Request for Proposals No. 03222021
Auditing Services

Due Date: March 22, 2021
Time: 3:00 PM EST
Submittal Location: Harnett County Resource Center and Library
Finance Department
455 McKinney Parkway
2nd Floor, Suite 238
Lillington, NC 27546

For Questions Please Contact:

Renea Warren-Ford
Finance & Accounting Specialist II
Purchasing.support@harnett.org
Subject Line: Auditing Services-03222021
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2 NOTICE OF ADVERTISEMENT

Harnett County, North Carolina
Request for Proposals No. 03222021
Auditing Services

Sealed proposals, so marked, will be received by mail or hand delivery to Harnett County’s Finance Department until 3:00 PM EST on March 22, 2021 at the Harnett County Resource Center and Library, Finance Department, 455 McKinney Parkway, 2nd Floor, Suite 238, Lillington, NC 27546.

Harnett County, North Carolina, through the Finance Department, is seeking proposals from qualified independent auditors having sufficient governmental accounting and auditing experience in performing audit services in response to this solicitation.

RFP No. 03222021 may be examined at the Harnett County Resource Center and Library, Finance Department, 455 McKinney Parkway, 2nd Floor, Suite 238, Lillington, NC 27546, Monday through Friday between the hours of 8:30 am and 5:00 pm. Copies of the solicitation may be obtained from the locations listed below:

1. Download the Bid Documents from the Harnett County Web-Site www.harnett.org (Finance Office Page, Bid Opportunities).
2. Download the Bid Documents from the State of North Carolina IPS Web-Site www.ips.state.nc.us (Bid by Departments, search County of Harnett).

Harnett County (HC) reserves the right to reject any or all proposals, to waive technicalities and to make such selection deemed in its best interest.

Bidders are required to comply with the non-collusion requirements set forth in the Bidding Documents.

Harnett County encourages good faith effort outreach to Minority Businesses (HUB Certified) and Small Businesses.
3  SUBMITTAL DEADLINE AND QUESTION INFORMATION

3.1  PROPOSAL SUBMISSION DEADLINE

Proposals shall be sealed and labeled on the outside envelope: RFP No. 03222021-Auditing Services. Proposals are to be received by the Harnett County Finance Department by 3:00 PM EST, March 22, 2021. Any proposals received after this date and time shall be rejected without exception.

Ship, Mail or Hand Deliver Submission Packets Addressed as follows to:

Harnett County Resource Center and Library
Finance Department
455 McKinney Parkway
2nd Floor, Suite 238
Lillington, NC 27546

Attn: Renea Warren-Ford, Finance & Accounting Specialist II
Auditing Services RFP 03222021
Response Deadline: March 22, 2021, 3:00 PM EST

The proposal must be submitted in printed form and electronically on a non-returnable flash drive. One (1) original (marked “ORIGINAL”) of the proposal must be submitted. The original proposal package must have original signatures and must be signed by a person who is authorized to bind the proposing firm.

Electronic (email) or facsimile submissions will not be accepted.

There is no expressed or implied obligation for Harnett County to reimburse firms for any expenses incurred in preparing proposals in response to this request.

Harnett County reserves the right to reject any or all proposals or to select the proposal, which in its opinion, is in the best interest of the County.

The County reserves the right to award to multiple Proposers.

3.2  PROPOSAL QUESTIONS

Proposal questions will be due on or before March 17, 2021 at 5:00 PM EST. The primary purpose of this is to provide participating firms with the opportunity to ask questions, in writing, related to the RFP. The County may respond with an addendum within five (5) business days.

Submit questions by email to Renea Warren-Ford at purchasing.support@harnett.org by deadline shown above. The email should identify the Proposal number and title. All
questions and answers may be posted as addenda on www.harnett.org and www.ips.state.nc.us.

3.3 ADDENDUM

Harnett County may modify the RFP prior to the date fixed for submission of proposals by the issuance of an addendum.

Should a Proposer find discrepancies or omissions in this RFP or any other documents provided by Harnett County, the Proposer should immediately notify the County of such potential discrepancy in writing via email as noted above.

Any addenda to these documents shall be issued in writing. No oral statements, explanations, or commitments by anyone shall be of effect unless incorporated in the written addenda. Receipt of Addenda shall be acknowledged by the Proposer on Appendix C, Addendum and Anti-Collusion Form.

4 AUDITING SERVICES

4.1 INTRODUCTION

Harnett County, North Carolina, through the Finance Department, is soliciting sealed proposals from 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) document. The Request for Proposals (RFP) process is the means by which Harnett County (referenced as the “County”) will determine which Auditing Firm is most qualified to meet the financial and compliance auditing needs for this project.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with the RFP shall govern in any resulting contract(s) unless approved otherwise by the County. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Harnett County, North Carolina.

4.2 COUNTY

The County (estimated population 136,031) is located in the northern Sandhills. The County provides its citizens with a full array of services that include public safety, water/wastewater utilities and solid waste services, human services, cultural and recreational activities, and general government administration.

5 SCOPE OF WORK

5.1 TYPE OF AUDIT

The audit will encompass a financial and compliance examination of the County'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 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 applicable laws and regulations.

5.2 SCOPE OF AUDIT
The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of proposal submission. This includes, but is not limited to, the Governmental Accounting Standards Board (GASB) statements and Government Auditing Standards. 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 that contract period. The audit firm will be expected to advise appropriate County staff on the applicability of accounting and reporting standards as they become effective.

5.3 REQUIREMENTS
The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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 County’s Finance staff will prepare year-end adjusting entries and will be responsible for the preparation of the Basic Financial Statements, supplementary information, MD&A, notes to the Financial Statements and compliance reports. The Auditor will be responsible for reviewing all information prepared by the County and the printing and copying of the report. The Auditor will submit a draft of the Financial Statements, reviewed in detail, to the Finance Officer or their designee. This draft will be submitted to the County no later than October 10th to allow County staff ample time to review and make corrections.

The timing of the draft and review should insure final completion of the Financial Statements by the annual October 31st deadline or no later than the annual grace period of December 1. For every week the audit is late due to no fault of the County, there will be a reduction in the audit fee of $100.00.

