



INTENT TO SUBMIT PROPOSAL

PROJECT: **AUDITING SERVICES**

ISSUING DEPARTMENT: Orange County Schools
Finance Department
200 E. King Street
Hillsborough, NC 27278

Proposals will be accepted until 3:00 PM EST December 17, 2015. All proposals must be addressed directly to Donna Brinkley, Orange County Schools, Chief Finance Officer at the Board of Education Offices, 200 East King Street, Hillsborough, NC 27278.

Do you plan on bidding this project?

Yes No

You are requested to express your intent to bid by e-mailing this page to Ms. Brinkley at: Donna.brinkley@orange.k12.nc.us no later than 5:00 PM, EST, Friday, December 4, 2015.

Name of Audit Firm

Mailing Address

City, State, Zip

Contact Name

Authorized Signature

Contact Phone Number

Printed Name

Contact Email

Date



REQUEST FOR PROPOSAL

Orange County Schools (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 Orange County Schools 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 Orange County Schools. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Orange 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 2011 revisions; 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* June 27, 2003 and June 26, 2007; the State Single Audit Implementation Act; and all other applicable laws and regulations.

Orange County Schools maintains the following funds:

- Local Current Expense Fund
- State Public School Fund
- Individual Schools Fund
- Capital Outlay Fund
- Other Special Revenue Fund
- Federal Grants Fund
- Scholarship Fund

Enterprise Funds:

- Schools Food Service Fund
- Child Care Fund



Period

Orange County Schools 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. Orange County Schools 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, 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; Office of Management and Budget Circular No.A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; including revisions published in *Federal Register* June 27, 2003 and June 26, 2007; 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 most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and compliance reports. The Orange County Schools Chief Finance Officer will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statement to be reviewed in detail by the Chief Finance Officer. This draft should be submitted to the Orange County Schools Chief Finance Officer in time to allow ample review and corrections. **Final completion of the Financial Statements shall occur no later than the annual October 31st deadline.**

Orange County Schools prefers interim fieldwork be completed in early April. Year-end fieldwork should begin in mid September and be completed by October 15th. **An agreed upon post-closing trial balance must exist by September 30th.** The Chief 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 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 Chief Finance Officer by October 1 for proofing and reconciliation to the unit's records.

Fifteen copies of each audit report, management letter, and other applicable reports must be supplied to the Chief 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 auditor will be available, on site, to review the completed financial statements with the Orange County School Board of Education at the regularly scheduled meeting prior to October 31 of each year of the contract period.

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the financial statements of the aggregate discretely presented component units, 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 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 and the appropriate Grantor Agency, if applicable, prior to processing by the school administrative unit. 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, type, and print the audited financial statements (or Comprehensive Annual Financial Report – if applicable). The auditor will submit a draft for review by the Chief Finance Officer. The Chief Finance Officer will return the draft with proposed revisions within 10 working days.

In addition, the audit firm must:

1. Provide assistance to management’s efforts to obtain the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting.
2. Perform an annual audit of three high school and three middle school athletic and school funds to be completed in early June.
3. Perform an annual audit of seven elementary school funds to be completed in early July.
4. Ensure that a firm Partner, preferably the partner in charge of the engagement, is onsite, at the Central Office, for all of the interim and final field work.
5. Be currently engaged as external auditors for a minimum of five school systems in North Carolina.

The partner will meet with the Chief Finance Officer prior to and following completion of the audit to discuss procedures, suggestions, and pertinent information in order to facilitate continued improvement for Orange County Schools.

The auditor will be available during normal business hours and at no additional cost to discuss audit and recordkeeping issues that may arise during the normal course of business.

Description of Selection Process

Three 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 that are described below. The first section will be comprised of the audit firm’s prior experience and qualifications of its personnel in performing governmental audits. Orange County Schools will evaluate the auditor/firm on educational and technical qualifications. The top three firms from the first section will have their second section opened and evaluated. The firm best meeting Orange County Schools expectations for experience, audit approach, and cost requirements will be selected.



Cost, while important, will not solely constitute the basis of award. The District will evaluate each proposal carefully and will make an award recommendation for the firm whose overall proposal is deemed to serve the District's best interest.

Orange County Schools requests that no employee of Orange County Schools or Board of Education be contacted during this process.

Potential proposers should submit any clarifying questions to the Chief Finance Officer in writing via the E-mail address provided herein no later than 12:00 noon EST, Tuesday, December 8, 2015. Answers will be posted to the District's website no later than 10:00 AM EST, Friday, December 11, 2015.

Orange County Schools 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 administrative 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 conduct 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 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.
13. Proposers should also include a sample contract, in substantively the same form as that the School System would be asked to sign in the event your firm was selected for this engagement.



Second Section

Proposals shall include completed cost estimate sheets and any other necessary cost information in a *separate, sealed* envelope marked – “Cost Estimate.” The School Administrative 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 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. Use of internal audit staff (if applicable).
9. Specify costs using the format below for the audit year July 1, 2015 to June 30, 2016. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2016 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

No later than 5:00 PM EST, Friday, December 4, 2015 you are asked to acknowledge the receipt of this request and to announce your intent to respond with a proposal by E-mailing the “Intent to Submit Proposal” form included in this solicitation.

Potential proposers should submit any clarifying questions to the Chief Finance Officer in writing via the E-mail address provided herein no later than 12:00 noon EST, Tuesday, December 8, 2015. Answers will be posted to the District’s website no later than 10:00 AM EST, Friday, December 11, 2015.

Proposals signed by authorized officials will be received until 3:00 PM EST, Thursday, December 17, 2015 at the Board of Education Offices, 200 E. King Street, Hillsborough, NC 27278. Envelopes containing proposals should be addressed to Ms. Donna Brinkley at the referenced address and clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”. Following a thorough review of all proposals, the Chief Finance Officer will present a recommendation to the Orange County Board of Education. An approved contract is anticipated in early-January 2016.

The School System reserves the right to accept or reject any and all proposals at their sole discretion.



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>	\$ _____

Name of Audit Firm

Mailing Address

City, State, Zip

Contact Name

Authorized Signature

Contact Phone Number

Printed Name

Contact Email

Date