



REQUEST FOR PROPOSAL FOR AUDITING SERVICES

BY

FONTANA REGIONAL LIBRARY

(SERVING SWAIN, JACKSON, AND MACON COUNTIES)

NORTH CAROLINA

Fontana Regional Library - Request For Proposal

The Governing Board of Fontana Regional Library (hereinafter called the “Library”) 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 Fontana Regional Library 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 Fontana Regional Library. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Swain County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the Library’s basic financial statements, supplementary information and compliance reports in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*, 2011 version; 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 published in *Federal Register*; the State Single Audit Implementation Act; and all other applicable laws and regulations.

Period

The Library intends to continue the relationship with the auditor for no less than three years on the basis of 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 one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. Fontana Regional Library 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, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Submission Details

Responses to this solicitation must be submitted in two (2) copies and in a sealed envelope bearing the name of the firm or individual, and be clearly marked "RESPONSE TO RFP FOR AUDIT SERVICES." The Library must receive these responses by **Wednesday, March 1, 2017.** Address your submittal to:

Fontana Regional Library
Attn: Deb Lawley
33 Fryemont St.
Bryson City, NC 28713

All submittals must be valid for ninety (90) days from closing date but the contract is expected to be awarded in March 2017. Submissions received after the specified time will be considered late and returned unopened.

The Library reserves the right to reject any and all submittals or to waive any minor irregularities in the process. The Library further reserves the right to seek new proposals when it is in the best interest of the Library.

Inquiries

Clarifications of terms and conditions of the Request for Proposals process shall be directed to Deb Lawley, Finance Officer at the following email address:

dlawley@fontanalib.org

Inquiries will be accepted until 2:00 p.m. on Wednesday, February 22, 2017.

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, 2011 version, 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 scope of the audit and cost presented should include all approved GASB pronouncements. Although some pronouncements may not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during the contract period. The Library will require the auditor's assistance to comply with these reporting requirements, relevant to implementation and format and content of statements and footnote disclosures. These services must be included in the base bid.

The Auditor will assist the Library to prepare most year-end adjusting journal entries. The Library accepts responsibility for authorizing and recording the adjusting entries. The auditor will be responsible for the preparation, typing, proofing, printing, and copying of the Basic

Financial Statement, supplementary information and compliance reports. The Fontana Regional Library Finance Officer will be actively involved in the Management Discussion and Analysis (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 Fontana Regional Library 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.**

The Finance Officer should to be updated on any concerns and requests for additional information during the audit assignment. In order to expedite the audit process, the Library requests that the audit team make a detailed and comprehensive request for information that will need to be compiled or PBC schedules to complete at least three weeks in advance of fieldwork visit(s). Understandably the need for additional information may surface during the audit process, but such advance planning and communication allows for work to be completed in and around staff schedules and absences and greatly facilitates completion of the engagement.

The audit must be completed and reports rendered four months following the fiscal year end (October 31).

A preliminary draft of the audit and required journal entries must be submitted to the Finance Officer by October 1 for proofing and reconciliation to the Library's records. Revisions will be returned within 10 days.

The auditor will prepare, type, and print the audited financial statements. Fourteen copies and an electronic copy in PDF format 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 two 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, of the Library's single purpose fund, which constitutes the basic financial statements. The 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 basis financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the single purpose fund. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the

work and an amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

Audit Contract & Payment of Audit Fees

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff prior to processing by the Library. 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 Finance Office staff may periodically request the Auditor's advice on accounting procedures and/or seek guidance on the completion of certain schedules/documents to assure that financial information is determined correctly and reported properly.

The Auditor will attend one Governing Board meeting in November for presentation of the audit results.

Guidance will be required for new note disclosures, all approved GASBs as well as GASB implementations, and other reporting requirements. These services will be included in the base bid.

Description of Selection Process

Two copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding 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 Library will evaluate the auditor/firm on educational and technical qualifications. The accepted firms from the first section will have their second section opened and evaluated. The firm best meeting Fontana Regional Library'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. The lowest bid will not automatically be awarded preferential consideration.

Fontana Regional Library requests that no Fontana Regional Library officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

The Library 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 Library.

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, 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), 2011 version. 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 Library 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 Library’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, 2016 to June 30, 2017. For the two audit years that follow, list the estimated costs. The cost for the audit year ending June 30, 2017 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 mailed by **January 13, 2017**, available on the Library website, and by request.

Proposals (2 copies) signed by authorized officials must be received by **March 1, 2017** at the Fontana Regional Library located at 33 Fryemont Street, Bryson City, NC 28713, and should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”. The Finance Officer and Regional Director will review the proposals and make a recommendation to the Governing Board on **March 14, 2017** at which time the contract will be awarded.

Description of the Governmental Entity and Its Accounting System

Entity

Fontana Regional Library is a regional library system in North Carolina serving Jackson, Macon and Swain Counties. The Library has no tax levying authority. Based on the criteria set forth in GASB Statement 14, there are no other entities to be included in the audit. The Library does not prepare a Comprehensive Annual Financial Report (CAFR).

Funds

Fontana Regional Library is not engaged in business-type activities and maintains the following governmental funds:

- General Fund
- Restricted Fund for New Library

Budgeted revenues are estimated at \$3.3 million in FY 2016/2017.

Grants, Entitlements, and Shared Revenues

Budgeted state and federal grants are estimated at \$432,000 in FY 2016/2017.

Pension Plan

Fontana Regional Library participates in the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina.

Budgets

The Library budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level. The Library 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

Fontana Regional Library maintains all its accounting records at the finance office located at 33 Fryemont Street, Bryson City, NC 28713. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts payable ledger on a Windows based system. The software is Accounting CS from Thomson Reuters.

Assistance Available to Auditor

The Library will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available at a mutually agreed upon time in order to meet the deadlines specified in the

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RFP. The audit team can expect that the Library will pull and/or prepare all financial information as required for testing, compliance and that is needed for the firm to be able to complete the audit engagement and successfully prepare the financial statements. Auditors can expect that the books will be completely balanced and all bank account reconciliations will be complete such that auditor adjusting entries to the financial records of the unit will be minimal, with the exception of any entries needed for financial statement presentation only, which will be the responsibility of the audit team.

Size and Complexity of Unit

Personnel/Payroll

Number of employees	72
Frequency of payroll	monthly
Number of payroll direct deposit advises	all employees

Purchasing

Number of invoices/purchase orders paid	110/month
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Bank Accounts

Number of bank accounts	2
Average monthly activity in main accounts	
Number of deposits (Central Depository)	55/month
Number of checks:	
Central Depository	130/month
Payroll (direct deposit)	72

Management Information Systems:

Number of PCs on the premises	250
(PC are used by both public and staff)	
Number of employed programmers capable of modifying the operating system and the applications programs	0

The following financial applications are on the computer system:

- General Ledger
- Accounts Payable
- Payroll

SUMMARY OF AUDIT COSTS SHEET

Name of Firm:

Contact Name:

Phone:

Email:

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 PROPOSAL YEAR ONE \$ _____