

**HAYWOOD COUNTY  
REQUEST FOR PROPOSALS  
AUDIT SERVICES**

The governing body of Haywood County (hereinafter called the "County") invites qualified independent auditors who have governmental accounting and auditing experience and who meet specifications outlined in this RFP to submit a proposal.

There is no expressed or implied obligation for Haywood County to reimburse responding 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 Haywood County. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Haywood County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the unit's Comprehensive Annual Financial Report (CAFR). [If the unit does not issue a CAFR, the above should be changed to the 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, July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; 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; and all other applicable laws and regulations.

Period

The County intends to continue the relationship with the auditors for no less than three years starting with fiscal year ending June 30, 2017. Based on cost estimates discussed below, the County is requesting bids for a three-year period. Continuation after the first year will be based on annual review and recommendation of the Department staff, satisfactory negotiation of terms (including price), and the availability of an appropriation. After the initial three-year period, a yearly extension may be granted by the County based on the above-mentioned criteria and Commission concurrence for up to two years.

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, including all revisions issued by the Comptroller General of the United States; Office of Management and Budget Uniform Guidance, 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 be ultimately responsible for proofing, printing, and copying of the CAFR. The finance officer will be actively involved in the MD&A and other schedules preparation.

The audit must be completed and reports rendered no later than October 31, four months following the fiscal year end of June 30.

A preliminary draft of the CAFR and required journal entries must be submitted to the Finance Director by October 15 for proofing and reconciliation to the unit's records.

Nine copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Director within the time frame cited above. In addition, the auditor is responsible for submitting

the required three copies to the Local Government Commission. The County also requires thirty-five additional copies of the bound CAFR for our subsequent distribution.

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 subject 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 Local Government Commission (LGC). Invoices are subject to approval by the LGC and the appropriate Grantor Agency, if applicable, prior to processing by the County. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the Local Government Commission and their approval of the audited financial statements.

#### Other Services

The auditor will prepare, type, and print the Comprehensive Annual Financial Report. The auditor will submit a draft for review by the Finance Director. The Finance Director will return the draft with proposed revisions within 10 working days.

#### Special Conditions:

1. Assistance to management's efforts to obtain the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting;
2. Presentation of the financial statements to the board of county commissioners

The financial statements of the county include the Haywood County Tourism Development Authority, presented as a discrete component unit. The auditor should plan to be engaged by the authority, under separate contract, for the same term of the county audit. Information regarding the Tourism Development Authority may be obtained from the executive director of the authority at 1110 Soco Road, Maggie Valley, NC 28751

#### Description of Selection Process

Two copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding the 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 Finance Office staff will evaluate the auditor/firm on educational and technical qualifications. The top three to five firms from

the first section will have their second section opened and evaluated. The firm best meeting the experience, audit approach, and cost requirements will be selected.

The County 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 County.

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 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 on 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 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 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., solid waste, transit, 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 contacted for reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), January 2011 Revision. 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 an 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 County plans to evaluate the qualification of all firms submitting proposals before considering the Cost Estimate.

The 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 with the specified deadlines of the RFP.
8. Use of internal audit staff (if applicable).
9. Specify costs using the format below for the audit year July 1, 2016 to June 30, 2017. For the two audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2017 is binding, while the two years which follow are estimated costs.
  - 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. Estimate 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 manpower costs.
  - 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 20, 2017, or at the request of the auditing firm.

**Sealed proposals signed by authorized officials will be received by mail, by Julie Davis, Finance Director, at The Haywood County Finance Department, 215 N. Main Street, Waynesville, NC 28786 or may be dropped off at the Finance Office located at 215 N. Main Street, Waynesville, historic courthouse, 4<sup>th</sup> floor, until 2:00 p.m. on Friday, February 24, 2017. Envelopes containing proposals should be clearly identified on the front as to the contents. The Finance Office will review the proposals and make a recommendation to the Board of Commissioners on March 6, 2017 at which time the contract will be awarded.**

Any questions should be directed to Julie Davis, Finance Director, at 828-452-6724. Appointments may be scheduled to further discuss any specific matters necessary in preparing your proposal. Please call Julie Davis, Finance Director, at 828-452-6724 to schedule an appointment.

