



Cleveland County  
311 E. Marion Street ~ Shelby, NC 28150  
(704) 484-4900

<http://www.clevelandcounty.com>

**REQUEST FOR PROPOSAL  
FOR AUDITING SERVICES**

**CLEVELAND COUNTY  
REQUEST FOR PROPOSAL  
FOR  
AUDIT SERVICES**

1. GENERAL INFORMATION AND REQUIREMENTS

Release Date	<i>Monday, October 23, 2017</i>
Optional Preproposal Conference Call or Meeting No Later Than*	<i>Friday, January 19, 2018 by 5:00 PM</i>
Deadline for Questions	<i>Friday, January 26, 2018 by 5:00 PM</i>
Questions to be Answered	<i>Friday, February 2, 2018 by 5:00 PM</i>
Deadline for Receipt of Proposals	<i>Wednesday, March 14, 2018 by 5:00 PM</i> Cleveland County Finance & Purchasing Department Post Office Box 1210 Shelby, North Carolina 28151
Notice of Recommended Firm	Friday, March 16, 2018
Board Approval	Tuesday, March 20, 2018

\* To set up conference call or onsite meeting please contact Lucas Jackson, Assistant Finance Director at [Lucas.Jackson@clevelandcounty.com](mailto:Lucas.Jackson@clevelandcounty.com).

1.1 Invitation to Bid

The Board of Commissioners of Cleveland County, North Carolina (hereinafter called the "County") invites qualified independent Firms (hereinafter called "Firm") 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.

Submit your proposal using the format as specified in Section 5 of this RFP no later than **5:00 PM Wednesday, March 14, 2018** to the following address:

Cleveland County Finance & Purchasing Department  
Attn: Kim Lester, Purchasing Specialist  
311 E. Marion St.  
Shelby, North Carolina 28150

OR

Submit your proposal by email to: [Kim.Lester@clevelandcounty.com](mailto:Kim.Lester@clevelandcounty.com)

Proposals will be evaluated and Firms will be notified by **March 16, 2018** of the staff's recommendation of award. It is anticipated that award of contract will be made at the Cleveland County Commissioners Meeting scheduled for **March 20, 2018**.

## 1.2 Scope of Work

The audit will encompass a financial and compliance examination of the unit's Comprehensive Annual Financial Report (CAFR) 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 *Title 2 U.S. Code of Federal Regulations 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.

## 1.3 Contract Period

The unit intends to continue the relationship with the Firm for no less than seven (7) years on the basis of annual negotiation after the completion of the first year contract. The remaining years of the agreement are subject to annual County approval. Each year after negotiation has taken place, an annual agreement letter documenting the terms of the audit will be signed. Cleveland County 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, 2017 to June 30, 2018  
July 1, 2018 to June 30, 2019  
July 1, 2019 to June 30, 2020  
July 1, 2020 to June 30, 2021  
July 1, 2021 to June 30, 2022  
July 1, 2022 to June 30, 2023  
July 1, 2023 to June 30, 2024

## 1.4 Proposals

Any proposals received after the scheduled time for receipt of proposals will not be accepted or considered. The Board of County Commissioners reserves the right to accept or reject any or all proposals and to make the award which will be in the best interest of the County.

#### 1.5 Submission of Questions Concerning RFP

After the proposal issue date, all communications between the County and prospective Bidders regarding this RFP shall be in writing. Any inquires, requests for interpretation, technical questions, clarification, or additional information shall be directed to **Lucas Jackson (Asst. Finance Director) and/or Brian Epley (Finance Director)** by emailing [lucas.jackson@clevelandcounty.com](mailto:lucas.jackson@clevelandcounty.com) and [brian.epley@clevelandcounty.com](mailto:brian.epley@clevelandcounty.com) or faxing 704-480-5496. All questions concerning this RFP shall reference the section number and paragraph. **All questions shall be received no later than 5:00 P.M., EST, Friday, February 2, 2018.**

Bidders may not have communications, verbal or otherwise, concerning this RFP with any personnel or boards from Cleveland County, other than the person listed in this section. If any bidder attempts or completes any unauthorized communication, the County will reject the Bidder's proposal.

