



Martin County Board of Education

Request for Proposal

For

Professional Auditing Services

January 12, 2023

300 N. Watts Street
Williamston, NC 27892

REQUEST FOR PROPOSAL

The Martin County Board of Education (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 Martin County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the unit'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, 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.

In addition, per the unit's policy, parent organizations or booster clubs must also be audited. Currently there are nine (9) such organizations affiliated with the unit. While not a part of the financial statements, it is expected that a final report for each organization will be provided to the Chief Finance Officer (CFO).

Period

The unit intends to continue the relationship with the auditor for no less than three (3) years based on 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. 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, 2022 to June 30, 2023

July 1, 2023 to June 30, 2024

July 1, 2024 to June 30, 2025

Requirements:

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, July 2018 revisions issued by the Comptroller General of the United States; the US Office of Management & Budget's Uniform Guidance, the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

The auditor will prepare most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information and compliance reports. The unit's CFO will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statements to be reviewed in detail by the CFO. This draft should be submitted to the unit 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 interim fieldwork be completed in early to mid-May. Year-end fieldwork should begin in August and be completed by September 25th with an agreed-upon post-closing trial balance by September 30th.

The CFO expects a listing of requested information at least 2 weeks prior to any fieldwork visits. Additionally, it is expected that the CFO will be updated on any concerns and requests for additional information throughout the audit assignment.

One (1) electronic copy & 12 hard copies of each audit report, management letter, and other applicable reports must be supplied to the CFO within the time frame cited above. In addition, the auditor is responsible for timely submission to the Local Government Commission (LGC) and the Federal Audit Clearinghouse. 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, 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 also 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 (3) 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 staff of the LGC must approve the audit contract. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the school unit. If grant funds will be used to pay for the audit, the grant agreement may require the Grantor Agency's approval before the invoice may be paid. 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 LGC and their approval of the audited financial statements.

Description of Selection Process

Three (3) copies of each section of the proposal, either paper or electronic, should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract."

Proposals will be submitted in two (2) sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The review committee 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 unit'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 Martin County Schools officials be contacted during this process. The CFO 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 school 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 highlighting local boards of education, 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 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.

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 three (3) current and prior governmental audit clients, with at least one being a local board of education, 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 2018 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 audit firm 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 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. Use of automated processes and internal control testing methods.
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, 2022 to June 30, 2023. For the following two audit years that follow, list the estimated costs. The cost for the audit year ending June 30, 2023 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

Proposals signed by authorized officials should be submitted by **12:00PM on Friday, January 27, 2023** to:

Candy Tilley, CFO
Martin County Schools
300 N. Watts St.
Williamston, NC 27892
mcsbid@martin.k12.nc.us

Proposals may be emailed but must be emailed as two separate documents clearly noting which attachment is for Section 1 and which attachment is for Section 2 (email to: mcsbid@martin.k12.nc.us)

Envelopes and emails containing proposals should be clearly identified with the words "RESPONSE TO RFP FOR AUDIT SERVICES". The review committee will review the proposals and make a recommendation to the Board of Education on **February 6, 2023** at which time the contract will be awarded.

Any questions regarding this RFP should be directed to Candy Tilley, CFO, at ctilley@martin.k12.nc.us.

Description of the Governmental Entity and Its Accounting System Entity

Martin County Board of Education is a public school system in North Carolina with approximately 2500 students and 500 employees. The school system is comprised of nine individual schools: five elementary schools (one for grades K-2, one for grades 3-5, and three for grades K-5), two middle schools (grades 6-8), and two high schools (grades 9-12). The entity operates one enterprise fund (School Food Service Fund).

Funds

The Martin County Board of Education maintains the following funds:

Governmental Funds

- General Fund
- State Public School Fund
- Individual Schools Fund
- Capital Outlay Fund
- Other Special Revenue Fund
- Federal Grants Fund

Proprietary Funds

- Enterprise Fund:
 - School Food Service Fund

Budgets

The unit budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the purpose code 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 unit maintains all of its accounting records at the finance office located at 300 N. Watts Street, Williamston, NC 27892. The financial software currently used is Serenic. However, the unit will be converting to LINQ in April 2023.

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 at a mutually agreed upon time in order to meet the deadlines of this RFP. Auditors can expect that the books will be balanced and all bank reconciliations completed such that auditor adjusting entries will be minimal, if necessary, excluding entries for financial statement presentation only which will be the responsibility of the audit team.

Contact information:

Candy W. Tilley, Chief Finance Officer
Martin County Board of Education
300 N. Watts Street
Williamston, NC 27892

Phone: 252-792-1575
Email: ctilley@martin.k12.nc.us

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit (Includes personnel costs, travel & on-site work)	\$ _____
2. Financial Statement Preparation	\$ _____
3. Extra Audit Service (\$_____ per hour)	\$ _____
4. Other (explain)	\$ _____
TOTAL	\$ _____