



**REQUEST FOR PROPOSAL
FOR
AUDITING SERVICES**

RESPONSES DUE: JANUARY 14, 2022 by 5pm

County Contact Information:

Samantha Reynolds, Finance Director
sreynolds@hendersoncountync.gov

113 N. Main Street
Hendersonville, NC 28792

HENDERSON COUNTY, NC

The Board of Commissioners of Henderson County (hereinafter called the "County"), 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 County 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 County. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Henderson County, North Carolina.

Type of Audit

1. The audit will encompass a financial and compliance examination of the County's Annual Comprehensive Financial Report (ACFR) 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 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.
2. The scope of the audit and all fee quotes presented should include all approved and know pronouncement through the date of proposal submission. This includes, but is not limited to, the Governmental Accounting Standards Board (GASB) statements and Governmental Auditing Standards. Although some pronouncements will not be in effect until after the first year of the audit, estimates for future years should include pronouncement that will become effective during that contract period. The audit firm will be expected to advise appropriate County 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, discretely presented component units (as applicable) 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, annual

budgeted major and 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.

4. The audit will also include the following:
 - a. Pre-planning conference with Finance staff where both the auditor and Finance staff discuss their expectations of the audit.
 - b. Interim audit work prior to June 30th and/or prior to final close.
 - c. Attendance at the Board of Commissioners meeting in late October for presentation of the financial statements by Manager or Partner of the Audit Staff with comments and potential questions from the Board as requested.
5. The audit should encompass all funds and entity-wide activities as reported in the County's Annual Comprehensive Financial Report (ACFR) at June 30, 2021 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 Board of Commissioners after completion of the audit and assist management in implementing recommendations, as is practical. County staff also request that an informal letter be addressed to the Finance Officer 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 Officer prior to issuance.
7. The County 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 County'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

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.

A planning meeting will be held each year to determine schedules that the County 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.

The Henderson County 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 local government's financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). By accepting this engagement, the Auditor warrants that he/she 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.**

For at least the first year of the contract, the Financial Statement Preparer (with the audit firm) will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the basic financial statements, supplementary information, and compliance reports, with the Finance Director assisting in preparation. The County staff will prepare all standard year-end accruals and other adjusting journal entries. For at least the first year, the Financial Statement Preparer (with the audit firm) will prepare the government wide year-end adjusting journal entries as well as any necessary entries to allocate the state pension balances and post-employment benefits. The County shall designate an individual, the Finance Director, 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 County will initially require the 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 County's Finance Director will prepare the MD&A. A preliminary draft of the audit and required adjusting journal entries must be submitted to the Finance Director by October 15 for proofing and reconciliation to the County's records to allow ample time for review and corrections before it is sent to the Local Government Commission. The County's Finance Director will return the draft to the Financial Statement Preparer with proposed revisions within 10 working days.

Once all issues for discussion are resolved and the auditor provides opinions and compliance reports, the auditor will complete and submit the necessary Single Audit information to the Federal Audit Clearinghouse on behalf of the County.

Meeting LGC deadlines is a high priority for the County. Therefore, Henderson County prefers interim fieldwork be completed in late April or May. Year-end fieldwork should begin by late August and be completed by late September. While many documents can be shared electronically, the County expects that the audit firm staff will be onsite for fieldwork, including manager and partner level staff for at least a portion of the onsite work. **An agreed upon post-closing trial balance must exist by September 30.** 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.

The timing of the draft and review should insure final completion of the Financial Statements by the annual October 31st deadline or no later than the annual grace period of December 1.

The Finance Director is responsible for completing the required data input sheet and the auditor is responsible for electronically submitting the final Audit report/ ACFR as a text-based PDF file to the State & Local Government Financial Division when (or prior to) submitting the final invoice for audit services rendered to the Commission.

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.

Either the manager or partner of the audit staff is required to present and attend the Board of Commissioners' meeting in which the Audit report 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 mid-November following the audit completion.

The auditor should also be available to meet with County Management, upon request.