All firms who intend to submit a proposal for this request should send an email to [kim.lester@clevelandcounty.com](mailto:kim.lester@clevelandcounty.com) including pertinent contact information. This will ensure that you receive all addenda issued for this RFP.

#### 1.6 Authorized Signature

Please be advised that the person signing the proposal must be authorized by the organization to contractually bind the firm with regard to prices and related contractual obligations for the performance of the requested services. **Proposals not signed will be rejected.**

#### 1.7 Cost of Preparation

Costs incurred by the firm in preparation of the response to this Request for Proposals are the responsibility of the responding firm and will not be reimbursed by the County.

#### 1.8 Award of RFP

A review committee will evaluate proposals and recommend award to the firm which, in the opinion of the County best meets the experience, audit approach, and cost requirements. Cleveland County reserves the right to accept or reject any or all proposals, to waive any non-material irregularities or informalities in any RFP, to accept or reject any item or combination of items, and to make the award which will be in the best interest of the County.

## 1.9 Contract Document

The required current revision of the form “Contract to Audit Accounts” (form LGC-205) will serve as the contract document with the RFP package and the successful Firm’s proposal being incorporated by reference in item 16 of the form.

## 1.10 Indemnity

Firm shall indemnify and hold County, its officers, officials, agents, and employees harmless against any and all claims, demands, causes of action or other liability, including attorney fees, on account of Contract, or personal injuries, or death, or on account of property damages arising out of or relating to the work or services to be performed by Firm hereunder, resulting from the negligence of or the willful act or omission of Firm, its agents, employees and subcontractors.

## 1.11 Default and Termination

If Firm fails to execute the work or services with such diligence as will insure its completion within the Contract time, or if Firm breaches any of the terms or conditions contained in this Contract and fails to cure said breach within two (2) days of County's mailing of Notice of Default, or otherwise fails to perform the work or services hereunder to the County’s reasonable satisfaction, County may terminate this Contract forthwith. Upon termination, County may, without prejudice to an action for damages or any other remedy, take the prosecution of the work or services out of the hands of Contractor. County may enter into another Contract for the completion of the Contract, or use such other methods as may be required for the completion of the Contract. County may deduct all costs of completing the Contract from any monies due or which may become due to Firm. In the event this Contract is terminated prior to completion of the services by the Firm, the Firm shall be paid for work or services performed to the date of termination. In no event will the amount due Firm in the event of termination exceed that amount set forth in this Contract. Nothing contained herein shall prevent the County from pursuing any other remedy, which it may have against Firm, including claims for damages.

## 1.12 Non-Waiver of Rights

The parties mutually agree that either party's failure to insist upon the strict performance of any provision of this Contract or to exercise any right based upon a breach thereof, or the acceptance of any performance during such breach, shall not constitute a waiver of any rights under this Contract.

### 1.13 Assignment

The parties mutually agree that this contract is not assignable and shall not be assigned by either party without the written consent of the other party and the surety to this contract.

### 1.14 Non-Discrimination

Firm will take affirmative action not to discriminate against any employee or applicant for employment or otherwise illegally deny any person participation in or the benefits of the project which is the subject of this contract because of age, race, creed, color, sex, age, disability or national origin. To the extent applicable, Firm will comply with all provisions of Executive Order No. 11246, the Civil Rights Acts of 1964 (P.L. 88-352) and 1968 (P.L. 90-284), and all applicable Federal, State and local laws, ordinances, rules, regulations, orders, instructions, designations and other directives promulgated to prohibit discriminations. Violation of this provision, after notice, shall be a material breach of this agreement and may result, at County's option, in a termination or suspension of this agreement in whole or in part.

### 1.15 Familiarity with Laws

The Firm specifically acknowledges that he has made himself familiar with all Federal, State and local laws, ordinances, rules and regulations, including all Federal and State Occupational Safety and Health Act (OSHA) requirements, which may in any manner affect those engaged or employed in the work of the project, or the materials or equipment in or about such work, or in any way affect the conduct of such work and agrees that he, his employees, subcontractors and supplies will, at all times, comply with same. If the Firm shall discover any provisions in the Contract Documents which are contrary to or inconsistent with any such law ordinance, rule or regulation, he shall immediately give notice thereof to the County in writing, identifying any items of work affected and he shall not proceed until he has received written direction from the County with respect to these items. If the Firm performs contrary to or inconsistently with any such law ordinance rule or regulation without giving such notice, he shall bear all costs which are a consequence of such performance.

