

**TOWN OF HOLDEN BEACH
110 Rothschild Street
Holden Beach, NC 28462**

Request for Proposal for Audit Services - Due by 5:00 p.m. on January 18, 2023

The Town of Holden Beach (hereinafter called “Town”) 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 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 in this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the Town. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Brunswick County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the Town’s Financial 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 and all applicable laws and regulations.

Period

The Town intends to continue the relationship with the auditor for three (3) 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. The Town 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 – June 30, 2023

July 1, 2023 – June 30, 2024

July 1, 2024 – June 20, 2025

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; Office of Management and Budget Uniform Guidance; 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 Auditor will prepare the entries to convert from fund to government-wide statements and other year-end adjusting journal entries as needed. The Auditor will be responsible for the preparation, typing, proofing, printing and copying of the CAFR. The Town Finance Director will prepare the statistical section of the Management Discussion & Analysis. The auditor will submit a draft of the CAFR to be reviewed in detail by the Finance Director. This draft should be submitted to the Town in time to allow for ample review and corrections. The timing of this should ensure final completion of the CAFR no later than the annual October 31st deadline.

The Town prefers interim fieldwork to be completed in May or early June. Year-end fieldwork should begin in August and be completed by early October. The Finance Director will expect a listing of requested information needed for the audit at the preplanning conference by June 15th.

The audit should be completed and reports rendered four (4) months following the fiscal year end (October 31st) unless otherwise stated by the Local Government Commission (LGC). Twenty (20) bound copies and one (1) flash drive of each CAFR, compliance report, management letter and other applicable reports must be supplied to the Finance Director within the timeframe cited above.

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 no less than three (3) years from the date of the audit report.

The auditors will be available to meet with Town staff and management as necessary to discuss the audit process or any issues related to the audit.

The auditors will be available to present the CAFR to the Board of Commissioners at a scheduled meeting in either December or the following January of each year.

In the event 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 and Payment of Audit Fees

The audit contract must be approved by the staff of the LGC. Invoices are subject to approval by the LGC staff. 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

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 Town will evaluate the auditor/firm on experience, educational and technical qualifications. The second section will be comprised of the firm's technical approach and cost. 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 A SOLE DETERMINING FACTOR. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION

The Town reserves the right to reject any and all proposals, 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.

First Section – Firm's Prior Experience and Qualifications of Personnel

The first section should address the information requested below. The corresponding responses should begin with the number of 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 AICPA-sponsored or comparable quality control programs (peer review).
5. Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on the job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be onsite.

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)
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, telephone numbers and email addresses of personnel of current and prior audit clients who may be contacted for a reference.
10. Describe how the firm meets professional independence standards.
11. 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 other necessary cost information in a separate, sealed envelope marked "Cost Estimate". The Town plans to evaluate qualifications of all firms submitting proposals before considering the Cost Estimate.

Specify costs using the format below (items 8, 9 & 10) for the audit year July 1, 2022 to June 30, 2023. For the two audit years which 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. The scope of audit and cost presented should include all approved pronouncements at the date of this mailing. 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 the contract period. The Town may require the Auditor's assistance to comply with these reporting requirements.

The second section should consist of the requested information below. The corresponding responses should begin with the number of the requested information.

1. Explanation of the type of audit program used (tailor-made, standard government or standard commercial).
2. Explanation of the use of statistical sampling.
3. Explanation of the use (if any) 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 government'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 Summary of Audit Costs Sheet on page 10 for each of the three (3) audit years. Cost estimates must indicate the basis for charges and whether the amount is a "not-to-exceed" amount.
9. Explanation of additional charges outside of the original scope of work.
10. If applicable, note the firm's method of determining increases in audit costs on a year-to-year basis.
11. Please list any other information the firm may wish to provide.
12. Please include the Summary of Audit Costs Sheets with your proposal.

Time Schedule for Awarding the Contract

Responses to the RFP must be received by 5:00 p.m. on January 18, 2023. Three (3) copies of each section of the bid (see below) should be mailed in a sealed envelope bearing the name of the firm or individual submitting it and be clearly marked "Response to RFP for Audit Services". Responses should be submitted to:

Town of Holden Beach
David Hewett, Town Manager
110 Rothschild Street
Holden Beach, NC 28462

All submittals must be valid for 90 days from the opening date, but the contract is expected to be awarded in February 2023. Submissions received after the specified time will be considered late and will not be considered.

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

Proposals signed by authorized individuals will be received by David Hewett, Town Manager at 110 Rothschild Street, Holden Beach, NC 28462 until January 18, 2023 at 5:00 p.m. The Audit Committee will review the proposals and makes a recommendation to the Board of Commissioners. The contract will be awarded no later than March 21, 2023.

Inquires

Any questions should be directed to:

David Hewett, Town Manager
david.hewett@hbtownhall.com

TOWN INFORMATION

Description

The Town of Holden Beach is a town in North Carolina with a population of approximately 600. It has 29 fulltime employees. It operates a water and sewer, general fund and two special revenue funds.

Accounting Records

The Town maintains all of its accounting records at the Finance Office located at 110 Rothschild Street, Holden Beach, NC 28462. The Town's financial system is Microfund by Harris.

Funds

The Town maintains the following funds:

1. General
2. Water & Sewer
3. Canal Dredging
4. Beach Parks Access Recreation & Tourism
5. Beach & Inlet Capital Reserve Fund

Budgets

The Town budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the levels disclosed in the CAFR. The Town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system.

Assistance Available to the Auditor

The Town will make available to the auditor sufficient help to pull and refile records and prepare and mail all necessary confirmations.

The Town's personnel will prepare the following items:

- Trial balance
- Detailed General Ledger
- A copy of the original budget, all amendments and the final budget as of June 30th
- All bank reconciliations for each month
- List of outstanding checks, showing check number, payee, date and amount
- Schedule of all investments for all funds at the audit date
- Schedule of capital asset acquisitions, disposals and depreciation
- Schedule of accounts payable
- Computation of vested vacation payable and sick leave as of the audit date
- Debt schedule for each debt issue and related payments
- General information as requested

***** SPECIAL CONDITIONS – Other Services**

In addition to performing an audit for the Town, the Auditor must also agree to complete and submit the Town's Annual Financial Information Report (AFIR) for each year of the three-year period. Please include the cost of the AFIR preparation on the Summary of Audit Costs Sheet.

**TOWN OF HOLDEN BEACH
SUMMARY OF COSTS SHEET**

AUDIT FIRM NAME:

FY 2022 – 2023

1. Base Audit	\$ _____
2. Financial Statement Preparation (includes cost of printing 20 bound copies)	\$ _____
3. AFIR	\$ _____
4. Other (use additional pages to explain, if necessary)	\$ _____
Total	\$ _____

FY 2023 – 2024

5. Base Audit	\$ _____
6. Financial Statement Preparation (includes cost of printing 20 bound copies)	\$ _____
7. AFIR	\$ _____
8. Other (use additional pages to explain, if necessary)	\$ _____
Total	\$ _____

FY 2024 – 2025

9. Base Audit	\$ _____
10. Financial Statement Preparation (includes cost of printing 20 bound copies)	\$ _____
11. AFIR	\$ _____
12. Other (use additional pages to explain, if necessary)	\$ _____
Total	\$ _____