

**TOWN OF WAKE FOREST, NORTH CAROLINA
REQUEST FOR PROPOSALS
AUDITING SERVICES**

The Town of Wake Forest (hereinafter called the “Town”) invites qualified independent auditors who have 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 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 Town. Bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Wake County, North Carolina.

SCOPE OF AUDIT

1. 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 audit firm shall comply with generally accepted auditing standards as required by the American Institute of Certified Public Accountants and Government Auditing Standards, issued by the Comptroller General of the United States. The audit firm shall apply auditing procedures necessary to render an opinion as to the general purpose financial statements, taken as a whole, in conformance with generally accepted accounting principles.
2. 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 Governmental Accounting Standards Board statements and Government Auditing Standards. Although some pronouncements will not be in effect until after the first year 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.
3. 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 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 Local Government Commission (LGC) for approval.

The audit will also include the following:

- a. Pre-planning conference with Finance staff in April/May timeframe.
 - b. Interim audit work prior to June 30th and/or prior to final close.
 - c. Attendance at Town Board meeting in November or December for presentation of the financial statements by Town staff with comments and potential questions from Board as requested.
4. The compliance audits, in addition to the above requirement, shall comply with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the State Single Audit Implementation Act, as amended, OMB Circular A-87, Cost Principles Applicable to Grants and Contracts, Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. As part of the compliance audit, the auditor will be responsible for the completion and submission of the Data Collection Form to the designated federal clearing house and will provide an original and copy to the Town.
 5. The audit should encompass all funds and entity-wide activities as reported in the Town's Comprehensive Annual Financial Report (CAFR) at June 30, 2013 and any additional funds or entity-wide activities that may be added subsequent to that date.
 6. If required, the audit firm will issue a management letter to the Town Board after completion of the audit and assist management in implementing recommendations, as is practical. Town staff also request that an informal letter be addressed to the Finance Director with any efficiency, internal control or accounting improvements that could be made based on the audit staff's observation during their fieldwork. All content must be discussed with the Finance Director and/or Financial Operations Manager prior to issuance.
 7. The Town staff may require the auditor's guidance or input on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process as well as inclusion in the Town's financial statements. Guidance may be required for new note disclosures, all outstanding and effective authoritative standards and other reporting requirements at June 30 year-end. Cost for providing these services should be included in the auditor's base fee quote and will not be considered extra for additional billings. In cases, however, where services requested would require a more in-depth scope and require work significantly above the original fee quote, such additional fees must be negotiated prior to commencement of work.

AUDITOR REQUIREMENTS

1. The audit firm is considered to be an independent contractor and will be wholly responsible for the services and the supervision of its employees and permitted sub-contractors.

2. A planning meeting will be held each year to determine schedules that the Town will be responsible for preparing. Estimated timeframes will be established and interim audit work will be planned. Adequate notification will be given prior to any changes in estimated times.
3. Meeting LGC deadlines is a high priority for the Town. Therefore, auditor reviews, comments and the financial opinion should be turned in to Town staff by the fourth week of October in order to make the LGC deadline of October 31. If the Town is unable to fulfill commitments outlined below, the timeframe will be appropriately extended.
4. Audit staff is responsible for providing email and internet access during fieldwork at Town facilities. Although WiFi is available in Town Hall, service cannot be guaranteed.
5. The working papers shall be retained and made available upon request by the Town in accordance with North Carolina General Statute 159-34.
6. It is expressly agreed and understood that the auditor shall not at any time publicly disseminate any information concerning the agreement or scope of work outlined in the agreement without prior approval from the Town. Such approval will not be unreasonably withheld but may be given with certain stipulations, such as Town participation in the creation of the public product or Town review and the option to refuse ultimate release of the final product should it fail to meet the Town's standards and goals. Public dissemination includes but is not limited to electronic, video, audio, photographic or hard copy materials serving as, in whole or part, professional papers or presentations, news releases, articles or other media products, and/or auditor business collateral pieces.
7. Liability insurance shall be maintained by the audit firm at all times during the term of the audit contract and during any extension thereof as follows: general liability insurance in the amount of \$1,000,000 per occurrence/ \$2,000,000 aggregate, workers' compensation with statutory limits and employer's liability of \$1,000,000 per occurrence, professional liability of no less than \$1,000,000 per occurrence, or umbrella coverage in the amount of \$1,000,000 per occurrence, which may be used if a policy is under the stipulated minimum, to provide the additional amounts needed to make the policy minimum. The Town shall be furnished with evidence of such insurance on an annual basis with copies of certificates accompanying the annual audit contract. The Town shall receive a thirty day prior written notice of any reduction in coverage or cancellation of such insurance. The Town shall be listed as an additional insured party under the firm's general liability policy.
8. The LGC deadline of October 31 for the submission of the financial statements is a required deadline. Although Finance staff is responsible for the compilation of the financial statements, all auditor fieldwork must be completed and opinions must be received in a timely manner in order to ensure adherence to this state mandate.
9. Either the manager or partner of the audit staff is required to attend the Board of Commissioner's meeting in which the CAFR is presented. Required communications to the Board can be delivered at this point, as well as general comments regarding the audit process and the results of the audit. Finance staff will coordinate this presentation and determine the date and time of the meeting, typically held in November or December following the audit completion.

