**

The Town's Finance Director will be actively involved in the MD&A, Transmittal, and statistical section preparation.

The Town prefers interim fieldwork be completed in July. Year-end fieldwork should begin in early August and completed by August 31. **An agreed upon post-closing trial balance must exist by September 30.**

The Finance Director will expect a preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

A minimum number of fifteen (15) copies of the Audit Report, management letter, and other applicable reports must be submitted to the Town prior to the LGC deadline of October 31.

The financial audit opinion will cover the general-purpose financial statements and the combined and individual fund financial statements. The supplemental schedules and related information are not necessary for fair presentation but will be presented as additional analytical data. The supplemental information will be subjected to the tests and other auditing procedures applied in the examination of the general purpose financial statements, and an opinion will be given as to whether the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The audit will also include the following:

1. Preparation of a letter disclosing and discussing informal/non-material comments (not included in the management letter).
2. Management letter presentation to the Audit Committee, Town Manager, and Finance Director.
3. Presentation of the financial statements to the Audit Committee and Town Council, as directed.

Staff continuity is of extreme importance to the Town. The Town **must** be notified in writing of any changes in key audit personnel **prior** to the annual renewal of the contract.

The working papers shall be retained and made available to the Town upon request for no less than **three (3) years** from the date of the audit report.

In the event circumstances arise during the audit which require work to be performed in excess of the original estimates, any additional costs will be negotiated **prior** to commencement of the work.

The Finance Department may require the Auditor's guidance on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process. Guidance will be required for new note disclosures, all approved GASB's, as well as GASB

implementations, and other reporting requirements. These services will need to be included in the base bid.

#### Audit Contract and Payment of Services

The audit contract must be approved by the Local Government Commission (LGC). All requests for payment must be approved by the LGC. Interim invoices will be paid when due and upon the LGC's approval. The final invoice will not be paid until the Audit Report and management letter have been reviewed and approved by the LGC.

#### Assistance Available to the Auditor

1. The Town will provide sufficient assistance to pull and file records and prepare and mail all necessary confirmations.
2. The Auditor should be familiar with the Town's current accounting software and be able to work within the reporting the software permits. The Town's current accounting software is Incode10 – Tyler Technologies.
3. The Auditor must be able to work in a paperless environment. The Town's current filing system is performed electronically through Incode10 software.
4. A planning meeting will be held each year to determine schedules that the Town will be responsible for preparing. The Auditor will prepare the schedule of client participation, which will include due dates for each schedule. The necessary accounting procedures will be completed and agreed upon. Documents will be prepared by Town personnel no later than a date set each year during the initial planning meeting. Adequate notification will be given prior to any changes in estimated times. Reports must be able to be generated from the Town's current accounting software.
5. The Town will provide the Auditor with sufficient workspace and reasonable access to phones, a copier, and fax machines, if the audit is conducted at Town Hall. Assistance will be available by phone or email if the audit is conducted remotely.

#### Project Delivery and Objectives

Proposals must be submitted in two (2) sections.

The first section will be comprised of the firm's prior experience and the qualifications of its' personnel in performing governmental audits. The Town will evaluate the Auditor on governmental auditing experience and educational and technical qualifications.

The second section will be comprised of the audit approach and costs and should be in a separate sealed envelope.

The top firms resulting from an evaluation of the first section will have their second section opened and evaluated. The firm best meeting the Town's expectations for experience, audit approach, and cost requirements will be selected.

### First Section

The first section should address the requested information below. The corresponding responses should begin with the number of the requested information.

1. Please indicate the number of people, by level, located within the office that will be involved with the audit.
2. The Town of Leland is accustomed to having the lead Auditor be a partner in the firm. Please estimate what percentage of time we can expect a partner to be on site, working on our audit, during the time the audit is actually being performed.
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. Provide names, addresses, and telephone numbers of personnel of current and prior government audit clients who may be contacted for a reference.
5. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type of service performed, and the years of engagement.
6. Describe the professional experience in government 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 percentage of time each senior and higher-level personnel will be on site.
7. Describe the relevant educational background of each individual assigned to the proposed audit, senior level and higher. This should include seminars and courses attended within the past three (3) years, especially those courses in governmental accounting and auditing.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, functions, or projects.
9. Describe any specialized skills, training, or background in public finance by assigned individuals. This should include participation in state or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
10. Describe any regulatory action taken by any oversight body against the proposing audit organization or the local office.

11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
12. Describe how the firm meets professional independence standards.
13. Indicate whether the firm is able to submit the audit in a word document format after the audit is approved by the Local Government Commission. The audit will be uploaded to Disclosure USA to satisfy the secondary market disclosures as required by the SEC.

### Second Section

The second section should address the requested information below. The corresponding responses should begin with the number of the requested information. This section should be submitted in a separate sealed envelope marked "Section Two" and include the Audit Cost Summary Sheet.