### 1.16 Independent Contractor

It is mutually understood and agreed that Firm is an independent contractor and not an agent of County, and as such, Firm, his or her agents and employees shall not be entitled to any County employment benefits, such as, but

not limited to, vacation, sick leave, insurance, worker's compensation, or pension or retirement benefits.

#### 1.17 Insurance

Before commencing any work or services, Contractor shall procure insurance in Contractor's name and maintain all insurance policies for the duration of the Contract of the types and in the amounts listed in this Contract. The insurance shall provide coverage against claims for injuries to persons or damages to property which may arise from operations or in connection with the performance of the work hereunder by Contractor, its agents, representatives, employees, or subcontractors, whether such operations by itself or anyone directly or indirectly employed by it.

##### A. Commercial General Liability

1. Firm shall maintain Commercial General Liability and if necessary, Commercial Umbrella Liability insurance with a total limit of not less than \$1,000,000 each occurrence for bodily injury and property damage. If such CGL insurance contains a general aggregate limit, it shall apply separately to this project/location or the general aggregate shall be twice the required limit.
2. CGL insurance shall be written on Insurance Services Office (ISO) "occurrence" form CG 00 01 covering Commercial General Liability or its equivalent and shall cover the liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
3. Cleveland County, its officers, officials, agents, and employees are to be covered as additional insureds under the CGL by endorsement CG 20 26 or an endorsement providing equivalent coverage as respects to liability arising out of activities performed by or on behalf of the vendor and under the commercial umbrella, if any. The coverage shall contain no special limitations on the scope of protection afforded to Cleveland County, its officers, officials, agents, and employees.
4. The firm's Commercial General Liability insurance shall be primary as Cleveland County, its officers, officials, agents, and employees. Any other insurance or self-insurance maintained by the Cleveland County, its officers, officials, and employees shall be excess of and not contribute with the vendor's insurance.

##### B. Workers' Compensation and Employer's Liability

1. Firm shall maintain Workers' Compensation as required by the general statutes of the State of North Carolina and Employer's Liability Insurance.
2. The Employer's Liability, and if necessary, Commercial Umbrella Liability insurance shall not be less than \$500,000 each accident for bodily injury by accident, \$500,000 each employee for bodily injury by disease, and \$500,000 policy limit.
3. The insurer shall agree to waive all rights of subrogation against Cleveland County, its officers, officials, and employees for losses arising from work performed by the contractor for Cleveland County.

C. Business Auto Liability

1. Firm shall maintain Business Auto Liability and, if necessary, Commercial Umbrella Liability insurance with a limit of not less than \$1,000,000 each accident.
2. Such insurance shall cover liability arising out of any auto, including owned, hired, and non-owned autos.
3. Business Auto coverage shall be written on ISO form CA 00 01, or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage equivalent to that provided in ISO form CA 00 01.
4. The firm's Business Auto Liability insurance shall be primary as respects to Cleveland County, its officers, officials, agents, and employees. Any other insurance or self-insurance maintained by the Cleveland County, its officers, officials, and employees shall be excess of and not contribute with the vendor's insurance.

D. Professional Liability Insurance

1. Firm shall maintain in force for the duration of this contract professional liability or errors and omissions liability insurance appropriate to the contractor's profession. Coverage as required in this paragraph shall apply to liability for a professional error, act, or omission arising out of the scope of the contractor's services as defined in this contract. Coverage shall be written subject to limits of not less than \$ 1,000,000 per loss.
2. If coverage required in paragraph 1 above is written on a claims-made basis, the firm warrants that any retroactive date applicable to coverage under the policy

precedes the effective date of this contract; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of 2 years beginning from the time that work under the contract is complete.

E. Fidelity and/or Employee Dishonesty

Firm shall maintain Fidelity Coverage providing employee dishonesty, forgery or alteration, theft, disappearance, destruction, and computer fraud coverage covering firm, employees, officials, and agents for fidelity in the amount of \$100,000. This requirement may be met with Commercial Crime insurance or a Fidelity Bond.