The County prefers interim fieldwork be completed in May. Year-end fieldwork should begin the Tuesday after Labor Day and be completed within two weeks. The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, to be held prior to the May interim fieldwork, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.
In addition, the auditor is responsible for completing the required data input sheet and electronically submitting the final Audit report/ CAFR as a text-based PDF file to the State & Local Government Financial Division when (or prior to) submitting the final invoice for audit services rendered to the Commission.

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 financial statements taken as a whole. An opinion will not be given on the Management Discussion and Analysis.

Guidance will be required for new note disclosures; all approved GASB’s as well as GASB implementations, and other reporting requirements as well as any early implementation requests by the LGC. These services will be included in the base proposal.

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 Local Government Commission for approval.

5.4 AUDIT CONTRACT & PAYMENT OF AUDIT FEES

The required current revision of the form “Contract to Audit Accounts” (form LGC-205) is required to be executed as the contract document; however, the auditor and the County may also execute an engagement letter and/or a County contract to include additional terms not addressed in the LGC-205. The entire audit contract package must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC prior to payment by the County. Interim or progress billings for services rendered marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the final audited financial statements to the staff of the Local Government Commission. The final 25% of the Audit fees (final invoice) will be paid when the financial statements, single audit (if applicable), management letter and amended contract (if applicable) have been reviewed or approved by the LGC.

The LGC only approves invoices for audit related work. Requests for payment related to any additional agreed upon procedures or AFIR work do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed and deemed satisfactory by County staff.
5.5 CURRENT PROCESS
Currently Harnett County does not prepare its own Financial Statements. Harnett County assist in the preparation of the “Notes to the Financial Statements”.

6 DESCRIPTION OF THE GOVERNMENTAL ACCOUNTING SYSTEM
6.1 FUND AND ACCOUNT GROUPS
Harnett County maintains the following funds and account groups (as of 7/1/2020):

6.1.1 GOVERNMENTAL FUND
- General Fund
- Governmental Capital Reserve Funds
- Debt Service Fund

6.1.2 ENTERPRISE FUNDS
- Solid Waste Fund, comprised of:
  - Solid Waste Operating Fund
  - Solid Waste Capital Reserve Fund
  - Solid Waste Post Closure Fund
  - Solid Waste Debt Service Fund
  - Solid Waste Capital Project Fund
- Water & Sewer Fund, comprised of:
  - Water & Sewer Operating Fund
  - Water & Sewer Capital Project Fund
  - Water & Sewer Debt Service Fund
  - Water & Sewer System Development Fees Capital Reserve Fund

6.1.3 CAPITAL PROJECT FUNDS
- Governmental Capital Project Funds

6.1.4 SPECIAL REVENUE FUNDS
- Revaluation Fund
- Public Safety Fund
- Special Districts Fund
- Radio System Fund
- Emergency Response Planning Fund
- Emergency Telephone 911 Fund
- Concealed Weapon Permit Fund
- Automation Enhancement Fund
- Asset Forfeitures Fund
- Sheriff’s Execution Fund
- Recreation Fees Fund
- Workforce Innovation & Opportunity Fund
6.1.5 **INTERNAL SERVICE FUNDS**
- Medical Benefits Fund
- Medical Benefits – Retirees Fund
- Dental Benefits Fund
- Workers’ Compensation Fund
- Unemployment Insurance Fund
- Fleet Management Fund
- Information Technology Fund
- Employee Clinic Fund
- Flexible Spending Account Fund

6.1.6 **PENSION FUNDS**
- Law Enforcement Officer’s Special Separation Allowance Fund
- Other Postemployment Benefits (OPEB) Fund

6.1.7 **AGENCY FUNDS**
- Social Services Trust Fund
- Fines and Forfeitures Fund
- Jail Inmate Fund
- Tax Collection Fund
- Occupancy Tax Fund

6.1.8 **ACCOUNT GROUPS**
- General Fixed Asset Account Group
- Long Term Debt Account Group

The Fiscal Year 2021 adopted operating budget for all funds is $230.7 million.

6.2 **COMPLIANCE SECTION**
The county also requires the following compliance reports:

1. Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.

2. Report on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act.
3. Report on compliance with requirements applicable to each major state program and internal control over compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act.

6.3 BUDGETS

The County budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the department level. The County also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

6.4 ACCOUNTING RECORDS

Harnett County maintains its primary unit’s accounting records at the finance office located at 455 McKinney Parkway, Lillington, NC. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, accounts receivable ledger, accounts payable, purchase order/contract encumbrance, payroll/personnel records, and utility billing/receipts/receivables on computer.

6.5 SOFTWARE USED

Harnett County uses MUNIS software for its purchasing, payroll, personnel, cash receipts, cash disbursements, fixed assets and general ledger. Farragut software is used for the tax billings, tax collections and Bitek for assessment. Harris software is used by Harnett Regional Water for customer service, billing, and collections for water and sewer. Wasteworks software is used for solid waste billing. Trakit software is used for Building & Code Enforcement.

6.6 ASSISTANCE AVAILABLE TO AUDITOR

The County will make available to the auditor sufficient records for review. A trial balance with budgeted amounts will be made available in excel electronically. The following accounting procedures will be completed and prepared by the county’s staff no later than May 15th to prepare for preliminary fieldwork:

1. Staff will provide beginning and ending check EFT numbers for the period beginning July 1, through the current date for both Accounts Payable and Payroll.
2. Staff will provide a copy of the original budget ordinance for the current fiscal year, as well as a YTD budget report from MUNIS.
3. Staff will provide a chart of accounts for the current year.
4. Staff will provide access to daily deposits as well as access to bank statements.
5. Staff will provide internal control narratives for each area receipting cash.
6. Staff will provide access to the property tax scrolls for real and personal property.
7. Staff will have the indirect cost allocation plan available for inspection.
8. Staff will have all major grant agreements available.
9. Staff will provide access to minutes of the Commissioners’ meetings.
10. Staff will also provide other documents agreed upon with the auditor.

The County’s personnel will also prepare and make available the following items:

6.6.1 GENERAL

1. Working trial balance for each fund and account group.
2. Schedule of interfund receivables/payables and interfund transfers.
3. List of attorney(s) retained or used on specific matters during FY.
4. List of any actions filed against the County during FY and their status.
5. Payment status of economic grants including remaining commitment amount.