Twenty (20) bound copies of each audit report, management letter, and other applicable reports as well as two (2) USBs with all documents in PDF format must be supplied to the Finance Director within the time frame cited above. Any other copies required will be charged on an as needed basis in addition to the quoted fee.

Other Services

The auditor will be responsible for preparation of the Henderson County Tourism Development Authority's (a component unit of Henderson County) annual audit, which also requires electronic submission to the Local Government Commission. (Please submit a separate cost estimate for this audit.)

The auditor will prepare, type, and print the audited 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. The timing of this should ensure completion of the report no later than the October 31st deadline.

The auditor will prepare the Federal Data Collections Form and submit to appropriate agencies as required.

The auditor will review the Schedule of Federal and State Awards as prepared by the County.

Audit Contract: Period & Payment of Audit Fees

The County intends to continue the relationship with the auditor for no less than three (3) years starting with fiscal year ending June 30, 2022. Continuation after the first-year contract will be based on an

annual review of the Auditor, recommendation of the department staff, satisfactory negotiation of terms (including price), and availability of an appropriation. 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. After the initial three-year period, an annual extension may be granted by the County based on the above-mentioned criteria and Board of Commissioners concurrence for up to two additional years or until a determination is made to request new proposals. The years identified under this RFP are:

July 1, 2021 to June 30, 2022

July 1, 2022 to June 30, 2023

July 1, 2023 to June 30, 2024

The required current revision of the form "Contract to Audit Accounts" (form LGC-205) is required to be executed as the contract document; however, the auditor and the County may also execute an engagement letter and/or a County contract to include additional terms not addressed in the LGC-205. The entire audit contract package must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC prior to payment by the County. Interim or progress billings for services rendered marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the final audited financial statements to the staff of the Local Government Commission. The final 25% of the Audit fees (final invoice) will be paid when the financial statements, single audit (if applicable), management letter and amended contract (if applicable) have been reviewed or approved by the LGC.

The LGC only approves invoices for audit related work. Requests for payment related to any additional agreed upon procedures or AFIR work do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed and deemed satisfactory by County staff.

Description of Selection Process

Submission of Questions Concerning RFP

After the proposal issue date, all communications between the County and prospective Auditors regarding this RFP shall be in writing. Any inquires, requests for interpretation, technical questions, clarification, or additional information shall be directed to Samantha Reynolds by emailing sreynolds@hendersoncountync.gov. Any questions and responses affecting the scope of the services will be provided to Auditors by issuance of an Addendum which will be posted to the County's website at www.hendersoncountync.gov. This information will also be emailed to all audit firms who have submitted their intent to bid and contact information. All questions shall be received no later than 5:00 P.M. on December 30, 2021.

Bidders may not have communications, verbal or otherwise, concerning this RFP with any County personnel or officials, other than the persons listed in this section.

Potential respondents should email sreynolds@hendersoncountync.gov to acknowledge receipt of the RFP and to inform the County of its intent to respond. Provide the name, title, address, telephone, and email address of the individual who can address inquiries related to this RFP and the respondent's proposal. Please visit the County's website at www.hendersoncountync.gov for updated bid notifications, addenda, and updates.

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 must be submitted in two sections and must be physically signed by an authorized representative of the Audit firm. 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 consist of completed cost estimate sheets. The Selection Committee will evaluate the auditor/firm on educational and technical qualifications. The firm best meeting the County'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 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. Firms must be registered with the North Carolina State Board of CPA Examiners.

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. Percentages indicate the weight applied to each criteria by the Selection Committee.