2.0 COUNTY INFORMATION

2.1 Description of County

For a copy of the County's Comprehensive Annual Financial Report for the year ended June 30, 2017, visit our website at:

<http://www.ccncgov.com/FinanceD/audit.html>

2.2 Location of Accounting Records

The County maintains all its accounting records at the Finance Office located at 311 East Marion Street, Shelby, North Carolina 28150.

2.3 Type of Financial Accounting System

All accounting journals and subsidiary ledgers are maintained on AS400 Financial Software. The following major financial applications are on the system:

- General Ledger
- Accounts Receivable
- Taxes Receivable
- Fixed Assets
- Cash Disbursements
- Cash Receipts
- Payroll
- Purchase Orders

2.4 Fund and Account Groups

The County maintains the following funds:

- Governmental Funds
  - General Fund
  - Capital Reserve Funds
    - Reimbursement Resolution
    - Capital Reserve Fund

School Capital Reserve  
Special Revenue Funds  
Emergency Telephone System Fund  
Fire Districts Fund  
Capital Project Funds (7)  
Enterprise Fund  
Solid Waste Fund  
Agency Funds

2.5 Grants, Entitlements, and Shared Revenues

Reference should be made to the County's CAFR and Compliance letters for the year ended June 30, 2017 located at:  
<http://www.ccncgov.com/FinanceD/audit.html>.

2.6 Budgets

The unit 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.

2.7 Special Conditions

2.7.1 The County collects property taxes for the following districts/municipalities: Lattimore Fire, Rippy Fire, City of Shelby, Town of Boiling Springs, Town of Grover, City of Kings Mountain, Town of Lattimore, Cleveland County Sanitary District, Town of Kingstown, Town of Fallston, Town of Earl, Town of Polkville, Town of Lawndale, Town of Casar, Town of Waco, and Town of Patterson Springs (beginning in FY 2018). The County collects occupancy taxes for the City of Shelby and the Town of Boiling Springs.

2.7.2 The County maintains a self-funded risk management portfolio that includes employee wellness, workers compensation, and property & liability insurance. This portfolio has estimated annual expenditures of 10 million dollars.

2.8 New Conditions

2.8.1 Debt Issuance since 2016 CAFR:

Feb 2017-Installment Financing \$33,350,000.

2.8.2 New capital projects since 2016 CAFR:

Reimbursement Resolution Capital Reserve Fund  
North Shelby School Capital Project Fund  
Kings Mountain Gate Way Trail – Phase 5  
Washburn Switch Road and Rail  
Pinnacle Turn Lane

2.8.3 Financial software conversion

The County has engaged a consultant to identify potential vendors for a financial software conversion. Implementation with the selected vendor is anticipated to begin in March 2018 with a go-live date of February 2019.

3. AUDIT REQUIREMENTS

- 3.1 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.
- 3.2 The audit should be completed and reports rendered four (4) months following the end of each fiscal year (October 31) unless otherwise stated by the Local Government Commission.
- 3.3 Copies of each management letter and other applicable reports must be supplied to the County within the time frame cited above.
- 3.4 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 basis 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.

- 3.5 The Firm will review and approve a draft of the CAFR and provide proposed changes for the County. The Firm will also provide printed and bound copies of the final approved CAFR and Compliance Letters.
- 3.6 The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.
- 3.7 In the event that circumstances arise during the audit that requires work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work.

#### 4. COUNTY ASSISTANCE AVAILABLE TO FIRM

The County will make available to the Firm 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. The following accounting procedures will be completed and documents prepared by the County's staff no later than September 15 (Not including report draft).

The books of account will be fully balanced.

All subsidiary ledgers will be reconciled.

All bank account reconciliations for each month will be completed.