Other Services

If needed, the auditor will prepare the audited financial statements (or Comprehensive Annual Financial Report) which will include the preparation of the GASB conversion entries. 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. In addition, if needed, the auditor will complete and submit the necessary Single Audit information to the Federal Audit Clearinghouse on behalf of the Town.

TOWN STAFF ASSISTANCE AND RESOURCES

1. Town staff will coordinate with audit staff with the goal of providing all necessary financial and compliance information (trial balance with adjusting journal entries in final form) for all funds. The Town expects to deliver a draft CAFR report to the audit staff by October 15th. If the Town is unable to provide schedules/documents by the agreed upon time, the above time frame will be appropriately extended and coordinated between Town staff and audit staff. Certain sections of the CAFR may be completed and submitted prior to the October 15th date to aid in testing.
2. All financial statements, schedules and notes to the financial statements (except the Schedule of Findings and Questioned Costs, Corrective Action Plan and Summary Schedule of Prior Year Audit Findings in the compliance section) will be drafted by Finance staff.
3. A planning meeting will be held each year between Town staff and auditors to determine schedules that the Town will be responsible for preparing. Estimated timeframes will be established. Adequate notification by either party will be given prior to any changes in estimated times.
4. To the extent possible, Town staff will prepare schedules and ensure supporting documentation is available as part of the audit effort. All journal entries will be prepared by Town staff.
5. Space will be made available for audit staff fieldwork.

CONTRACT PERIOD

The Town intends to continue the relationship with the auditors for no less than five years starting with the fiscal year ending June 30, 2014. The Town is requesting bids for a five-year period on the basis of an 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 the Town cannot bind future decisions of the Town Board, it is anticipated that the firm selected will serve as the Town's auditors and will be retained for the entire five-year period. It is requested that proposals be prepared for the following years, with year one being the only obligated year:

July 1, 2013 to June 30, 2014
July 1, 2014 to June 30, 2015
July 1, 2015 to June 30, 2016
July 1, 2016 to June 30, 2017
July 1, 2017 to June 30, 2018

TIME SCHEDULE & PROPOSAL SUBMISSION

1. Summary schedule:

Distribution of RFPs	January 6, 2014 (Monday)
Pre-bid conference	January 16, 2014 (Thursday)
Receipt of proposals	January 31, 2014 (Friday)
Auditor selection	February 10, 2014 (Monday)
Contract award (Town Board meeting)	February 18, 2014 (Tuesday)