6.6.2 CASH AND INVESTMENTS

1. All bank reconciliations for all accounts as of June30.
2. List of outstanding checks, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end.
4. Other documents agreed upon with the auditor.

6.6.3 RECEIVABLES

1. Taxes
   1.1. Analysis of current year tax levy based on property tax valuation, including reconciliation with revenues (real estate and motor vehicles)
   1.2. Computation and adjustment of bad debt allowance for taxes
   1.3. Schedule of taxes receivable reconciled to the GL
   1.4. Schedule of approved tax rates by taxing units.
   1.5. Tax collector’s yearly settlement as prescribed by general statutes.
   1.6. Schedule of ad valorem taxes receivable as of June 30.
   1.7. Schedule of prepaid property taxes at June 30.
   1.8. Comparison of prior year property tax revenue accounts to current year actual and current year budget.
   1.9. Comparison of prior year fire fees and fire district taxes receivable balances to current year.

2. Solid Waste and Water/Sewer
   2.1. Reconciliation of beginning receivable to ending receivable.
   2.2. Schedule of solid waste and water/ sewer aged receivables as of June 30, reconciled to the GL
   2.3. Analysis of accounts receivable-by fiscal year for solid waste and water/ sewer.
2.4. Computation of allowance for doubtful accounts.
2.5. Summary of current fiscal year water consumption
2.6. Inventory listing
2.7. Summary of Water/Sewer Collections for July & August of subsequent fiscal year.

3. Other
3.1. Analysis of accounts receivable-state and miscellaneous at June 30
3.2. Schedule of sales tax receivable at June 30

4. Fixed Assets
4.1. Schedule of fixed assets at June 30 (showing beginning balance, additions, deletions, corrections and ending balances)
4.2. Schedule of fixed asset additions reconciled to capital outlay accounts
4.3. Schedule of fixed asset disposals showing cost, date and proceeds from sale
4.4. Schedule of depreciation for enterprise fund assets
4.5. Reconciliation of beginning and ending accumulated depreciation
4.6. Account detail for all repairs and maintenance accounts
4.7. Analysis comparing current year, prior year and budgeted amount for repairs and maintenance accounts
4.8. For each fund, a schedule of construction in progress costs by contract reconciled to the GL as of June 30

5. Contracts
5.1. Schedule of outstanding contracts related to construction projects (including (architects and engineers) at June 30, 2020, including contractor, original contract amount, change orders, adjusted contract amount, expenditures to date, remaining contractual commitment, and retainage payable

6. Accounts Payable
6.1. Itemized listing of accounts payable, by fund, reconciled to the general ledger as of June 30
6.2. Schedule of outstanding purchase orders as of June 30
6.3. Access to all check registers after June 30
6.4. Report from Munis exported to excel for all checks subsequent to June 30, sorted by fund and secondary sort by check number
6.5. Listing of all held checks at June 30

7. Payroll
7.1. Computation of accrued payroll at June 30 reconciled to GL
7.2. Vested vacation pay accrual report at June 30
7.3. Amount of accumulated sick leave at June 30
7.4. Summary of retirement expense (LGERS & 401k) by month
7.5. Schedule of FICA expense
7.6. Support for all payroll withholding liabilities at June 30
7.7. Actuarial valuation report as of Dec. 31, for Special Separation Allowance
7.8. Computation of comp time accrual at June 30
7.9. Comparison of salary expense accounts, including overtime, to prior year salary accounts and current year budget, include number of employees in each account

8. Other Liabilities
8.1. Schedule of customer utility deposits as of June 30, reconciled to GL
8.2. Computation of accrued costs for closure/post closure of landfill
8.3. Schedule of retainage payable at June 30
8.4. Computation and support for workers comp reserve at June 30
8.5. Analysis of any other significant liabilities at June 30
8.6. Excise tax payable detail
8.7. Other Post-Employment Benefits for Health Insurance
8.8. LGERS/Retirement
8.9. Other Post-Employment Benefits for Separation Allowance

9. Long-Term Debt
9.1. LGC Form 129 “Annual Bond Principal and Interest Requirements” for the audit fiscal year
9.2. Reconciliation of notes payable, bonds payable and capital leases, including beginning balance, additions, payments and ending balance
9.3. Schedule of future maturities of debt principal
9.4. Schedule of future maturities of debt interest
9.5. Reconciliation of principal and interest payments to the debt service expenditure accounts
9.6. Schedule of all operating leases, including terms of the lease and the account number in which the expense is recorded
9.7. Analysis of interest expense

10. Revenues
10.1. Analysis of all miscellaneous revenue accounts
10.2. Comparative worksheet for revenues (budget, current & prior year actual)
10.3. Reconciliation of DSS confirmation to the GL
10.4. Reconciliation of DEHNR confirmation for grants to Health Department to GL
10.5. Reconciliation of Harnett County Public Schools confirmation with expenditures recorded by the County
10.6. Schedule of fees charged by County

11. Expenditures
11.1. Analysis of any significant prepaid expenditures
11.2. Comparison of prior year expenditures to current year actual and current year budget by department, excluding salary accounts
11.3. Summary of food stamps issued by the County by month for fiscal year

12. Fund Equity
12.1. Reconciliation of fund balances and retained earnings per GL to the prior year audit report
12.2. Schedule of encumbrances and amounts reserved for subsequent year’s budget

A copy of the above listed data for the past fiscal year will be made available upon request for any prospective bidder.

7 DETAILED SUBMITTAL REQUIREMENTS

7.1 PROPOSAL FORMAT

Proposers should prepare their proposals in accordance with the instructions outlined in this section. Each proposer is required to submit the proposal in a sealed package. Proposals should be prepared as simply as possible and provide a straightforward, concise description of the proposer’s capabilities to satisfy the requirements of the RFP.

Utmost attention should be given to accuracy, completeness, and clarity of content. All parts, pages, figures, or tables should be numbered and clearly labeled. Response information should be limited to pertinent information only. Marketing and sales type information is not to be included.

Proposals shall be 8 1/2” x 11” with one (1) inch margins with Arial or Times New Roman font and text size minimum of eleven (11) points. Charts and screenshots are not restricted to formatting requirements; however, please use your judgment for decipherability.