The unit's personnel will prepare the following items:

##### General

- All year-end adjusting entries
- Year-end financial statements, related notes, management's discussion & analysis, and statistical sections.
- Working balance sheet for each fund
- Working statement of Revenues, Expenditures (Expenses), and Changes in Fund Balance (Retained Earnings) for each fund. Working Statement of Cash Flows where required
- A copy of the final budget as of June 30, the original budget and all amendments
- A copy of all contracts in force at the statement date
- A copy of all board policies

##### Cash and Investments

- 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

#### Receivables

- Schedules of accounts, taxes and miscellaneous receivables as of the statement date

#### Other Assets

- Schedule of insurance coverage
- Schedule of inventories

#### Capital Assets

- Schedule of all capital outlays during the audit year
- Schedule of all capital dispositions during the audit year

#### Grants

- Copies of grant agreements
- Budgets
- Financial reports
- Correspondence with grantor agencies, including any monitoring reports

## 5. PROPOSAL FORMAT

The complete proposal should be submitted at the time and place indicated under the section entitled “Deadline for Receipt of Bids”. Proposals will be submitted in two sections. The first section will be comprised of the firms’ prior experience and qualifications of its personnel in performing governmental audits. The review committee will evaluate the Firm on educational and technical qualifications. The firm best meeting the experience, audit approach and cost requirements will be selected.

### 5.1 First Section - Firm’s Prior Experience and Qualifications of Personnel

The first section should address the requested information below. The corresponding responses should begin with the number of the requested information.

- 5.1.1. Indicate the number of people (by level) located within the office that will handle the audit.
- 5.1.2. 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.

- 5.1.3 Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, then type(s) of service performed, and the year(s) of engagement.
- 5.1.4 Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review).
- 5.1.5 Describe the professional experience in government audits of each senior and higher level person assigned to the audit, including years on each job and his/her position while on each audit. Indicate the percentage of time each senior and higher level personnel will be on site.
- 5.1.6 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.
- 5.1.7 Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities, solid waste, transit, airports, or motor pool operations).
- 5.1.8 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.
- 5.1.9 Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.
- 5.1.10 Describe how the firm meets professional independence standards.
- 5.1.11 Describe liability insurance coverage arrangements.
- 5.1.12 Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

## 5.2 Second Section - Firm's Technical Approach

The second section should consist of completed cost estimate sheets, which will include the following information:

- 5.2.1 Type of audit program used (tailor-made, standard government, or standard commercial).
- 5.2.2 Use of statistical sampling.
- 5.2.3 Use of computer audit specialists.
- 5.2.4 Organization of the audit team, and the approximate percentage of time, spent on the audit by each member.
- 5.2.5 Information that will be contained in the management letter.
- 5.2.6 Assistance expected from the government's staff, if other than that outlined in the RFP.
- 5.2.7 Tentative schedule for completing the audit within the specified deadlines of the RFP.
- 5.2.8 Use of internal audit staff (if applicable).

5.2.9 Specify costs using the format below for the audit year July 1, 2017 to June 30, 2018. For the four audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2018 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 Firm’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.

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

Please include the Summary of Audit Costs Sheet with your proposal.

## COST PROPOSAL

### Summary of Audit Costs Sheet

(Specify costs using the format below for the audit year July 1, 2017 to June 30, 2018. For the four audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2018 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).

- |              |  |                 |
|--------------|--|-----------------|
| 1.           | Base Audit<br>Includes Personnel costs, travel, and on-site work | \$ _____        |
| 2.           | CAFR Printing and Binding (25 copies)                            | \$ _____        |
| 3.           | Compliance Printing and Binding (25 copies)                      | \$ _____        |
| 4.           | Extra Audit Service \$ _____ per hour                            | \$ _____        |
| 5.           | Other (explain) _____  | \$ _____        |
| <b>TOTAL</b> |  | <b>\$ _____</b> |

The undersigned, as bidder, hereby declares that the only person or persons interested in this proposal as principal or principals is or are named herein and that no other person than herein mentioned has any interest in this proposal or in the contract to be entered into; that this proposal is made without connection with any other person, company or parties making a bid or proposal; and that it is in all respects fair and in good faith without collusion or fraud. The bidder further declares that he/she has examined the site of the work and the contract documents relative thereto, and has read all special provisions furnished prior to the opening of bids; that he/she has satisfied himself/herself relative to the work to be performed.

Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name/Title

Company/Firm \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Phone Number \_\_\_\_\_

Fax Number \_\_\_\_\_

Email Address \_\_\_\_\_