Description of the Governmental Entity and Its Accounting System

Entity

Haywood County has a population of approximately 60,000. The County provides the following services:

- General Administration
- Central Services
- Public Safety
- Environmental Protection
- Economic & Physical Development
- Human Services
- Cultural and Recreational

Haywood County has approximately 550 full-time and permanent part-time employees.

Based on the criteria set forth in GASB No. 14, the financial reporting entity consists of the following:

- The primary government
- The Haywood County Tourism Development Authority
- Other component units and joint ventures related to Haywood County without any reportable equity interest

Fund reporting

The auditor shall refer to Haywood County's Comprehensive Annual Financial Report for the previous year, available on the Haywood County website (haywoodnc.net) or provided upon request. The County still maintains all the funds at approximately the same level with few differences.

Grants, Entitlements, and Shared Revenues

The auditor shall refer to the Comprehensive Annual Financial Report for the previous year (available on the website or provided upon request). The county receives all grants, entitlements, and shared revenues listed on Schedule G-1 of the CAFR at approximately the same level, with the exception of the flood related grants received in recent years.

### Budgets

Haywood County's annual budget is adopted for the General Fund, the Internal Service Fund and certain Special Revenue Funds. Multi-year project budgets are adopted for the Capital Projects and certain Special Revenue Funds. Appropriations in the General Fund are made at the functional level, Special Revenue Funds and Internal Service Funds appropriations are made at the departmental level, and the Capital Projects Funds appropriations are made at the object level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account). Purchase orders that would create over encumbrance at that level are not written until additional appropriations are available through line item transfers within a department approved by the Finance Director and County Manager.

Outstanding debt totaled \$55,425,275 as of June 30, 2016. The county maintains an AA bond rating from Standard & Poor's and AA3 from Moody's Investors Services on the latest general obligation bond issue.

### Accounting Records

Haywood County maintains all its accounting records at the Finance Department.

The Haywood County Tourism Development Authority (TDA) is discretely presented in the financial statements of the County. The director for TDA is Lynn Collins, 1110 Soco Road, Maggie Valley, NC. 28751. TDA requires a separate audit, and is priced separately.

The County maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger in the Tyler Technologies data center and are upgraded by Tyler Technologies as needed to maintain current specifications. The software presently being used is MUNIS GL 11.1

### Assistance Available to Auditor

The County will make available to the auditor sufficient help to pull and refile records, and prepare and mail all necessary confirmations. A trial balance and a budget report will be made available electronically. The Finance Department prepares the Financial Statements and Schedule of State and Federal Assistance. The following account procedures will be completed and documents prepared by the county's staff no later than September 15, 2007. 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 County's personnel will prepare the following items:

#### General

1. All normal year-end adjusting entries.
2. Working balance sheet for each fund.
3. Working Statement of Revenues, Expenditures (Expenses), and Changes in Fund Balance (Retained Earnings) for each fund.
4. A copy of the final budget as of June 30, the original budget, and all amendments.
5. A copy of all project ordinances and all amendments for all active projects during the period.
6. A copy of board minutes.

#### Cash & Investments

1. All bank reconciliations for each month.
2. List of outstanding checks, showing check number, payee, date and amount.

3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at statement date.

#### Receivables

1. Aged trial balance of accounts, taxes and miscellaneous receivables as of the statement date.
2. Analysis of Allowance for Doubtful Accounts.

#### Other Assets

1. Schedule of insurance coverages

#### Capital Assets

1. Schedule of all capital outlays during the audit year.
2. Schedule of all capital dispositions during the audit year.
3. Access to printouts containing calculations used in balancing capital assets to the government-wide statements.
4. Schedule of Depreciation expense posted for the audit year.

#### Current Liabilities

1. Trial balance of accounts payable.

#### Long-Term Debt

1. Analysis of long-term debt.
2. Computation of vested vacation payable as of the audit date.

#### Grants

1. Grant agreement.
2. Grant budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. CFDA # for federal grants.

#### 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.
6. Reconciliation of fund and government-wide statements.
7. Worksheet for determination of major funds.
8. Worksheet of combining statements for non-major funds.

We look forward to receiving your response.

Julie H. Davis  
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