



## **REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

Town of Stokesdale  
NORTH CAROLINA

**Due Date: April 7, 2023**

**Receipt Location:**

Post Office Box 465  
Stokesdale, NC 27357

**Contact Person:**

Kimberly Thacker, Finance Officer  
336-643-4011

Email: [kthacker@stokesdale.org](mailto:kthacker@stokesdale.org)

### **REQUEST FOR PROPOSAL FOR AUDIT SERVICES - Town of Stokesdale, NC**

The Town of Stokesdale (hereinafter called the "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 of Stokesdale 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 Stokesdale. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction Guilford County, North Carolina.

#### **Type of Audit**

The audit will encompass a financial and compliance examination of the Town's Comprehensive Annual Financial Report (CAFR) 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 OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions; the State Single Audit Implementation Act; and all other applicable laws and regulations.

#### **Period**

The Town intends to continue the relationship with the auditor for no less than three years based on annual negotiation after the completion of the first-year contract. Each year after negotiations have

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 Stokesdale 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, 2022, to June 30, 2023

July 1, 2023, to June 30, 2024

July 1, 2024, to June 30, 2025

**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; Office of Management and Budget Circular No.A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register*, 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 financial audit opinion will cover the financial statements for the governmental activities, the business-type 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 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 Auditor will prepare some year-end adjusting journal entries, primarily GASB34 conversion and GASB68 entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Comprehensive Annual Financial Report (CAFR), including the Basic Financial Statements, notes to the financial statements, supplementary information and compliance reports. The Town of Stokesdale, Finance staff 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 Town of Stokesdale, 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 31st deadline for submission to the LGC.

Guidance will be required for new note disclosures; all approved GASB's as well as GASB implementations, and other reporting requirements as well as any early implementation requests by the LGC.

The auditor will assist with the Town's response to prior year comments from the Government Finance Officers Association relating to the Certificate of Achievement for Excellence in Financial Reporting Award Program. Assistance with filing the Annual Financial Information Forms (AFIR) with the US Census site for the North Carolina State Treasurer and any other applicable reports with appropriate state agencies and departments.

A preliminary draft of the audit and required journal entries must be submitted to the Finance Officer by **October 15<sup>th</sup>** for proofing and reconciliation to the unit's records.

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. 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 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 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. 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 elate 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 and the appropriate Grantor Agency, if applicable, prior to processing by the (type of unit). 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 (or Comprehensive Annual Financial Report- if applicable). The auditor will submit a draft for review by the Finance Director (or audit committee if applicable). The Finance Director will return the draft with proposed revisions within 10 working days.

Examples of special conditions are:

1. Assistance to management's efforts to obtain the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.
2. Assistance with the preparation of any schedules or budget compilation which may be required of the unit by SEC Ruling 15c2-12 which deals with secondary market disclosures.
3. Assistance with the preparation of the Annual Financial Information Report (counties and municipalities only) required to be filed with the staff of the Local Government Commission.
4. Calculation of the Debt Service Coverage Ratio as required by certain revenue bond covenants. The bond covenants may also require the auditor to express an opinion on the unit's compliance with the debt service coverage ratio and other debt covenants.)

## **Description of Selection Process**

(2) 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 Town Finance Officer and the Town Clerk 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 Town of Stokesdale'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. 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 Town requests that no Town officials be contacted during this process. The Town Clerk or Finance Officer may be contacted only to clarify questions concerning the RFP.

The Town Council 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 Town.

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).
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 a reference.
10. 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.
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 Town Council 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. Use of internal audit staff (if applicable).

9. Specify costs using the format below for the audit year July 1, 2022, to June 30, 2023. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2023, 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 received by April 7, 2023, by 5:00 p.m.

Proposals signed by authorized officials will be received by, Dale Martin Town Clerk or Robbie Wagoner, II Deputy Clerk at Post Office Box 465, Stokesdale, North Carolina 27357, until April 7, 2023, at 5:00. Envelopes containing proposals should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES". The Town Council will review the proposals and decide at which time the contract will be awarded.

Any questions should be directed to Kimberly Thacker, Finance Officer, at 336-643-4011 or email: [Kthacker@stokesdale.org](mailto:Kthacker@stokesdale.org) (Cc.) [Stokesdale@stokesdale.org](mailto:Stokesdale@stokesdale.org); [deputyclerk@stokesdale.org](mailto:deputyclerk@stokesdale.org)

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

### **Entity**

The Town of Stokesdale is a municipal corporation in North Carolina with a population of approximately 5900 citizens and approximately 731 water customers. The Town of Stokesdale operates a General Fund, Water Enterprise Fund.

Budgeted revenues are estimated at \$794,737.50 GF and \$1,801,581.75 in WE in FY 2022-2023.

### **Grants, Entitlements, and Shared**

#### **Revenues**

A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2023, is enclosed with this RFP. Included also 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 departmental level. The budget is adopted by Town Council, as the Town is a Mayor-Council form of government. Stokesdale does employ a Town Clerk, Deputy Clerk, Water System Customer Service Manager, Finance Officer and Operator in Responsible Charge (Water System).

### **Accounting Records**

The Town maintains all its accounting records at the finance office located at 8325 Angel Pardue Road, Stokesdale, North Carolina. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on the server computer, centrally located in the office. The software is QuickBooks Online (QBO).



**The Town's Finance Officer and with the help from personnel will  
prepare the following items to assist the auditor for the FY23:**

**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, 2023
5. A copy of all project ordinances and all amendments for active projects during the audit period.
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.

**Cash and Investments**

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

**Receivables**

1. Listing of outstanding (General Fund) receivables by account as of the fiscal year end.
2. Listing of outstanding (Water Enterprise) receivables in detail as of the fiscal year end.

## **Current Liabilities Grants**

The following will be compiled for each grant:

1. Grant agreement.

## **Size and Complexity of the Town**

### Personnel/Payroll

- Number of employees
- Frequency of payroll
- Number of payroll direct deposit

### Water Enterprise

- **Billing** Number of statements each month
- Average number of delinquent accounts at month end

### Bank Accounts

- Number of bank accounts
- Average monthly activity in main accounts

### **Contact information:**

Name: Kimberly Thacker

Title: Finance Officer/Budget Officer

The Town of Stokesdale Address:

Post Office 465

Stokesdale, NC 27357 Phone: 336-643-4011

Email: [kthacker@stokesdale.org](mailto:kthacker@stokesdale.org)

(Cc.) [Stokesdale@stokesdale.org](mailto:Stokesdale@stokesdale.org)

(Cc.) [Deputyclerk@stokesdale.org](mailto:Deputyclerk@stokesdale.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>	<b>\$ _____</b>