The proposal should be organized into sections:

- Tab A – Cover Letter and Company Background
- Tab B – Experience and Service
- Tab C – Project Approach and Implementation Plan
- Tab D – Staff Information
- Tab E – Subcontracting
- Tab F – Financial Information
- Tab G – References
- **Tab H** – Cost Form
- **Tab I** – Required Signature Forms
  - Appendix B - Proposal Submission Form
  - Appendix C - Addenda Receipt and Anti-Collusion

Omissions and incomplete answers may be deemed unresponsive. Please initial any corrections.

**Tab A – Cover Letter and Company Background**

Provide the following information about your company. Respond to each item and provide supporting documentation and/or exhibits as requested or desired. The cover letter may be a maximum of three (3) pages.

1. Legal Company Name
   - Address
   - Telephone Number
   - Fax Number
   - Email Address
   - Name of Single Point of Contact
2. Name of Person with Binding Authority
   - Address
   - Telephone Number
   - Email Address
3. Corporate history, and number of years in business under the current organizational name and structure and services offered.
4. Evidence of authority to do business in North Carolina.
5. List the type of firm or organization (corporation partnership, joint venture, etc.) that will service as the prime contracting party.
6. Include the general organization and experience with governmental and/or similar auditing services.
7. Describe your company’s purpose, mission and values and explain how they will support the relationship with Harnett County by providing the services listed in this RFP.
8. Make the following representations and warranty in the cover letter, the falsity of which might result in rejection of its proposal: “The information contained in this proposal or any part thereof, including any exhibits, schedules, and other documents and instruments delivered or to be delivered to the County, is true, accurate, and complete.”

**Tab B – Experience and Service**

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 AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm’s current peer review.

5. Describe the firm’s Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision.

6. Provide a copy of the firm’s Statement of Policy and Procedures.

7. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.

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

**Tab C – Project Approach and Implementation Plan**

Describe your overall approach for providing and implementing the services listed in this RFP. At a minimum, the plan should address the following:

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 of the audit team.

5. Assistance expected from the government’s staff, if other than outlined in the RFP.

6. Tentative schedule for completing the audit within the specified deadlines of the RFP.

7. How electronic data is transmitted from County staff to audit firm.

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

**Tab D – Staff Information**

Provide the information listed below.

1. 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 percentages of time each senior and higher level personnel will be on site.

2. Describe the relevant education 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.
3. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities).
4. 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. List the percentage of time that your assigned staff/team member will dedicate to this project.
6. Provide a list of other clients your assigned staff/team members will be providing similar services for during our engagement.

**Tab E – Subcontracting**

Identify required services that you intend to Subcontract. Provide the following information:

1. Reason for subcontracting
2. Proposed subcontractor responsibilities
3. Name of the subcontractor and location

**Tab F – Financial Information**

The Proposer must have the following financial information requested readily available and can provide it to the County, without exception, within twenty-four (24) hours upon request during the proposal evaluation process. **Do not include with your proposal.**

1. Information regarding recent litigation and bankruptcy.
2. Credit ratings and credit reports

Bank and vendor references will be used to evaluate the credit worthiness of each Service Provider.

Provide the following in your proposal:

1. Annual audited financial reports for each of the past three (3) fiscal years, prepared in accordance with Generally Accepted Accounting Principles (GAAP), and all relevant notes.
2. All credit reports, credit bulletins, and any other published statements by the most recognized agencies (Standard & Poor’s Rating Group, Moody, Investor Services, Dun & Bradstreet, and Value Line) that have been issued or published about the entity within the past three (3) years.
3. Indicate whether or not the Service Provider (and/or predecessor, guarantor, or subcontractor) has declared bankruptcy within the last three (3) years.
4. Provide a description of the financial impact of any past or pending legal proceedings and judgments that could materially affect the Proposer’s financial position or ability to provide services to the County.

**Tab G – References**

Provide a minimum of three (3) representative projects whom the proposer is currently working with or has worked with during the past three years providing similar or the same type of government auditing services. Include the following information for each project:

- Entity Name
- Description of Services Provided
- Length of Service
- Contact Name and Title
- Address
- Phone Number
- Email Address

**Tab H – Cost Form**

Complete Appendix A – Cost Form. The costs for the audit year ending June 30, 2021 are binding, while the second through 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 County is requesting auditor assistance with the preparation of the Annual Financial Informational Report, (AFIR), as of June 30. This service is listed as a separate line item on the cost form and will be utilized by the Harnett County Finance Department.

**Tab I – Required Signature Forms**

Proposers should include signed copies of the following documents:

- Appendix B - Proposal Submission Form
- Appendix C - Addenda Receipt and Anti-Collusion Form

8 **EVALUATION CRITERIA AND SELECTION PROCESS**

8.1 **SELECTION PARTICIPANTS**

1. Maintaining the integrity of the RFP process is of paramount importance for the County. To this end, please do not contact any members of Harnett County or its staff regarding the subject matter of this RFP until a selection has been made, other than the County’s designated contact person identified in the introduction to this RFP.

2. Representatives of Harnett County will read, review, and evaluate the RFP independently based on the evaluation criteria. Harnett County reserves the right
to conduct interviews with a shortlist of selected Proposers. Failure to abide by this requirement shall be grounds for disqualification from this selection process.

3. The County will establish an RFP Evaluation Team to review and evaluate the RFPs. The RFP Evaluation Team will evaluate the RFPs independently in accordance with the published evaluation criteria. Harnett County reserves the right to conduct interviews with a shortlist of selected respondents.

4. At its sole discretion, the County may ask written questions of Proposers, seek written clarification, and conduct discussions with Proposers on the RFPs.

5. The County reserves the right to determine the suitability of proposals on the basis of a proposal meeting scope and submittal criteria listed in the RFP. Evaluation criteria and other relevant RFP information will be used to assist in determining the finalist vendor.

8.2 EVALUATION SELECTION PROCESS

A weighted analysis of the evaluation criteria will be utilized to determine the vendor that represents the best value solution for the County.

In the evaluation and scoring/ranking of Proposers, the County will consider the information submitted in the RFP as well as the meetings (if applicable) with respect to the evaluation criteria set forth in the RFP.

The initial evaluation criteria/factors and relative weights listed below will be used to recommend selection of the proposed offeror or for the purpose of selecting Short-Listed Proposers. The County may choose to award without engaging in interview discussions.

