

TOWN OF MILLS RIVER
REQUEST FOR PROPOSAL
For Audit Services for Fiscal Year Ending
June 30, 2024

The Town Council of the Town of Mills River (hereinafter called the “unit”) 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 Mills River 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 Mills River. 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 unit’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 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, each major fund and the aggregate 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.

If 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.

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 Town Council meeting in November or December for presentation of the financial statements by Town staff or Partner of the Audit Staff with comments and potential questions from Council as requested. The Town Council meetings are typically held on the 2nd and 4th Thursdays at 6:30 pm.

5. The audit should encompass all funds and entity-wide activities as reported in the Town's Annual Comprehensive Financial Report (ACFR) on June 30, 2023 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 Council 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 and Town Manager 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 Town Manager prior to issuance. The audit firm is encouraged to discuss the content while the management letter is in draft form to ensure that all parties fully understand the circumstances that lead to auditor comments.

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.

8. Guidance may be requested for all approved GASB standards and implementations, as well as other reporting requirements of the LGC and GFOA Certificate of Achievement for Excellence in Financial Reporting program. These services will be included in the base proposal.

9. Submission of the ACFR and all associated documents and forms to the LGC will be included in the base proposal.

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 subcontractors.

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.

The Town of Mills River audit engagement must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*, 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 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.

Meeting LGC deadlines is a high priority for the Town. Therefore, the Town of Mills River prefers interim fieldwork to be completed in late July or August. 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 ensure final completion of the Financial Statements by the LGC October 31st. If the Town is unable to fulfill any of its commitments, the timeframe will be appropriately extended.

Eight copies of each Audit report/ACFR, management letter, and other applicable reports must be supplied to the Finance Director. In addition, the auditor is responsible for complying with the requirements of the LGC for submitting the audit and all associated documents and forms as required for the year under audit 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 Town Council's meeting in which the Audit report is presented. Required communications to the Council 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/December following the audit completion.

Audit Periods

The unit intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiations after the satisfactory 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.

July 1, 2023 to June 30, 2024

July 1, 2024 to June 30, 2025

July 1, 2025 to June 30, 2026

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 Town may also execute an engagement letter and/or a Town 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 Town. 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 Town staff.

Description of Selection Process

The Town requests that no Town officials be contacted during this proposal process. Submit questions regarding the RFP in writing via email to susan.powell@millsriver.org. Any additional information disclosed to participating audit firms prior to bid submission will be shared with all interested parties.

Proposals will 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 Finance Office staff will evaluate the auditor/firm on educational and technical qualifications. The firm best meeting the Town’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 the 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 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. 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.

1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit.
2. Indicate the number of people (by level) located within the Audit firms local office that will handle the audit.
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.
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. 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 report.
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.
7. Describe the relevant experience and education with GASB reporting requirements, seminars and courses attended within the past three years. Courses in governmental accounting and auditing should be clearly communicated.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions.
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.
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
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.

12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
13. Describe any regulatory action taken by any oversight body against the firm responding to the RFP.
14. Comment on whether your firm has been late filing any audit report for any unit with the NC State Treasurer's Office in the past five years. If yes, please explain why.

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

Your proposal should include the following information:

1. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
2. Tentative schedule for completing the audit within the specified deadlines of the RFP.
3. Type of audit program used (tailor-made, standard government, or standard commercial).
4. Internal control testing methods
5. Use of third-party computer audit specialists
6. Assistance expected from the Town's staff, if other than outlined in the RFP.
7. Specify costs using the format of the summary of Audit Costs Estimate Sheet provided in the RFP. The cost for the audit year ending June 30, 2024 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” total.
 - 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.
 - b. Estimated hours: please categorize estimated hours into the following: Interim - on-site interim work; Year-end - on-site work; and Work performed in the auditor's office.
 - c. Rate per hour.
 - d. Total cost for each category of personnel and for all personnel costs in total.
 - e. Travel – itemize transportation and other travel costs separately.
 - f. Cost of supplies and materials – itemize.
 - g. Other Costs identify and itemize.
 - h. If applicable, note your method of determining increases in audit costs from year to year.

Time Schedule for Awarding the Contract

RFP Release Date	<i>January 2, 2024</i>
Deadline for RFP Questions *	<i>January 10, 2024 by 5:00pm</i>
Questions to be Answered No Later Than	<i>January 17, 2024 by 5:00pm</i>
Deadline for Receipt of Proposals **	<i>February 28, 2024 by 2:00 pm</i> Town of Mills River, Finance Department Attn: Susan Powell, Finance Director susan.powell@millsriver.org
Notice of Recommended Firm	<i>March 8, 2024</i>
Council Approval ***	<i>March 14, 2024</i>

*Any questions should be directed to Susan Powell, Finance Director, by email at susan.powell@millsriver.org

** Proposals are to be submitted by email to susan.powell@millsriver.org by February 28, 2024.

➤ ***Please note your email should include two separate pdf attachments for sections 1 & 2***

*** The Finance Department will review the proposals and make a recommendation to the Town Council on March 14, 2024. Council will award the contract at its March 14, 2024 meeting.

