



TWO PART REQUEST FOR PROPOSAL FOR AUDITING SERVICES

BY

THE CITY OF MONROE TOURISM DEVELOPMENT AUTHORITY

REQUEST FOR PROPOSAL

The City of Monroe Tourism Development Authority (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 unit 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 unit. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Union County, North Carolina.

Type of Audit

The audit will encompass a financial examination of the unit’s basic financial statements and required supplementary information 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 audit will be in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions and all other applicable laws and regulations.

Period

The unit intends to continue the relationship with the auditor for no less than five 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. A five year agreement will allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain “startup” costs over several years, rather than over a single year. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The unit 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, 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

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions issued by the Comptroller General of the United States, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

The auditor will be ultimately responsible for the preparation, typing, and proofing, of the Basic Financial Statements (including notes to the financial statements) and required supplementary information. The City of Monroe's Finance staff will prepare the MD&A. The auditor will submit a draft of the Financial Statements to be reviewed in detail by the City's Finance staff. This draft should be submitted to the City's finance department 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 unit prefers year-end fieldwork begin in late August and be completed by September 15th. **An agreed upon post-closing trial balance must exist by September 30th.** The City's Finance Department 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.

Auditor shall provide fiscal year 2013 financial statements no later than May 31, 2014, demonstrating that the Auditor has successfully mapped and replicated the unit's 2013 financial statements from the provided trial balances.

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 City's Assistant Finance Director by October 10th for proofing and reconciliation to the unit's records.

A copy of the audit report, management letter, and other applicable reports must be supplied to the City's Assistant Finance Director within the time frame cited above. In addition, the auditor is responsible for submitting the required 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 and the major fund which collectively constitutes the basic financial statements. 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 City. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

Other Services

The auditor will prepare and type the audited financial statements. The auditor will submit a draft for review by the City's Finance Director and Finance Department staff. The Finance Director will return the draft with proposed revisions within 10 working days.

The City's Finance Department will prepare the Local Government Commission Data Input Worksheet for the unit.

The auditor will prepare and provide 20 copies of the assembled financial statements and audit report.

Description of Selection Process

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 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 City's Finance Department 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 City'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 unit requests that no City officials be contacted during this process. The Assistant Finance Director may be contacted only to clarify questions concerning the RFP.

The unit 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 unit.

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.
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 the American Institute of Certified Public Accountants (AICPA). 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.
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.
8. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
9. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2011 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.

12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

NOTE: FEES SHOULD NOT BE INCLUDED IN THIS SECTION OF THE PROPOSAL.

Second Section

Proposals should include completed cost estimate sheets and any other necessary cost information in a *separate, sealed* envelope marked – “Cost Estimate.” The unit 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 unit’s staff, if other than outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Specify costs using the format below for the audit year July 1, 2013 to June 30, 2014. For the four audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2014 is binding, while the second through fifth 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

9. Please list any other information the firm may wish to provide.

10. 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 **March 5, 2014**.

Please acknowledge the receipt of this request for proposal and your intent to respond with a proposal by **March 26, 2014**.

Proposals signed by authorized officials will be received by Lisa Strickland, Assistant Finance Director at P.O. Box 69, Monroe, NC 28111 until **March 26, 2014** at 2:00 p.m. Envelopes containing proposals should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”. Email or faxed submissions will not be accepted. The Finance Department will review the proposals and make a recommendation to the Tourism Development Authority on **April 10, 2014**, at which time the contract will be awarded.

Any questions should be directed to Lisa Strickland, Assistant Finance Director, at 704-282-4534. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal. Please call Lisa Strickland, Assistant Finance Director at 704-282-4534 to schedule an appointment.

Description of the Governmental Entity and Its Accounting System

Entity

The City of Monroe Tourism Development Authority is a component unit of the City of Monroe, North Carolina. The unit is a public authority operating under The Local Government Budget and Fiscal Control Act. The Authority’s purpose is to further the development of travel, tourism, and conventions in the City of Monroe through advertising and promotions. The Authority is funded by a specific allocation of a city wide occupancy tax authorized by Senate Bill 92, 2001-439 Session of the North Carolina General Assembly.

Funds

The unit maintains the following fund:

Governmental Fund
General Fund

Budgeted occupancy tax revenues are estimated at \$310,400 in FY 2013/2014.

Budgets

The unit's budget is prepared on the modified accrual basis of accounting as is required by North Carolina law.

Accounting Records

The unit maintains all its accounting records in the City's finance department located at 300 W. Crowell Street, Monroe, NC 28112. The governmental unit maintains its general ledger on the Sungard – HTE software system.

Assistance Available to Auditor

The unit 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 via Excel in mid to late August. The following accounting procedures will be completed and documents prepared by the unit's staff by mid to late August.

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 unit's personnel will prepare the items in the "Prepared by Client" (PBC) list in Appendix A.

Size and Complexity of Unit

Occupancy Tax

Occupancy Tax Collections for FY13 \$334,744

Bank Accounts

The Monroe Tourism Development Authority maintains a checking account with BB&T.

Contact information:

Name: Lisa Strickland
Title: Assistant Finance Director
City of Monroe, North Carolina
Address: P.O. Box 69
City, NC Zip: Monroe, NC 28111

Phone: 704-282-4534

Email: lstrickland@monroenc.org

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit Includes Personnel costs, travel, and on-site work	\$ _____
2. Financial Statement Preparation	\$ _____
3. Extra Audit Service \$ _____ per hour	\$ _____
4. Other (explain) _____	\$ _____
5. Other (explain) _____	\$ _____
<u>TOTAL</u>	\$ _____

APPENDIX A

Prepared by Client (PBC) List

Bank Account Reconciliation

LGC 203 Reports for 12/31 and 6/30

INV-91 Forms for 6/30

Occupancy Tax Receivable Reconciliation

Ending Inventory

Prepaid Expense Reconciliation

Miscellaneous Accounts Payable Reconciliation

Accounts Payable/Accruals Reconciliation

Occupancy Tax Reconciliation

Listing of Outstanding Encumbrances at Year-End

Calculation of Net Position Restricted- Stabilization by State Statute

Listing of Board Members

Electronic copies of Minutes of Board Meetings