<table>
<thead>
<tr>
<th>RFP Criteria</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Background and Experience</td>
<td>20%</td>
</tr>
<tr>
<td>Proposed Strategy and Implementation Plan</td>
<td>35%</td>
</tr>
<tr>
<td>Staff Information</td>
<td>20%</td>
</tr>
<tr>
<td>Fee Schedule &amp; Compliance with Information in RFP</td>
<td>25%</td>
</tr>
</tbody>
</table>

After identification of Short-Listed Proposers, the County may or may not decide to invite Short-Listed firms to interview. If interviews are scheduled with the Short-Listed Proposers, previous evaluation and rankings are not carried forward. For the purpose of selecting a Preferred Proposer, the evaluation criteria will be given the following relative weights:

<table>
<thead>
<tr>
<th>Interview Criteria</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Approach, Implementation, Delivery and Staff</td>
<td>65%</td>
</tr>
<tr>
<td>Price, Quality and Relevance of Interview as it Relates to the Scope of the RFP</td>
<td>35%</td>
</tr>
</tbody>
</table>
8.3 AWARD PROCEDURE
The County reserves the right to make an award without further discussion of the proposals received. Therefore, it is important that the proposal be submitted initially on the most favorable terms. It is understood that any proposal submitted will become part of the public record.

A proposal may be rejected if it is incomplete. Harnett County may reject any or all proposals and may waive any immaterial deviation in a proposal.

The County may accept that proposal that best serves its needs, as determined by County officials in their sole discretion.

More than one proposal from an individual, firm, partnership, corporation or association under the same or different names, will not be considered.

County may select and enter into negotiations with the next most advantageous Proposer if negotiations with the initially chosen Proposer are not successful.

The award document will be a Contract incorporating, by reference, all the requirements, terms and conditions of the solicitation and the Proposer's proposal as negotiated.

9 GENERAL CONDITIONS AND REQUIREMENTS

9.1 TERMS AND CONDITIONS
The County intends to continue the relationship with the auditor for no less than three (3) years starting with fiscal year ending June 30, 2021. Continuation after the first-year contract will be based on an annual review of the Auditor, recommendation of the department staff, satisfactory negotiation of terms (including price), and availability of an appropriation. 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. After the initial three-year period, an annual extension may be granted by the County based on the above-mentioned criteria and Board of Commissioners (Board) concurrence for up to two additional years or until a determination is made to request new proposals. The years identified under this RFP are:

- July 1, 2020 to June 30, 2021
- July 1, 2021 to June 30, 2022
- July 1, 2022 to June 30, 2023

9.2 CONTRACTUAL OBLIGATIONS
The contents of this Proposal and the commitments set forth in the Proposal shall be considered contractual obligations, if a contract ensues. Failure to accept these obligations may result in cancellation of the award. All legally required terms and conditions shall be incorporated into final contract agreements with the selected Service Provider(s).

9.3 EXCEPTION TO THE RFP

An “exception” is defined as the Service Provider’s inability or unwillingness to meet a term, condition, specification, or requirement in the manner specified in the RFP. All exceptions taken must be identified and explained in writing and must specifically reference the relevant section(s) of this RFP. Other than exceptions that are stated in compliance with this Section, each proposal shall be deemed to agree to comply with all terms, conditions, specifications, and requirements of this RFP. If the Service Provider provides an alternate solution when taking an exception to a requirement, the benefits of this alternate solution and impact, if any, on any part of the remainder of the Service Provider’s solution, must be described in detail.

9.4 MODIFICATION OR WITHDRAWAL OF PROPOSAL

Prior to the scheduled closing time for receiving proposals, any Proposer may withdraw their proposal. After the scheduled closing time for receiving proposals, no proposal may be withdrawn for 180 days. Only written requests for the modification or correction of a previously submitted proposal that are addressed in the same manner as proposals and are received by the County prior to the closing time for receiving proposals will be accepted.

9.5 EQUAL EMPLOYMENT OPPORTUNITY

All Firms will be required to follow Federal Equal Employment Opportunity (EEO) policies. Harnett County will affirmatively assure that on any project constructed pursuant to this advertisement, equal employment opportunity will be offered to all persons without regard to race, color, creed, religion, national origin, sex, and marital status, status with regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age.

9.6 MINORITY AND SMALL BUSINESS PARTICIPATION PLAN

It is the policy of Harnett County that Minority Businesses (MBEs), Disadvantaged Business Enterprises (DBEs) and other small businesses shall have the opportunity to compete fairly in contracts financed in whole or in part with public funds. Consistent with this policy, Harnett County will not allow any person or business to be excluded from participation in, denied the benefits of, or otherwise be discriminated against in connection with the award and performance of any contract because of sex, race, religion, or national origin.

9.7 LICENSES
The successful Firm(s) shall have and maintain a valid and appropriate business license (if applicable), meet all local, state, and federal codes, and have current all required local, state, and federal licenses.

9.8 E-VERIFY

E-Verify is the federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program, used to verify the work authorization of newly hired employees pursuant to federal law. Proposer/Firm shall ensure that Firm and any Subcontractor performing work under this contract: (i) uses E-Verify if required to do so; and (ii) otherwise complies with applicable law.

9.9 DRUG-FREE WORKPLACE

During the performance of this Request, the Firm agrees to provide a drug-free workplace for his employees; post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the workplace and specify the actions that will be taken against employees for violations of such prohibition; and state in all solicitations or advertisements for employees placed by or on behalf of the firm that the Firm maintains a drug-free workplace.

For the purposes of this section, “drug-free workplace” means a site for the performance of work done in connection with a specific contract awarded to a Contractor/Firm in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Request.

9.10 INSURANCE

One or more of the following insurance limits may be required if it is applicable to the project. The County reserves the right to require additional insurance depending on the nature of the agreement.

At Contractor’s sole expense, Contractor shall procure and maintain the following minimum insurances with insurers authorized to do business in North Carolina and rated A-VII or better by A.M. Best.

A. WORKERS’ COMPENSATION

(for any agreement unless otherwise waived by the Risk Manager)

Statutory limits (where contractor has three or more employees) covering all employees, including Employer’s Liability with limits of:

$500,000 Each Accident
$500,000 Disease - Each Employee
$500,000 Disease - Policy Limit

B. COMMERCIAL GENERAL LIABILITY
(for any agreement unless otherwise waived by the Risk Manager)
Covering Ongoing and Completed Operations involved in this Agreement.

