

**PIEDMONT TRIAD REGIONAL COUNCIL**

**SELECTION OF THE INDEPENDENT AUDITOR**

TWO PART REQUEST FOR PROPOSAL FOR AUDITING SERVICES

BY

-COUNCIL OF GOVERNMENT

OF

NORTH CAROLINA

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The Board of Directors of Piedmont Triad Regional Council (PTRC) (hereinafter called the “unit”) 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 PTRC 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 PTRC. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Forsyth County, North Carolina.

### **Type of Audit**

The audit will encompass a financial and compliance examination of the unit’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 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards issued December 2014; 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. The PTRC 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

## **Requirements**

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, [revisions](#) issued by the Comptroller General of the United States in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards issued December 2014, 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 the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and compliance reports. The PTRC 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 PTRC 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 31<sup>st</sup> deadline.**

The PTRC prefers interim fieldwork be completed no later than early June. Year-end fieldwork should be completed by September 30<sup>th</sup>. **An agreed upon post-closing trial balance must exist by October 1st.** 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 fieldwork.

The audit must be completed and reports rendered four months following the fiscal year end (October 31).

A preliminary draft of the audit and required journal entries must be submitted to the Finance Director by October 10 for proofing and reconciliation to the unit's records.

Fifteen copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Director within the time frame cited above, as well as PDF of all above files. In addition, the auditor is responsible for submitting the required three 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 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 basis 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 PTRC. 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 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 for the PTRC and Piedmont Triad Regional Development Corporation. The auditor will submit a draft for review to the Finance Director. The PTRC will return the drafts with proposed revisions within 5 working days.

The auditor will prepare, complete and submit IRS Form 990s for both component units (Northwest Piedmont Job Training Consortium/Workforce Development Board and the Piedmont Triad Regional Development Corporation).

The auditor will provide PTRC's designate with the necessary "rtf" formats of the sections of the audited financial statements for attachment to the HUD Housing Choice Vouchers Program Financial Data Schedule (FDS) submission in the Financial Assessment of Public Housing Agencies (FASS PHA) to the Real Estate Assessment Center (REAC). The auditor will review and perform agreed-upon procedures relative to the electronic submission via the audit certification screen in FASS PHA.

### **Description of Selection Process**

Four 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 of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The PTRC Audit Committee and Finance Office 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 PTRC 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 PTRC requests that no PTRC officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

The PTRC 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 PTRC.

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 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. 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 contracted for a reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book). 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 PTRC 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, 2019 to June 30, 2020. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2020 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.
10. Please list any other information the firm may wish to provide.
11. 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 **January 22, 2020**.

Please acknowledge the receipt of this request for proposal and your intent to respond with a proposal by **January 31, 2020**.

Proposals signed by authorized officials will be received by Jarrod Hand, Finance Director at 1398 Carrollton Crossing Drive, Kernersville, NC 27284 until **February 13, 2020**. Envelopes containing proposals should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”. The PTRC Audit Committee and Finance Office will review the proposals and make a recommendation to the Executive Committee of the Board of Delegates on **March 4, 2020**.

Any questions should be directed to Jarrod Hand, Finance Director at 336-904-0300. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal. Please call Jarrod Hand to schedule an appointment.



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

### **Entity**

PTRC is a Council of Government in North Carolina covering a twelve county region. The PTRC has two component units, the Piedmont Triad Regional Development Corporation (discreetly presented) and the Northwest Piedmont Job Training Consortium/Workforce Development Board (blended). The PTRC has a HUD Section 8 Voucher program in four (4) counties.

### **Funds**

The PTRC maintains the following funds:

Governmental Funds

    General Fund

    Special Revenue Fund - Grant Project Fund

    Special Revenue Fund - Local Projects Fund

Budgeted revenues are estimated at \$35.5 Million in FY 2019/2020. In addition, outstanding debt totaled \$2.214 Million as of June 30, 2019.

### **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 enclosed with this RFP. Also included is a Summary of Auditor's Results showing the major programs for the prior year.

### **Budgets**

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

### **Accounting Records**

The PTRC maintains all its accounting records at the finance office located at 1398 Carrollton Crossing Drive, Kernersville, NC 27284. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on PTRC main server. The accounting software is Abila MIP. The Section 8 Voucher program maintains a separate general ledger and software development by Lindsey & Company.

### **Assistance Available to Auditor**

The unit 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 via e-mail on September 1, 2020. The following accounting procedures will be completed and documents prepared by the unit's staff no later than September 1, 2020 (*The unit is aware of and understands the need to provide this assistance to the auditor and will make every attempt to meet these deadlines.*

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.

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.
4. A copy of the original budget, all amendments, and the final budget as of June 30, 2020.
5. 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 main office.
6. 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.
7. Management's Discussion and Analysis
8. Required supplementary information, e.g. actuarial information for Other Post-Employment Benefits.

### **Cash and Investments**

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year end.

## **Receivables**

1. Listing of outstanding receivables by grant as of the fiscal year end.
2. Listing of outstanding receivables in detail as of the fiscal year end.
3. Schedule of miscellaneous receivables booked as of the fiscal year end.

## **Other Assets**

1. Schedule of insurance coverage.

## **Capital Assets**

1. Printout of all capital asset acquisitions made during the audit year.
2. Printout of all capital asset dispositions made during the audit year.
3. Access to printout containing calculations used in balancing the Capital Assets to the government-wide statements.
4. Printout of depreciation expense posted for the audit year.

## **Current Liabilities**

1. Schedule of accounts payable.

## **Long-Term Debt**

1. Computation of vested vacation payable as of the audit date.

## **Grants**

The following will be compiled for each grant:

1. Grant agreement.
2. Budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. CFDA # and/or pass-through grant #.

## Conversion

1. Entries to convert from fund to government-wide statements
2. Working Statement of Net Position
3. Working Statement of Activities
4. Allocation of depreciation among functional areas
5. Computation of additions and retirements of compensated absences

## Size and Complexity of Unit

### Personnel/Payroll

Number of employees	<u>90</u>
Frequency of payroll	<u>Bi-weekly</u>
Number of payroll direct deposit advises	<u>All</u>

### Purchasing

Number of purchase orders issued	<u>208</u>
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Bank Accounts

Number of bank accounts	<u>4</u>
Number of escrow accounts	<u>0</u>
Average monthly activity in main accounts	
Number of deposits (Central Depository)	<u>38/month</u>
Number of checks:	
Central Depository	<u>250/month</u>
Payroll (direct deposit)	<u>2/month</u>

The following financial applications are on the computer system:

General Ledger  
Accounts Payable  
Grants/Project Accounting  
Payroll  
Accounts Receivable

Contact information:

Name: Jarrod R Hand  
Title: Finance Director  
Entity Name: Piedmont Triad Regional Council  
Address: 1398 Carrollton Crossing Drive, Kernersville, NC 27284  
Phone: 336-904-0300  
Fax: 336-904-0310  
Email: jhand@ptrc.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) _____	\$ _____
<b><u>TOTAL</u></b>	\$ _____