2. A pre-bid conference will be held on Thursday – January 16, 2014 at 10:00 a.m. The conference will be held at Wake Forest Town Hall located at 301 S. Brooks Street – Wake Forest, NC 27587. All questions and general background information concerning the Town and its operations will be answered at this time. You may submit questions prior to this date via email to astaples@wakeforestnc.gov. Attendance is recommended, but not required to proposing firms. Any information disclosed to participating firms at this meeting or prior to bid submission will be shared with all interested parties.
3. Proposals must include information as presented in the required components of audit proposal and must be signed by an authorized representative. Fee quotes must be submitted using the summary of audit cost sheet included. Proposals and quotes submitted otherwise will not be acceptable. All proposals will become the property of the Town and will not be returned. The specific details of all proposals become public information upon their receipt and acceptance by the Town.
4. Proposals can either be submitted electronically or on paper and must be received no later than **4:00 pm on Friday January 31, 2014**. Proposals should be clearly marked “Response to Auditing Services RFP”.
5. Electronic copy (PDF format) should be submitted to:

astaples@wakeforestnc.gov AND amorrison@wakeforestnc.gov

OR

Three copies of the bound and sealed proposal should be delivered to:

Town of Wake Forest
Finance Department
301 S. Brooks Street
Wake Forest, NC 27587
Attn: Aileen Staples, Finance Director

6. The audit firm selected will be recommended to the Town Board at the regularly scheduled meeting in February 2014. Contracts will then be forwarded to the Local Government Commission for approval.

AUDIT CONTRACT & PAYMENT OF SERVICES

The Local Government Commission (LGC) must approve the audit contract. All requests for payments related to the financial and single audit must also be approved by the LGC. Interim invoices will be paid when due upon the LGC's approval. The final invoice will not be paid until the financial statements, single audit and management letter have been reviewed by the LGC.

Requests for payment related to the agreed upon procedures do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed by Town staff.

SELECTION PROCESS

Town staff will evaluate proposals and make the audit firm recommendation to management and Town Board. Staff's recommendation will be presented to Town Board in February 2014 for final acceptance and approval. The selected audit firm is not required to be present at this meeting.

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. Town staff 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 Wake Forest'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 of Wake Forest requests that no Town of Wake Forest official be contacted during this process. The Finance Director may be contacted only to clarify questions concerning the RFP.

The Town 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.

Section 1 - Profile of the Firm

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 local office that will handle the audit.
2. Provide a list of 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 percentage 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, 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. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book). 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. Note if your firm is an equal opportunity employer.
13. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University of North Carolina School of Government in Chapel Hill.

Section 2 – Audit Approach

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate, sealed envelope marked – “Cost Estimate.” The town plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

This 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 automated processes and internal control testing methods
4. Use of computer audit specialists.
5. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
6. Information that will be contained in the management letter.
7. Assistance expected from the government's staff, if other than outlined in the RFP.
8. Tentative schedule for completing the audit within the specified deadlines of the RFP.
9. Specify cost using the format below for the audit year July 1, 2013 to June 30, 2014. For the subsequent audit years list the estimated costs. The cost of the audit year ending June 30, 2014 is binding, while the following 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.
 - i. Estimated hours – categorize estimated hours into the following:
 1. Interim - on-site work
 2. Year-end - on-site work
 3. Work performed in the auditor's office.
 - ii. Rate per hour
 - iii. 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.

DESCRIPTION OF TOWN SYSTEMS AND FINANCIAL INFORMATION

1. Reference should be made to the most recent CAFR for a general overview of the Town, including the number of employees and size of the Town. In addition, this is suggested so that the auditor/firm can obtain a basic understanding of the basis of accounting, system of budgetary control, number and type of funds used and other pertinent financial information.
2. Other general information can be accessed on the Town's website at <http://www.wakeforestnc.gov> .

