

**TOWN OF FRANKLIN  
P.O. BOX 1479  
FRANKLIN, NC 28744**

**Request for Proposal for Audit Services- DUE BY 2:00 PM ON FEBRUARY 15, 2019**

Town of Franklin (hereinafter called “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 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. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Macon County, North Carolina.

**Type of Audit**

The audit will encompass a financial and compliance examination of the Town’s 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*, July 2011 revisions; if applicable the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of the OMB Circular No. A-133: *Audits of State and Local Governments and Non-Profit Organizations*, if applicable 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; requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, and all other applicable laws and regulations.

**Period**

The Town intends to continue the relationship with the auditor for three (3) 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 Town 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, 2018 to June 30, 2019
- July 1, 2019 to June 30, 2020
- July 1, 2020 to June 30, 2021

## **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 Circular A-133 Audits of State, Local Governments and Non-Profit Organizations; if applicable 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 of 1996, if necessary, requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, 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 accruals and adjusting journal entries and will also prepare the entries to convert from fund to government-wide statements. The auditor will be responsible for the preparation, typing, proofing, printing, and copying of the Audit Report. The Town Manager and Finance Officer will be actively involved in the MD&A. The auditor will also complete the AFIR. The auditor will submit a draft of the Audit to be reviewed in detail by the Finance Officer. This draft should be submitted to the Town in time to allow for ample review and corrections. **The timing of this should ensure final completion of the Audit no later than the annual October 31<sup>st</sup> deadline.**

**The Town prefers interim fieldwork be completed late May or early June and final fieldwork should begin late August and be completed by or before September 15th.** 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. An agreed upon post-closing trial balance must be prepared and a preliminary draft of the audit and required journal entries must be submitted to the Finance Officer no later than **October 1st** for proofing and reconciliation.

The audit should be completed and reports rendered four (4) months following the fiscal year end (October 31) unless otherwise stated by the Local Government Commission (LGC). The auditor is responsible for submission of the required reporting to the staff of the LGC. **Fifteen (15) copies and two (2) CDs or flash drives of each Audit Report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above.**

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.

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

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. 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.

### **Description of Selection Process**

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 experience, educational, and technical qualifications. The second section will be comprised of the firm's technical approach and cost. The firm best meeting the Town'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 Town requests that no Town of Franklin officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

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 Town of Franklin.

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 – Firm’s Prior Experience and Qualifications of Personnel**

The first section should address the requested information below. The corresponding responses should begin with the number of 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.
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).
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.
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, etc.).
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, telephone numbers, and email addresses of personnel of current and prior governmental audit clients who may be contacted for a reference.
10. Describe how the firm meets professional independence standards.
11. 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 – Firm’s Technical Approach**

The second section should consist of the requested information below. The corresponding responses should begin with the number of the requested 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 “Summary of Audit Costs Sheet” on page 8 for each of the three (3) audit years. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.
9. Please list any other information the firm may wish to provide.
10. Please include the “Summary of Audit Costs Sheet” with your proposal.

## **Time Schedule for Awarding the Contract**

The request for proposal will be distributed and posted on the Town’s website by January 18, 2019.

All firms who intend to submit a proposal should send an email to [kdoster@franklinnc.com](mailto:kdoster@franklinnc.com) including pertinent contact information by February 1, 2019.

Proposals signed by authorized officials will be received by Kyra Doster, Finance Officer at P.O. Box 1479, Franklin, NC 28744 until **February 15, 2019 by 2:00 p.m.** Envelopes containing proposals should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”.

The Town will review the proposals and make a recommendation to Town Council on **March 4, 2019** at which time the contract will be awarded.

The Town will not be holding a pre-proposal conference and all questions shall be in writing and directed to Kyra Doster, Finance Officer, at [kdoster@franklinnc.com](mailto:kdoster@franklinnc.com).

Please find the fiscal year 2018 Audit Report on the Town of Franklin website:  
[www.franklinnc.com](http://www.franklinnc.com)

## **TOWN INFORMATION**

### **Entity and Accounting Records**

Town of Franklin is a very quickly growing municipality in North Carolina with a population of approximately 4000. The Town of Franklin ABC Board is considered a discretely presented component unit reported in a separate column for the Town's financial statements. The ABC Board is responsible for selecting its own audit firm. The Town of Franklin Tourism Development Authority (TDA) is also a discretely presented component unit reported in a separate column for the Town's financial statements. Please see the special conditions stated in the Other Services section on page 7 of this document in regards to the TDA audit.