1. Provide the name of the individual who will be the primary contact for the Town.
2. Describe the information that will be contained in the management letter.
3. Describe the assistance expected from the Town, if other than that outlined in the RFP.
4. Provide a tentative schedule for completing the audit within the specified deadlines of the RFP.
5. Specify costs using the format below for the audit year July 1, 2021 to June 30, 2022. For the second year, list the estimated costs. The cost for the audit year ending June 30, 2022 is binding, while the second year is 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 a different 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 personnel (for each category and in total).
6. Travel - Itemize transportation and other travel expenses.
7. List cost estimate for the annual report preparation assuming twenty-five (25) copies. This is to include the cost of printing, binding, and covers.
8. Other costs - Completely identify and itemize.
9. If applicable, note your method of determining increases in audit costs on a year-to-year basis.

- 10. List any other information the firm may wish to provide.
- 11. Please include the Audit Cost Summary Sheet with your proposal.

At all times and project stages, the vendor shall act in the best interests of the Town and use their best efforts to deliver the project in an expeditious and cost-effective manner consistent with the Town’s project requirements, time constraints, and budget. The Town expects all parties to this project to work closely together and deal appropriately with project conditions to finish the job successfully. A spirit of cooperation, collaboration, and a commitment among professional design and service providers to work in the best interests of the project is of utmost importance.

**4 Project Budget**

The budget for this project is \$20,000.00.

**5 Anticipated Schedule**

The Town reserves the right to make adjustments to this schedule as necessary.

<b>Preliminary Project Schedule</b>	<b>Date</b>	<b>Time</b>
Issue/Advertise RFP in official advertising publications	1/3/2022	
Deadline for written questions and clarifications on the RFP	1/27/2021	05:00 PM
Deadline for submission of proposal	1/28/2022	03:00 PM
Town Council award of contract	4/14/2022	
Notice to Proceed	4/15/2022	

**6 Evaluation and Selection Criteria**

Vendor Experience, Capabilities, and Requirements

The audit firm selected shall be an independent contractor of the Town and will be wholly responsible for the services and the supervision of its own employees and permitted subcontractors. Ability to meet LGC deadlines is a high priority for the Town.

Vendor Minimum Qualifications

Prior audit services completed with other North Carolina Municipalities, specifically local government.

Vendor Evaluation Criteria and Scoring

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 reserves the right to make the award in the best interest of the Town. The Town of Leland also reserves the right to request additional information from proposing firms. Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documentation, may disqualify the bid.

The Town requests that no Town officials be contacted during this process. The Finance Director may be contacted only to clarify questions concerning the RFP.

#### Clarifying Qualifications During Evaluation

During the evaluation process, the Town has the right to require any clarification it needs in order to understand the Firm/Team's view and approach to the project and scope of work. Any clarifications to the Proposal made before executing the contract will become part of the final contract.

All respondents are considered fully informed as to the intentions of the Town regarding the timeframe to prepare and complete contract negotiations. Respondents should be prepared to provide a detailed, written proposal to include the scope of work, staffing plans, action plan, , and fee proposal during negotiations.

The Town may withdraw this RFP, reject any and all proposals, or any portion thereof, at any time prior to an award, and is not required to furnish a statement of reason why a particular Proposal was not deemed to be the most advantageous to the Town. The Town's issuance of this RFP does not in any way guarantee that the Town will enter into a contract with any firm or entity that responds to this RFP.

#### E-Verify Compliance

The Project contract will require that the selected Firm/Team and its subcontractors comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes consistent with state law requirements for municipal contracts.

## 7 Submittal Requirements and Format

#### Physical Submittal: Department Contact, Deadline for Receipt, Format

Respondents must submit three (3) total copies of both the first and second sections of their written response in a separate sealed package, to Carly Hagg, Finance Director, by the submission deadline noted in this RFP. The name and address of the respondent should appear on the outside of each submittal and the package should include the RFP title and reference the project ("Annual Audit Services Section 1/Section 2"). Each submittal will remain sealed and not for public disclosure until after the submittal deadline.

It is the sincere intention of the Town to make every effort to be fair and equitable in its dealings with all candidates for selection. If, however, the Town should determine that none of the respondents submitting proposals are advantageous to the Town of Leland, or not in the Town's best interest, as determined by the Town in the Town's sole discretion, the Town reserves the right to accept or reject any or all responses with or without cause. Issuance of this RFP does not commit the Town of Leland to award a contract, to pay any costs incurred in preparation of a proposal, or to procure or contract for related services or supplies.

**Audit Cost Summary Sheet**

- |  |          |
|--|----------|
| 1. Base Audit – Includes personnel costs, travel, and on-site work | \$ _____ |
| 2. Extra Audit Service – \$_____ per hour                          | \$ _____ |
| 3. Other (Explain)   |          |
| _____  | \$ _____ |
| 4. Other (Explain)   |          |
| _____  | \$ _____ |
| Total  | \$ _____ |

Firm:  
Primary Contact:  
Address:  
Telephone:  
Fax:  
Email:  
Date:

**Proposal Certification**

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 authority to sign the proposal on behalf of my organization.

By (Printed): \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Email: \_\_\_\_\_



Town of  
**Leland**

Growing our future. Nourishing our roots.