$2,000,000   General Aggregate  
$2,000,000   Products/Completed Operations Aggregate  
$1,000,000   Each Occurrence  
$1,000,000   Personal and Advertising Injury Limit  
$5,000   Medical Expense Limit

C. COMMERCIAL AUTOMOBILE LIABILITY  
(for any agreement involving the use of a contractor vehicle while conducting services associated with the agreement)

$1,000,000   Combined Single Limit - Any Auto

D. PROFESSIONAL LIABILITY  
(for any agreement providing professional service such as engineering, architecture, surveying, consulting services, etc.)

$1,000,000   Claims Made

Contractor shall provide evidence of continuation or renewal of Professional Liability Insurance for a period of two (2) years following termination of the Agreement.

E. POLLUTION LIABILITY INSURANCE  
(for any agreement involving the clean-up or transportation of pollutants)

$1,000,000   Claims Made

Contractor shall provide evidence of continuation or renewal of Pollution Liability Insurance for a period of two (2) years following termination of the Agreement.

F. NETWORK SECURITY & PRIVACY LIABILITY (CYBER)  
(for any agreement involving software applications)

$1,000,000   Claims Made

Contractor shall provide evidence of continuation or renewal of Technology Errors & Omissions Insurance for a period of two (2) years following termination of the Agreement.

G. Builder’s Risk  
(for any agreement involving above ground construction projects)

Additional Insurance Requirements

A. The Contractor’s General Liability policy shall be endorsed, specifically or generally, to include the following as Additional Insured:
HARNETT COUNTY, ITS OFFICERS, AGENTS AND EMPLOYEES ARE INCLUDED AS ADDITIONAL INSURED WITH RESPECTS TO THE GENERAL LIABILITY INSURANCE POLICY.

Additional Insured status for Completed Operations shall extend for a period of not less than three (3) years from the date of final payment.

B. Before commencement of any work or event, Contractor shall provide a Certificate of Insurance in satisfactory form as evidence of the insurances required above.

C. Contractor shall have no right of recovery or subrogation against Harnett County (including its officers, agents and employees).

D. It is the intention of the parties that the insurance policies afforded by contractor shall protect both parties and be primary and non-contributory coverage for any and all losses covered by the above-described insurance.

E. Harnett County shall have no liability with respect to Contractor’s personal property whether insured or not insured. Any deductible or self-insured retention is the sole responsibility of Contractor.

F. Notwithstanding the notification requirements of the Insurer, Contractor hereby agrees to notify County’s Risk Manager at 455 McKinney Parkway, Lillington, NC 27546, within two (2) days of the cancellation or substantive change of any insurance policy set out herein. Harnett County, in its sole discretion, may deem failure to provide such notice as a breach of this Agreement.

G. The Certificate of Insurance should note in the Description of Operations the following:

   Department: _______________________
   Contract #: _______________________

H. Insurance procured by Contractor shall not reduce nor limit Contractor’s contractual obligation to indemnify, save harmless and defend Harnett County for claims made or suits brought which result from or are in connection with the performance of this Agreement.

I. Certificate Holder shall be listed as follows:

   County of Harnett
   Attention: Angela McLamb, Risk Manager
   455 McKinney Parkway
   Lillington, NC 27546

J. If Contractor is authorized to assign or subcontract any of its rights or duties hereunder and in fact does so, Contractor shall ensure that the assignee or subcontractor satisfies all requirements of this Agreement, including, but not limited to, maintenance of the required insurances coverage and provision of
certificate(s) of insurance and additional insured endorsement(s), in proper form prior to commencement of services.

9.11 INDEMNIFICATION

Contractor agrees to protect, defend, indemnify and hold Harnett County, its officers, employees and agents free and harmless from and against any and all losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character arising out of or relating to any and all claims, liens, demands, obligations, actions, proceedings, or causes of action of every kind in connection with or arising out of this agreement and/or the performance hereof that are due, in whole or in part, to the negligence of the Contractor, its officers, employees, subcontractors or agents. Contractor further agrees to investigate, handle, respond to, provide defense for, and defend the same at its sole expense and agrees to bear all other costs and expenses related thereto.

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10 APPENDIX A – PRICE FORM

RFP No. 03222021- Auditing Services

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Service</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>7/1/20 - 6/30/2021</td>
<td>*Base Audit Year 1</td>
<td>$</td>
</tr>
<tr>
<td>7/1/21 - 6/30/2022</td>
<td>Estimated Base Audit Year 2</td>
<td>$</td>
</tr>
<tr>
<td>7/1/22 - 6/30/2023</td>
<td>Estimated Base Audit Year 3</td>
<td>$</td>
</tr>
<tr>
<td>Year Ending 6/30/2021</td>
<td>Preparation of AFIR</td>
<td>$</td>
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<tr>
<td>Year Ending 6/30/2022</td>
<td>Preparation of AFIR</td>
<td>$</td>
</tr>
<tr>
<td>Year Ending 6/30/2023</td>
<td>Preparation of AFIR</td>
<td>$</td>
</tr>
</tbody>
</table>

The costs for the audit year ending June 30, 2021 are 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.

The County is requesting auditor assistance with the preparation of the Annual Financial Informational Report, (AFIR). This service is listed as a separate line item on the cost form and will be utilized by the Harnett County Finance Department.

*Include personnel costs, travel, and on-site work. Additional charges should be described below.

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11 APPENDIX B – PROPOSAL SUBMISSION FORM

This Proposal is submitted by:

Company Legal Name: ______________________________________
Representative Name: ______________________________________
Representative Signature: ___________________________________
Representative Title: _______________________________________
Address: _________________________________________________
City/State/Zip: ___________________________________________
Email Address: ___________________________________________
Phone Number: ___________________________________________
Website Address: _________________________________________

It is understood that Harnett County reserves the right to reject any and all proposals, to make awards according to the best interest of the County, to waive formalities, technicalities, to recover and re-proposal this project. Proposal is valid for 180 calendar days from the Proposal due date and is submitted by an executive of the company that has authority to contract with Harnett County, NC.

