

**Town of Spruce Pine  
North Carolina**



**Request for Proposals (RFP)  
For Audit Services**

**Posted: April 17<sup>th</sup>, 2024**

**Proposals Due: May 10<sup>th</sup>, 2024**

The Town Council of the Town of Spruce Pine (hereinafter referred to as “the Town”) invites qualified independent auditors (hereinafter referred to as “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 of Spruce Pine. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Mitchell County, North Carolina.

#### Type of Audit

The audit shall be performed in accordance with the laws and regulations of the State of North Carolina, which include requirements for the minimum scope of the Town’s 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 2018 revisions; the provisions of Title 2 U.S. Code of Federal Regulations (CFR) 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.

The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of proposal submission. This includes, but is not limited to, the Governmental Accounting Standards Board (GASB) statements and Government Auditing Standards. Although some pronouncements will not be in effect until after the first years of the audit, estimates for future years should include pronouncements that will become effective during that contract period. The audit firm will be expected to advise appropriate Town staff on the applicability of accounting and reporting standards as they become effective.

The financial audit opinion will cover the financial statements for the governmental activities, 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 express an opinion on the budgetary comparison information for the General Fund and the major funds. An opinion will not be given on the Management's 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.

### Period

The Town 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 Town of Spruce Pine 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, 2023 to June 30, 2024

July 1, 2024 to June 30, 2025

July 1, 2025 to June 30, 2026

### Requirements

The audit firm is considered to be an independent contractor and will be wholly responsible for the services and the supervision of its own employees and permitted sub-contractors. The audit engagement must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards, 2018 revisions, issued by the Comptroller General of the United States; and if applicable, the U.S. Office of Management and Budget's (OMB) Uniform Guidance and, if applicable, the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with Generally Accepted Accounting Standards (GAAP). By accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. The Auditor must provide a copy of their most recent peer review report with their proposal.

The auditor will submit a draft of the Financial Statement to be reviewed in detail by the Finance Officer who has the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed.

The Town Management will ultimately be responsible for the preparation and fair presentation of the financial statements, which includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements. The Town will need assistance of the Financial Statement Preparer for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information and compliance reports. The Auditor will prepare the MD&A. A preliminary draft of the audit and required adjusting journal entries must be submitted to the Finance Officer for proofing and reconciliation to the Town's records to allow ample time for review and corrections before it is sent to the Local Government Commission. The Town's Finance Officer will return the draft to the Financial Statement Preparer in a timely manner. The financial statement preparer will be ultimately responsible for the preparation, typing, proofing, printing and copying of the Basic Financial Statement, supplementary information, MD&A and all applicable compliance reports.

Meeting LGC deadlines is a high priority for the Town. Year-end fieldwork should begin in mid-August and be completed timely. The Finance Officer will expect a listing of requested information needed for the audit before fieldwork begins.

The audit must be completed, and reports rendered four months following the fiscal year end (October 31). The auditor will be asked to provide oral presentation to the Town Council at a subsequent agreed upon Council Meeting.

A preliminary draft of the audit and any required journal entries must be submitted to the Finance Officer for proofing and reconciliation to the Town's general ledger.

Ten copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above. Any other paper copies required will be charged on an as needed basis in addition to the quoted fee.

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 and 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 Town. 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

Five 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 second section will be comprised of the cost estimates for the engagement. The Finance Officer will evaluate the auditor/firm on educational and technical qualifications, as well as the cost estimates. The firm best meeting the Town's expectations for experience, audit approach, and cost requirements will be selected. While cost is an important factor, the Town may not necessarily select the lowest cost proposal, but rather the proposal that appears to be in the Town's overall best interest.

The Town requests that no members of the Town Council be contacted during this process. The Finance Officer may be contacted 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 reserves the right to make the award in the best interest of the Town.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the proposal. Firms must be registered with the North Carolina Board of CPA Examiners.

## Section 1 – Experience and Qualifications

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. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
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.
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. 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.
10. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
11. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

12. Describe any additional assistance or information that you would provide to the Town outside the performance of the audit. This may include response to requests for information and work papers, access to continuing education opportunities, or discussion of the application of new pronouncements.