The Town maintains all its accounting records at the Finance Office located at 95 E Main St, Franklin, NC 28734. The Town's financial software system is Tyler Technologies Incode.

### **Funds**

The Town maintains the following funds:

Governmental Funds: General Fund-Powell Bill, Equitable Share, Fire

Proprietary Funds: Enterprise Funds – Water and Sewer Fund, Water and Sewer Capital Project Fund

### **Budgets**

The Town budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the functional level. The Town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system.

### **Assistance Available to 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 trial balance and original/final budgeted amounts will be made available via Excel (or hard copy, email, etc.) In addition, the following accounting procedures will be completed and documents prepared by the unit's staff.

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 Town's personnel will prepare the following items:

- Working balance sheet for each fund
- General ledger transaction detail reports for each account as necessary
- A copy of all project ordinances and amendments for active projects during audit period
- A copy of the original budget, all amendments, and the final budget as of June 30
- Copies of Cash and Investment Reports (LGC203) reports
- Copies of Powell Bill Reports
- Copies of required supplementary information, e.g. LEO and OPEB reports from actuary
- All bank reconciliations for each month
- List of outstanding checks, showing check number, payee, date, and amount
- List of accounts, taxes, and miscellaneous receivables
- List of capital asset acquisitions, disposals, and depreciation
- Schedule of accounts payable
- Computation of vested vacation payable as of the audit date
- Debt schedule for each debt issue and related payments
- Grant information as requested

### **Other Services – SPECIAL CONDITIONS**

**In addition to performing an audit for Town of Franklin, the auditor must also agree to perform an audit for Town of Franklin Tourism Development Authority (“TDA”), a discretely presented component unit of the Town of Franklin. The TDA has a June 30 year-end and the Town of Franklin processes all financial transactions on behalf of the TDA. The TDA is presented as if it were a governmental fund (discrete presentation) and does not issue separate financial statements.**

**The interim and final fieldwork for the TDA will occur at the same time as the Town's interim and final fieldwork. Also, only the “Summary of Audit Costs Sheet” for the TDA on page 9 needs to be completed and returned.**

**TOWN OF  
FRANKLIN  
SUMMARY OF AUDIT COSTS SHEET**

**AUDIT FIRM  
NAME:**

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*FY 2018-2019*

1. Base Audit (Includes personnel costs, travel, and on-site work)	\$ _____
2. Financial Statement Preparation (Includes costs of printing & mailing required copies – 15 copies & 2 CDs or flash drives)	\$ _____
3. Other (Explain)	\$ _____
TOTAL	\$ _____

*FY 2019-2020*

1. Base Audit (Includes personnel costs, travel, and on-site work)	\$ _____
2. Financial Statement Preparation (Includes costs of printing & mailing required copies as listed in RFP)	\$ _____
3. Other (Explain)	\$ _____
TOTAL	\$ _____

*FY 2020-2021*

1. Base Audit (Includes personnel costs, travel, and on-site work)	\$ _____
2. Financial Statement Preparation (Includes costs of printing & mailing required copies as listed in RFP)	\$ _____
3. Other (Explain)	\$ _____
TOTAL	\$ _____

**TOWN OF FRANKLIN TOURISM  
DEVELOPMENT AUTHORITY  
SUMMARY OF AUDIT COSTS SHEET**

**AUDIT FIRM  
NAME:**

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*FY 2018-2019*

1. Base Audit (Includes personnel costs, travel, and on-site work)	\$ _____
2. Extra Audit Service \$ _____ Per hour	\$ _____
3. Other (Explain)	\$ _____
TOTAL	\$ _____

*FY 2019-2020*

1. Base Audit (Includes personnel costs, travel, and on-site work)	\$ _____
2. Extra Audit Service \$ _____ Per hour	\$ _____
3. Other (Explain)	\$ _____
TOTAL	\$ _____

*FY 2020-2021*

1. Base Audit (Includes personnel costs, travel, and on-site work)	\$ _____
2. Extra Audit Service \$ _____ Per hour	_____
3. Other (Explain)	\$ _____
TOTAL	\$ _____