Name: ___________________________________________________
Title: ____________________________________________________
Signature: ________________________________________________
Date: ____________________________________________________
Please acknowledge receipt of all addenda by including this form with your Proposal. Any questions or changes received will be posted as an addendum on www.harnett.org and/or www.ips.state.nc.us. It is your responsibility to check for this information.

<table>
<thead>
<tr>
<th>Addendum No.</th>
<th>Date Downloaded</th>
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</tbody>
</table>

I certify that this proposal is made in good faith and without collusion with any other proposer or officer or employee of Harnett County.

Company Name:  
Name:  
Title:  
Email Address:  
Signature:  
Date:  
ATTENTION: VENDORS

As part of our Fraud Prevention Program, Harnett County now prefers Electronic Funds Transfer (EFT) for payments to vendor accounts. This method allows for faster and easier payments to vendors.

With EFT you will receive payment of invoices due directly into your bank account. Additionally, you will get an email confirmation giving you the date payment was approved, invoice numbers paid, and total amount paid. Your payment will be available to you within three business days following receipt of the email.

To help facilitate vendors getting set up with the County and then managing their vendor account, Harnett County implemented our Vendor Self Service system. This system allows us to streamline our procurement process and improve communication with our vendors.

The Vendor Self Service system is a website that provides vendors with web-based access to their vendor information and records. Some prior history and all transactions that occur after October 2018 (purchase orders, invoices and EFT/checks) will be available to view online. Vendors also can update their profile, which includes address, contact information, and commodities information. Harnett County ask that, after successful registration, vendors periodically review the current information that is within our vendor file and submit any changes or updates accordingly.

The Vendor Self Service website is temporarily down due to software updates. New vendors will be registered through the Finance department. New vendors should submit required forms W-9 and ACH along with a voided check or bank letter to purchasing.support@harnett.org using the secure email link below:

https://sendthisfile.com/harnett

Vendors that have previously registered through the Vendor Self Service site should also send questions or any changes or updates to their vendor file to purchasing.support@harnett.org using the same secure email link.

Thank you in advance for your participation.
14 APPENDIX E – SAMPLE AUDITING SERVICES CONTRACT

LGC-205

CONTRACT TO AUDIT ACCOUNTS

The

Governing Board

of

Primary Government Unit (or charter holder)

and

Discretely Presented Component Unit (DPCU) (if applicable)

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and

Auditor Name

Auditor Address

Hereinafter referred to as Auditor

for

Fiscal Year Ending | Audit Report Due Date

Must be within four months of FYE

dated

The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with Government Auditing Standards if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity’s auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplated an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in Government Auditing Standards, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor’s receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit’s (Units’) systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as “significant deficiencies and material weaknesses” in AU-C 265 of the AICPA Professional Standards (Clarified). The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit’s (Units’) records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked ‘approved’ with approval date shall be returned to
the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC staff simultaneously with the Governmental Unit’s (Units’) audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management’s Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor’s opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). These audited financial statements, excluding the Auditors’ opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit’s (Units’) financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the
SECRETARY OF THE LGC, THIS CONTRACT MAY BE MODIFIED OR AMENDED TO INCLUDE THE INCREASED TIME, COMPENSATION, OR BOTH AS MAY BE AGREED UPON BY THE GOVERNING BOARD AND THE AUDITOR.

16. IF AN APPROVED CONTRACT NEEDS TO BE MODIFIED OR AMENDED FOR ANY REASON, THE CHANGE SHALL BE MADE IN WRITING, ON THE AMENDED LGC-205 CONTRACT FORM AND PRE-AUDITED IF THE CHANGE INCLUDES A CHANGE IN AUDIT FEE (PRE-AUDIT REQUIREMENT DOES NOT APPLY TO CHARTER SCHOOLS OR HOSPITALS). THIS AMENDED CONTRACT SHALL BE COMPLETED IN FULL, INCLUDING A WRITTEN EXPLANATION OF THE CHANGE, SIGNED AND DATED BY ALL ORIGINAL PARTIES TO THE CONTRACT. IT SHALL THEN BE SUBMITTED TO THE SECRETARY OF THE LGC FOR APPROVAL. NO CHANGE TO THE AUDIT CONTRACT SHALL BE EFFECTIVE UNLESS APPROVED BY THE SECRETARY OF THE LGC, THE GOVERNING BOARD, AND THE AUDITOR.

17. A COPY OF THE ENGAGEMENT LETTER, ISSUED BY THE AUDITOR AND SIGNED BY BOTH THE AUDITOR AND GOVERNMENTAL UNIT(S), SHALL BE ATTACHED TO THIS CONTRACT, AND EXCEPT FOR FEES, WORK, AND TERMS NOT RELATED TO AUDIT SERVICES, SHALL BE INCORPORATED BY REFERENCE AS IF FULLY SET FORTH HEREIN AS PART OF THIS CONTRACT. IN CASE OF CONFLICT BETWEEN THE TERMS OF THE ENGAGEMENT LETTER AND THE TERMS OF THIS CONTRACT, THE TERMS OF THIS CONTRACT SHALL TAKE PRECEDENCE. ENGAGEMENT LETTER TERMS THAT CONFLICT WITH THE CONTRACT ARE DEEMED TO BE VOID UNLESS THE CONFLICTING TERMS OF THIS CONTRACT ARE SPECIFICALLY DELETED IN ITEM 28 OF THIS CONTRACT. ENGAGEMENT LETTERS CONTAINING INDEMNIFICATION CLAUSES SHALL NOT BE ACCEPTED BY LGC STAFF.

18. SPECIAL PROVISIONS SHOULD BE LIMITED. PLEASE LIST ANY SPECIAL PROVISIONS IN AN ATTACHMENT.

19. A SEPARATE CONTRACT SHOULD NOT BE MADE FOR EACH DIVISION TO BE AUDITED OR REPORT TO BE SUBMITTED. IF A DPCU IS SUBJECT TO THE AUDIT REQUIREMENTS DETAILED IN THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT AND A SEPARATE REPORT IS ISSUED, A SEPARATE AUDIT CONTRACT IS REQUIRED. IF A SEPARATE REPORT IS NOT TO BE ISSUED AND THE DPCU IS INCLUDED IN THE PRIMARY GOVERNMENT AUDIT, THE DPCU SHALL BE NAMED ALONG WITH THE PARENT GOVERNMENT ON THIS AUDIT CONTRACT. DPCU BOARD APPROVAL DATE, SIGNATURES FROM THE DPCU BOARD CHAIRMAN AND FINANCE OFFICER ALSO SHALL BE INCLUDED ON THIS CONTRACT.