Description of the Governmental Entity and Its Accounting System

A PDF copy of the most recent ACFR/Audit report is located on the Town’s website:

<https://www.millsriver.org/178/Financials>

Funds

The Town of Mills River maintains the following funds:

Governmental Funds

General Fund

Capital Project Funds:

 Parks and Recreation – Shelter/Restroom Building

 Grant Project Fund ARPA

Capital Reserve Funds

 Park Construction or Improvements

 Town Hall Expansion or Replacement

Fines and Forfeitures Fund

Budgets

The Town's annual budget is adopted for the General fund. Multi Year project ordinances are prepared for Capital Project funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for annual budgeted funds and at the project level for the multi-year funds. 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 located at 124 Town Center Dr, Mills River, NC 28759. All accounting journals and subsidiary ledgers are maintained on Tyler Technologies' Incode 10 (ERP Pro 10) software.

Assistance Available to Auditor

The Town has hired and designated a third-party as a person with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. The Town will make available to the auditor sufficient help to pull and re-file records and prepare necessary confirmations. An electronic version of the trial balance with budgeted amounts will be made available. The following accounting procedures will be completed, and documents prepared by the Town's staff no later than September 1.

- The books of account will be fully balanced.
- All subsidiary ledgers will be reconciled to control accounts.
- All bank account reconciliations for each month will be completed.

The Town's personnel will prepare the following items:

General

1. Inquiry access to relevant transactional data and invoice images in financial software.
2. Balance Sheets, Income Statements and Trial Balances for all funds.
3. Detailed General Ledger.
4. Copy of the original budget, all amendments, and the final budget as of June 30, 2024.
5. Copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of board policies, including travel policies, investment policies, debt policies, fund balance policies and purchasing policies including how the pre-audit process is performed.

7. Copies of all Board meeting minutes are available through the Town's website:
<https://codelibrary.amlegal.com/codes/millsriver/latest/overview>.
8. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, letters regarding the audited financial statements and compliance reports for the previous year.

Cash and Investments

1. All bank reconciliations for each month, including lists of deposits in transit and outstanding checks showing check numbers, dates and amounts.
2. Schedule of all investments for all funds for the year.

Receivables

1. Property tax reconciliation for the year.
2. Motor vehicle tax reconciliation for the year, including information from Henderson County and NCVTS.
3. Listing of accounts receivable outstanding at year end.

Other Assets

1. Schedule of insurance coverage.

Capital Assets

1. Depreciation Schedule used for 2023 audit purposes.
2. Schedule of capital asset acquisitions made during the audit year.
3. Schedule of capital asset dispositions made during the audit year.
4. Access to invoices and other documentation for acquisitions and dispositions of capital assets.
5. Copies of lease agreements entered into during the year that qualify for capitalization.

Accounts Payable and Accrued Liabilities

1. Detail listing of year end accounts payable, including summary reconciliation to general ledger accounts.
2. Schedule of accrued payroll.
3. Schedule of compensated absences payable.
4. Schedule of other accrued liabilities such as LGERS, LEO & OPEB.

Debt

1. Debt schedules that include information for each debt issue and related payments.
2. Copies of new debt agreements and related amortization schedules.
3. Computation of compensated absences as of the audit date.

Grants

The following will be compiled for each grant:

1. Grant agreement.
2. Grant Budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. ALN # and/or pass-through grant #.

Financial Applications on Computer System

- General ledger, cash receipts, property tax billing and collection, accounts payable and payroll/human resources

Size and Complexity of Town Personnel/Payroll

Number of employees	20
Frequency of payroll	Bi-weekly with mandatory direct deposit
Number of payroll direct deposit advises monthly	35
Property Tax collected by Town of Mills River	
Total dollar amount of most recent year's collections	\$3,079,674
Total dollar amount of levy	\$1,620,881,053
Purchasing	
Number of purchase orders issued (FY 2023)	5
Bank Accounts	
Central Depository	3
NC Capital Management Trust	2
Other Bank Accounts	1
Project Escrow Accounts	0

SUMMARY OF AUDIT COST SHEET

Fiscal Year Ending June 30, _____

Base Audit	
Includes Personnel costs, travel, and on-site work	\$ _____
Writing Financial Statements	\$ _____
Extra Audit Services	
\$ _____ Per hour	\$ _____
Other (explain)	
_____	\$ _____
<u>TOTAL</u>	<u>\$ _____</u>

PROPOSAL CERTIFICATION

Proposer's
Signature _____ Date _____

By signing above, I certify that I have carefully read and fully understand the information contained in this RFP; and that I have the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted and have the authority to sign this Proposal on behalf of my organization.

BY (Printed) _____

FIRM: _____

ADDRESS: _____

TELEPHONE: _____

E-MAIL: _____