## Section 2 – Cost Estimates

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, 2023 to June 30, 2024. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2024 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.
9. Please list any other information the firm may wish to provide.
10. Please include the Summary of Audit Costs Sheet, or comparable format, with your proposal.

#### Time Schedule for Awarding the Contract

Request for proposals will be emailed and posted by **April 17<sup>th</sup>, 2024**.

Proposals signed by authorized officials will be received by Crystal Young, Finance Officer at P.O. Box 189, Spruce Pine, NC 28777 until **May 10<sup>th</sup>, 2024** at 5:00 p.m. For hand-delivered envelopes, please submit to our physical address of 11050 S. 226 Hwy, Spruce Pine, NC 28777. Envelopes containing proposals should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES". Proposals may also be e-mailed to the Finance Officer at [finance@sprucepine-nc.gov](mailto:finance@sprucepine-nc.gov).

The Town Manager and Finance Officer will review the proposals. The Town Manager and Finance Officer will make a recommendation to the Town Council on **May 13<sup>th</sup>, 2024**, at which time the contract will be awarded.

Any questions may be directed to Crystal Young, Finance Officer at 828-765-3000 or at [finance@sprucepine-nc.gov](mailto:finance@sprucepine-nc.gov).

#### **Description of the Town of Spruce Pine and its Accounting System**

##### Entity

The Town of Spruce Pine is a municipality, located in the Mountains of Western NC in Mitchell County with a permanent population of approximately 2,100. The municipality does operate a water and wastewater system.

##### Funds

The Town of Spruce Pine maintains the following funds at approximately the same level as the prior year:

- General Fund
- Enterprise 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 departmental level, and the budget is adopted at the departmental level. The budgetary system is integrated with the accounting system to provide easy comparison with actual expenditures. A copy of the FY22-23 and FY23-24 Budget can be found at [www.townofsprucepine.com](http://www.townofsprucepine.com)

### Accounting Records

The Town of Spruce Pine maintains all its accounting records 11050 S. 226 Hwy. The Town maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger using FMS Southern Software.

### 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, as requested. A trial balance with budgeted amounts will be made available. The following accounting procedures will be completed and documents prepared by the Town's staff. The Town is aware of and understands the need to provide this assistance to the auditor and will make every attempt to complete requests timely.

- 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:

### General

- Working Balance Sheet for each fund
- Working Statement of Revenues, Expenditures, and Transfers for each fund
- General Ledger transaction detail report for each account (as requested)
- A copy of the original budget, all amendments, and the final budget as of June 30, 2024
- A copy of all capital project ordinances and all amendments for active projects during the audit period

- Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203)
- Management's Discussion and Analysis
- Required supplementary information, e.g. actuarial information of the Law Enforcement Officers' Separation Allowance

#### Cash and Investments

- All bank reconciliations for each month
- Copies of all statements for Certificate of Deposit accounts
- List of outstanding checks by account, showing check number, date, and amount

#### Receivables

- Analysis of allowance for doubtful accounts.
- Schedule of miscellaneous receivables booked as of the fiscal year end.

#### Other Assets

- Schedule of insurance coverage.

#### Capital Assets

- Printout of all capital asset acquisitions, transfers, and dispositions made during the audit year.

#### Current Liabilities

- Schedule of accounts payable including batch printouts.

#### Long-Term Debt

- Computation of vested vacation payable as of the audit date.
- Debt Schedule for each debt issue and related payments.

#### Grants

The following will be compiled for each grant:

- Grant agreement.
- Budget and all financial reports or transactions.
- Correspondence with the grantor agency, including monitoring reports.
- CFDA # and/or pass-through grant #.

#### Single-Audit

A single audit will be required for FY 2023-2024.

**Contact information**

Crystal Young  
Finance Officer  
Town of Spruce Pine

11050 S. 226 Hwy  
P.O. Box 189  
Spruce Pine, NC 28777  
(828)-765-3000  
[finance@sprucepine-nc.gov](mailto:finance@sprucepine-nc.gov)

**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.	Single Audit  _____	\$ _____
5.	Other (explain)  _____	\$ _____
	<b><u>TOTAL</u></b>	\$ _____