20. THE CONTRACT SHALL BE EXECUTED, PRE-AUDITED (PRE-AUDIT REQUIREMENT DOES NOT APPLY TO CHARTER SCHOOLS OR HOSPITALS), AND PHYSICALLY SIGNED BY ALL PARTIES INCLUDING GOVERNMENTAL UNIT(S) AND THE AUDITOR, THEN SUBMITTED IN PDF FORMAT TO THE SECRETARY OF THE LGC.


22. RETENTION OF CLIENT RECORDS: AUDITORS ARE SUBJECT TO THE NC STATE BOARD OF CPA EXAMINERS’ RETENTION OF CLIENT RECORDS RULE 21 NCAC 08N .0305 AS IT RELATES TO THE PROVISION OF AUDIT AND OTHER ATTEST SERVICES, AS WELL AS NON-ATTEST SERVICES. CLIENTS AND FORMER CLIENTS SHOULD BE FAMILIAR WITH THE REQUIREMENTS OF THIS RULE PRIOR TO REQUESTING THE RETURN OF RECORDS.

23. THIS CONTRACT MAY BE TERMINATED AT ANY TIME BY MUTUAL CONSENT AND AGREEMENT OF THE GOVERNMENTAL UNIT(S) AND THE AUDITOR, PROVIDED THAT (A) THE CONSENT TO TERMINATE IS IN WRITING AND SIGNED BY BOTH PARTIES, (B) THE PARTIES HAVE AGREED ON THE FEE AMOUNT WHICH SHALL BE PAID TO THE AUDITOR (IF APPLICABLE), AND (C) NO TERMINATION SHALL BE EFFECTIVE UNTIL APPROVED IN WRITING BY THE SECRETARY OF THE LGC.

24. THE GOVERNMENTAL UNIT’S (UNIT’S) FAILURE OR FORBEARANCE TO ENFORCE, OR WAIVER OF, ANY RIGHT OR AN EVENT OF BREACH OR DEFAULT ON ONE OCCASION OR INSTANCE SHALL NOT CONSTITUTE THE WAIVER OF SUCH RIGHT, BREACH OR DEFAULT ON ANY SUBSEQUENT OCCASION OR INSTANCE.

25. THERE ARE NO OTHER AGREEMENTS BETWEEN THE PARTIES HERETO AND NO OTHER AGREEMENTS RELATIVE HERETO THAT SHALL BE ENFORCEABLE UNLESS ENTERED INTO IN ACCORDANCE WITH THE PROCEDURE SET OUT HEREIN AND APPROVED BY THE SECRETARY OF THE LGC.
26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See “Fees for Audit Services” page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

29. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

30. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx.

31. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

32. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.
CONTRACT TO AUDIT ACCOUNTS  

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and Governmental Auditing Standards, 2018 Revision. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will not be approved.

Financial statements were prepared by: ☐ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

<table>
<thead>
<tr>
<th>Name:</th>
<th>Title and Unit / Company:</th>
<th>Email Address:</th>
</tr>
</thead>
</table>

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees below. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year billings. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC 3.0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

### PRIMARY GOVERNMENT FEES

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Government Unit</td>
<td>$</td>
</tr>
<tr>
<td>Audit Fee</td>
<td>$</td>
</tr>
</tbody>
</table>

#### Additional Fees Not Included in Audit Fee:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee per Major Program</td>
<td>$</td>
</tr>
<tr>
<td>Writing Financial Statements</td>
<td>$</td>
</tr>
<tr>
<td>All Other Non-Attest Services</td>
<td>$</td>
</tr>
<tr>
<td><strong>75% Cap for Interim Invoice Approval</strong> (not applicable to hospital contracts)</td>
<td>$</td>
</tr>
</tbody>
</table>

### DPCU FEES (if applicable)

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretely Presented Component Unit</td>
<td>$</td>
</tr>
<tr>
<td>Audit Fee</td>
<td>$</td>
</tr>
</tbody>
</table>

#### Additional Fees Not Included in Audit Fee:

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<tr>
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</tr>
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</tr>
</tbody>
</table>
## CONTRACT TO AUDIT ACCOUNTS

### SIGNATURE PAGE

#### AUDIT FIRM

<table>
<thead>
<tr>
<th>Audit Firm*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Firm Representative (typed or printed)*</td>
<td>Signature*</td>
</tr>
<tr>
<td>Date*</td>
<td>Email Address*</td>
</tr>
</tbody>
</table>

#### GOVERNMENTAL UNIT

<table>
<thead>
<tr>
<th>Governmental Unit*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))</td>
<td></td>
</tr>
<tr>
<td>Mayor/Chairperson (typed or printed)*</td>
<td>Signature*</td>
</tr>
<tr>
<td>Date</td>
<td>Email Address</td>
</tr>
</tbody>
</table>

| Chair of Audit Committee (typed or printed, or "NA") | Signature |
| Date | Email Address |

#### GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

| Primary Governmental Unit Finance Officer* (typed or printed) | Signature* |
| Date of Pre-Audit Certificate* | Email Address* |
**DISCRETELY PRESENTED COMPONENT UNIT**

<table>
<thead>
<tr>
<th>DPCU*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))</td>
<td></td>
</tr>
<tr>
<td>DPCU Chairperson (typed or printed)*</td>
<td>Signature*</td>
</tr>
<tr>
<td>Date*</td>
<td>Email Address*</td>
</tr>
<tr>
<td>Chair of Audit Committee (typed or printed, or &quot;NA&quot;)</td>
<td>Signature</td>
</tr>
<tr>
<td>Date</td>
<td>Email Address</td>
</tr>
</tbody>
</table>

**DPCU – PRE-AUDIT CERTIFICATE**

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

| DPCU Finance Officer (typed or printed)* | Signature* |
| Date of Pre-Audit Certificate* | Email Address* |

Remember to print this form, and obtain all required signatures prior to submission.