1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit. (5%)
2. Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit. (5%)
3. Provide a list of the audit firms' local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. (18%)

4. 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. (5%)
5. 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%)
6. 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. (15%)
7. Describe the relevant experience and education with the new GASB reporting requirements, seminars and courses attended within the past three years. Courses in governmental accounting and auditing should be clearly communicated. (5%)
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., Water/Sewer service functions). (10%)
9. 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. (5%)
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference. (10%)
11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures. (5%)
12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements. (3%)
13. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office. (7%)
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. (7%)

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 County will evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

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 costs using the format below for the audit year July 1, 2021 to June 30, 2022. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2022 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. Audit firm 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: please 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

RFP Release Date	<i>December 1, 2021</i>
Deadline for RFP Questions *	<i>December 30, 2021 by 5pm</i>
Questions to be Answered No Later Than	<i>January 7, 2022 by 5pm</i>
Deadline for Receipt of Proposals **	<i>January 14, 2022 by 5pm</i> Henderson County, Finance Department Attn: Samantha Reynolds, Finance Director 113 N. Main Street Hendersonville, NC 28792
Notice of Recommended Firms	<i>January 28, 2022</i>
Board of Commissioners Selection	<i>February 7, 2022</i>

*Any questions should be directed to Samantha Reynolds, Finance Director
sreynolds@hendersoncountync.gov.

** Proposals can either be submitted electronically via email to Samantha Reynolds or on paper. Envelopes containing proposals on paper should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”.

- Please note your email should include two separate pdf attachments for sections 1 and 2
- Envelopes should include Five copies of the bound proposal (clearly separating section 1 and 2)

Henderson County reserves the right to request additional information deemed necessary to aide in the selection process.

The evaluation and selection criteria and process contained in this RFP will be used by the Selection Committee. The Finance Director plans to report the evaluation outcome to the Board of Commissioners and seek the Henderson County Board of Commissioner’s concurrence and authorization to consider entering into an agreement with the selected Prospective Auditing Firm at the February 7, 2022 Commissioners meeting. The County will enter into a contract with the Prospective Auditing Firm that is selected by the Henderson County Board of Commissioners.

Description of the Governmental Entity and Its Accounting System

Reference should be made to the most recent ACFR report for a general overview of the County. A PDF copy of the most recent CAFR/Audit report is located on the County's website see below or by emailing sreynolds@hendersoncountync.gov

www.hendersoncountync.gov

The following organizations will be discretely presented component units in the ACFR:

Henderson County Hospital Corporation
Henderson County Tourism Development Authority

A separate report is issued by the Hospital. The Tourism Development Authority will be performed under a separate audit contract.

Funds

For information on Henderson County funds and financials, the auditor should make reference to Henderson County's audit report for the year ended June 30, 2020, which can be viewed on the County's website at www.hendersoncountync.gov. (Click Departments, Finance, Financial Reports). Previously issued audited financial statements for Henderson County Tourism Development Authority, (a component unit of Henderson County) are available upon request.

Grants, Entitlements, and Shared Revenues

A copy of the Schedule of Federal and State Expenditures and a Summary of Auditor's Results showing the major programs for the year ended June 30, 2020 are available upon request.

Budgets

The County budgets all funds on the modified accrual basis of accounting as required by North Carolina Law. Appropriations are made at the departmental level. The unit also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

Accounting Records

The County maintains all its accounting records at the Finance Department located at 113 N. Main Street, Hendersonville, NC. The County's ERP is Tyler Technologies' MUNIS government software for its financial accounting and reporting functions.

Assistance Available to Auditor

A planning meeting will be held during interim fieldwork each year to determine any schedules or information the County will be responsible for preparing. County personnel will make every effort to perform the necessary accounting procedures and complete agreed up documents no later than dates set each year during the initial planning meeting. Adequate notification will be given prior to any changes in estimated times. The County is aware of and understands the need to provide assistance to the auditor and will make every attempt to meet agreed upon deadlines.

HENDERSON COUNTY 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)
_____ \$ _____
- TOTAL** \$ _____

Firm:	Primary Contact:
Address:	Telephone:
	Fax:
	Email:
Authorized Signature:	
Title	Date:

HENDERSON COUNTY TOURISM DEVELOPMENT AUTHORITY

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)
 _____ \$ _____

- TOTAL** \$ _____

Firm:	Primary Contact:
Address:	Telephone:
	Fax:
	Email:
Authorized Signature:	
Title	Date: