



TOWN OF NORTH, SC
REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDITING SERVICES
June 13, 2016
9305 NORTH ROAD
NORTH, SOUTH CAROLINA 29112

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THE TOWN OF NORTH, SC
REQUEST FOR PROPOSAL

I. INTRODUCTION

A. General Information

The Town of North (the Town) is requesting proposals from qualified firms of certified public accountants to audit its basic financial statements for the fiscal year ending June 30, 2017. This audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (1994), GASB No. 34, 37, 38, 45 and Interpretation No. 6, the provisions of the Federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Potential auditing firms should note that the Town's fiscal year is from July 1st through June 30th and a fee schedule should be reflected in the proposal.

There is no expressed or implied obligation for the Town to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, a master copy of the proposal must be received by Patty Carson, Mayor, at North Town Hall, 9305 North Road, North, South Carolina, 29112 by 5:00 P.M. on July 22, 2016. The Town reserves the right to reject any or all proposals submitted.

The Mayor and Town Clerk will evaluate proposals submitted. Town Council will make the final decision.

During the evaluation process, the Town reserves the right, where it may serve the Town's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

The Town reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the proposer of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town and the proposer selected.

It is anticipated the selection of a proposer will be completed by August 9, 2016. Following the notification of the selected proposer it is expected a contract will be executed between both parties by August 31, 2016.

B. Terms of Engagement

A three-year contract is contemplated for the engagement, subject to the annual review and recommendation of the Mayor, the satisfactory negotiation of terms (including a price acceptable to both the Town and the selected proposer), the concurrence of Town Council and the annual availability of an appropriation.

C. Subcontracting

If subcontracting is contemplated, that fact, and the name of the proposed subcontracting proposers, must be clearly identified in the proposal. Following the award of the audit contract(s), no additional subcontracting will be allowed without the express prior written consent of the Town.

II. NATURE OF SERVICES REQUIRED

A. General

The Town is soliciting the services of qualified proposers of certified public accountants to audit its basic financial statements for the fiscal years ending June 30, 2017, 2018, and 2019.

B. Scope of Work to be Performed

The Town desires the auditor to express an opinion on the fair presentation, in all material respects, of its basic financial statements in conformity with accounting principles generally accepted in the United States of America, and a report on the fairness of the combining and individual fund financial statements and schedules when considered in relation to the basic financial statements taken as a whole.

The financial statements of the Town will be presented in accordance with the financial reporting model described in GASB Statement No. 34. The document submitted should also include the following additional information that will be subjected to auditing procedures:

- Budgetary comparison information
- Combining and individual fund statements and schedules
- Other supplementary information
- Schedule of expenditures of federal awards, if required

The scope of work also includes reporting on: (1) internal controls related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have material effect on the financial statements in accordance with *Government Auditing Standards* and (2) internal controls related to major programs and an opinion (or disclaimer or opinion) on compliance with laws, regulations, and the provisions of

contracts or grant agreements that could have a direct or material effect on each major program in accordance with Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

C. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information, which collectively comprise the Town's basic financial statements in conformity with accounting principles generally accepted in the United States of America.
2. A report on compliance and on internal control over financial reporting based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
4. A schedule of findings and questioned costs applicable to expenditures of federal financial awards, if required.

In the required report on internal controls, the auditor shall follow the guidelines of SAS #104-112 and communicate any material weaknesses or significant deficiencies found during the audit.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

E. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities or illegal acts of which they become aware to the Mayor. Auditors shall assure themselves that the Mayor is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons and Location of Offices

The auditor's principal contact with the Town will be Kimberly Kirby, Town Clerk/Treasurer or a designated representative, who will coordinate the assistance to be provided by the Town to the auditor. She may be reached at 803.247.2101. The offices where the work is to be performed are at 9305 North Road, North, South Carolina.

B. Background Information

The Town is in western Orangeburg county. The permanent population is approximately 750. The Town provides various local services that are primarily funded from the Town's property tax and business license tax. These activities include public works, parks and recreation, law enforcement and administrative services.

C. Fund Structure

The Town uses the following fund types in its financial reporting:

Fund Type	Number of Individual Funds	Number With Legally Adopted Annual Budgets
General Fund	1	1
Special Revenue Funds	3	3
Enterprise Funds	2	2

D. Budgetary Basis of Accounting

The Town prepares its budgets on a basis consistent with generally accepted accounting principles (GAAP) as applied to government units.

E. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters may contact Patty Carson, Mayor, North, SC, 803.247.2101 or email mayor@townofnorth-sc.gov. The Town will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar:

The following is a list of key dates up to and including the date proposals are due to be submitted:

- Request for proposal issued June 13, 2016
- Due date for proposals July 22, 2016

B. Notification and Contract Dates – subject to change

- Selected proposer notified by August 9, 2016
- Contract date by August 31, 2016

C. Time Schedule

1. Detailed Audit Plan – The auditor will provide the Town in July both a detailed audit plan and a list of all schedules to be prepared by the Town.
2. Fieldwork – Will commence no earlier than August and by completed in October.
3. Draft Reports – Draft reports shall be completed by mid October.

The Town’s Clerk/Treasurer and Mayor will review the draft report as expeditiously as possible. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Town Clerk/Treasurer.

D. Date Final Report is Due:

The Auditor shall draft the financial statements, notes, and all required supplementary and statistical data no later than mid October, with the final report delivered by October 31st. The selected firm shall provide to the Town a copy of the final audit report and management letter on a compact disc.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries – questions concerning the request for proposals and the subject of the request for proposals may be made to:

Patty Carson, Mayor
9305 North Road
P.O. Box 399
North, SC 29112

2. The selected proposer will be required to obtain a business license with the Town of North.
3. Submission of Proposals – the following material is required to be received by April 15, 2016.
 - a. A master copy (so marked) and two (2) copies of the Proposal to include the following:

- i. Title Page – showing the request for proposals subject; the proposer’s name; the name, address and telephone number of the contact person; and the date of the proposal.
- ii. Table of Contents
- iii. Transmittal Letter – a signed letter of transmittal briefly stating the proposer’s understanding of the work to be done, the commitment to perform the work within the time period, a statement why the proposer believes itself to be best qualified to perform the engagement and a statement that the proposal is an irrevocable offer for FY’s 2016, 2017, and 2018.
- iv. Detailed Proposal – the detailed proposal should follow the order set forth in Section V.B. of this request for proposals.
- v. Schedule of Fees and Expenses – a detail schedule of fees and expenses as set forth in Section V.C. of this request for proposals.
- vi. Executed copies of Proposer Guarantees and Proposer Warranties, attachment 1 and attachment 2.

b. Proposers should send completed proposals to the following address:

Patty Carson, Mayor
9305 North Road
P.O. Box 399
North, SC 29112

B. Technical Proposal

1. General Requirement

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the proposers seeking to undertake an independent audit of the Town in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or matter of presentation. The Technical Proposal should demonstrate the qualifications of the proposer and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals including cost information. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented the following subjects, items 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The proposer should provide an affirmative statement that it is independent of the Town as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The proposer should provide an affirmative statement that it is independent of all of the component units of the Town as defined by those same standards.

3. License to Practice in South Carolina

An affirmative statement should be included that the proposer and all assigned key professional staff are properly registered and licensed to practice in South Carolina.

4. Proposer Qualifications and Experience

The proposer should state the size of the firm, the size of the proposer's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each proposer comprising the joint venture or consortium should be separately identified and the proposer that is to serve, as the principal auditor should be noted, if applicable.

The proposer is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The proposer shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the proposer during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the key professional members who will be assigned to the audit.

Indicate whether each such person is registered or licensed to practice as a certified public accountant in South Carolina. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Describe the proposer's policy on change in key personnel and notification to the Town.

Provide the proposer's system of quality control to ensure the audit is adequately performed.

6. Prior Engagements with The Town

For the proposer's office that will be assigned responsibility for the audit, list the most recent engagements with the Town.

7. Similar Engagements with Other Government Entities

For the proposer's office that will be assigned responsibility for the audit, list three (3) other governmental or comparable audit engagements performed in the last five (5) years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, and engagement partners and the name and telephone of the principal client contact.

8. Scope of Services

The proposal shall describe the scope of services to be provided and indicate a proposed time schedule for completing the work including the approximate dates of fieldwork, report preparation, and latest delivery date of final paper.

9. Report Format

The proposal should include sample formats for required reports.

C. Fees

1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

2. Rates by Staff Classification and Anticipated Hours for Each

3. The dollar cost bid should contain the individual pricing and time information of all significant staff members relative to performing the audit engagement as described in this request for proposal.

4. Out-of-pocket Expenses in the Total All-Inclusive Maximum Price and Reimbursement Rates

The dollar cost bid should itemize any out-of-pocket costs included in the total all-inclusive maximum price and reimbursement rates.

5. Rate for Additional Professional Services

If it should become necessary for the Town to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town and the proposer. Any such additional work agreed to between the Town and the proposer shall be performed at the same rate set forth in the schedule of fees and experience included in the sealed dollar cost bid.

6. Payment

The proposal should describe the billing frequency and timing of the proposer's final report and due date of payments.

VI. EVALUATION PROCEDURES

The Mayor and the Town Clerk/Treasurer shall evaluate proposals.

A. Proposal Review and Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Proposers meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit proposer is independent and licensed to practice in South Carolina.
- b. The proposer has no conflict of interest with regard to any other work performed for the Town.
- c. The proposer adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The proposer submits a copy of its last external quality control review report and the proposer has a record of quality audit work.

2. Technical Quality

a. Expertise and Experience

- The proposer's past experience and performance on comparable government engagements.
- The quality of the proposer's professional personnel to be assigned to the engagement.

b. Audit

- Understanding of audit objective and services required.
- Adequacy of proposed staffing.
- Adequacy of sampling techniques.
- Ability to meet the time schedule outlined.

3. Price

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT PROPOSER.

B. Final Selection

The Town Council will select a proposer based upon the recommendation of Town staff.

It is anticipated that a proposer will be selected by August 8, 2016. Following notification of the proposer selected, it is expected both parties will execute a contract by August 31, 2016.

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the proposer of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town and the proposer selected.

The Town reserves the right without prejudice to reject any or all proposals.

The Town reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

Proposer Guarantees

- A. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in the request for proposal.

Signature of Official: _____

Name: _____

Title: _____

Firm: _____

Date: _____

Proposer Warranties

- A. Proposer warrants that it is willing and able to comply with State of South Carolina laws with respect to foreign (non-state of South Carolina) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and correct.

Signature of Official: _____

Title: _____

Firm: _____

Date: _____