GENERAL INFORMATION

1. The Town utilizes a variety of banking services, most of which are conducted electronically. Services include, but a not limited to:
 - a. Investment safekeeping
 - b. On-line banking
 - c. Lockbox & ebox
 - d. Positive pay (check fraud prevention)
 - e. Automatic reconciliation
 - f. Direct deposit for payroll and accounts payable
 - g. Direct drafts
 - h. On-line and in-house merchant services (credit card acceptance)
 - i. Use of procurement cards
2. Bank reconciliations are performed on a monthly basis for each of the approximate 10 bank accounts, which include a detailed reconciliation of deposits and disbursements. Other balance sheet account reconciliations are also performed, such as accounts receivable and deposit accounts.
3. The Town has numerous cash collection sites that include payments for utility bills, permits, development fees, parks and recreation fees and police citations. Credit card payments are accepted, including on-line receipts.
4. The Town uses various methods for paying vendors and making other disbursement, including in-house checks, procurement cards, ACH and wire.
5. The Town uses New World Systems that is designed for governmental entities and covers all of the financial related modules and most of the integrated modules.

FUNDS

The Town of Wake Forest maintains the following funds:

Governmental Funds:

- *General Fund
- * Special Revenue Fund
 - Futures Fund
 - Renaissance Centre Fund

* Capital Project Funds

- Recreation Capital Reserve
- Cemetery Capital Reserve
- General Capital Reserve
- Dunn Creek Greenway
- Greenway Transportation Pedestrian Access (GTP)
- Street Improvements
- Police Station Renovations

Proprietary Fund

* Enterprise Fund

- Electric Fund
- Water and Sewer
- Electric Capital Reserve

BUDGETS

The Town annual budget is adopted the general, special revenue and enterprise funds. All budgets are prepared using the modified accrual basis of accounting. All appropriations are made at the departmental level. The Town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide comparison with actual expenditures.

ACCOUNTING RECORDS

The Town maintains all its accounting records at the finance office locate at 301 S. Brooks Street, Wake Forest, NC 27587-2901. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger and accounts receivable ledger on the New World System.

SIZE AND COMPLEXITY OF UNIT

Personnel/Payroll

Number of employees:	196
Frequency of payroll:	Weekly
Number of payroll direct deposit advices:	All employees
Number of departments:	11
Number of purchase orders issued:	988

GRANTS, ENTITLEMENTS AND SHARED REVENUE

A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2013 is enclosed with this RFP. Also included is a Summary of Auditor's Results showing the major programs for the prior year.

SUMMARY OF AUDIT COSTS SHEET

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
1 Base Audit					
2 Financial Statement Preparation					
3 Extra Audit Service					
4 Other (list and explain)					
5 Other (list and explain)					
TOTAL	\$	\$	\$	\$	\$

Town of Wake Forest, North Carolina
Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation:					
<i>Highway Planning & Construction</i>	20.205-1	WBS 40924.1.14	\$ 5,000	\$ -	\$ -
<i>Highway Planning & Construction</i>	20.205-1	WBS 41821.1.13	2,364		1,646
<i>Highway Planning & Construction</i>	20.205-1	WBS 41821.1.38	27,485		6,871
<i>Highway Planning & Construction</i>	20.205-1	WBS 41821.1.41	12,477		3,119
<i>Highway Planning & Construction</i>	20.205-1	WBS 42379.1.3	36,436		9,109
<i>Highway Planning & Construction</i>	20.205-7	WBS 46229.1.1	130,216	-	32,554
Total			<u>213,978</u>	<u>-</u>	<u>53,299</u>
<u>U.S. Department of Justice</u>					
Passed through N.C. Department of Public Safety:					
	16.803	-	<u>7,268</u>	<u>-</u>	<u>-</u>
<u>Environmental Protection Agency</u>					
Passed through N.C. Department of Environment and Natural Resources:					
Total assistance - federal programs	66.460	-	<u>50,000</u>	<u>-</u>	<u>15,384</u>
			<u>271,246</u>	<u>-</u>	<u>68,683</u>
STATE GRANT:					
<u>N.C. Department of Transportation</u>					
<i>Powell Bill Fund</i>	N/A	N/A	<u>-</u>	<u>770,703</u>	<u>-</u>
Total assistance			<u>\$ 271,246</u>	<u>\$ 770,703</u>	<u>\$ 68,683</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards

Basis of Presentation - The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Wake Forest and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.