



County of Orange

Financial Services Department - Purchasing Division

**REQUEST FOR PROPOSALS
AUDIT SERVICES, RFP #5215**

The County of Orange (hereinafter called the "County") invites qualified independent auditors with governmental accounting and auditing experience and who meet specifications outlined in this RFP to submit a proposal for audit services. The deadline for submittal is 5:00 pm, February 17, 2016.

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

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms and conditions included with this Request for Proposals shall govern in any resulting contract(s) unless approved otherwise in writing by the County.

Type of Audit

This 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. The financial and compliance audit will cover federal, state and local funding sources in accordance with the Federal and State Single Audit Acts; applicable laws and regulations; and generally accepted auditing standards; Government Auditing Standards; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; provisions of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations; including revisions published in the *Federal Register* 06/27/03; the State Single Audit Implementation Act; and all other applicable laws and regulations.

Period

The County intends to continue the relationship with the auditors for no less than three years starting with fiscal year ending June 30, 2016. Based on cost estimates discussed below, the County is requesting bids for a three-year period. Continuation after the first year will be based on annual review and recommendation of the Department staff, satisfactory negotiation of terms (including price), and the availability of an appropriation. After the initial three-year period, a yearly extension may be granted by the County based on the above-mentioned criteria and Board of County Commissioner concurrence.

Requirements

1. The audit must be conducted in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the State Single Implementation Act, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with generally accepted accounting principles.
2. The audit must be conducted in a timely manner such that all necessary fieldwork is substantially complete by September 30. Final audit must be completed and reports rendered by October 31. If the County is unable to provide schedules/documents prepared by Finance Department staff by the agreed upon time, above time frame will be appropriately extended.
3. The County issues a Comprehensive Annual Financial Report (CAFR). Since the County has no CAFR preparation software, the selected firm is asked to provide draft financial statements and any required journal entries to the Finance Director by October 1 and subsequently provide a camera ready CAFR (printed front and back) to the County by October 31, including management letters and other applicable reports. The County has its CAFR bound and the copies duplicated.
4. The financial audit opinion will cover the financial statements for the government 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 constitute the basic financial statements. The combining and individual financial statements and schedules are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental data as required by GASB 34 will be subjected to the tests and other auditing procedures applied in the examination of the basic financial statements, and an opinion will be given as to whether they are fairly stated in all material respects in relation to the 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.
5. The working papers shall be retained and made available upon request by the County for no less than five years from the date of the audit report.
6. In the event that circumstances arise during the audit that requires work to be performed above the original estimates, such cost will be negotiated prior to commencement of work.

Audit Contract and Payment of Fees

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the County. If grant funds will be used to pay for the audit,

the grant agreement may require the Grantor Agency's approval before the invoice may be paid. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

Other Services

The Finance Department staff may require the auditor's guidance on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process as well as for inclusion in the County's CAFR. This will include the Schedule of Expenditures of Federal and State Awards and the federal Data Collections Form and submit to appropriate agencies as required. Guidance will be required for new note disclosure, all outstanding and effective GASB implementations and other reporting requirements at June 30 year-end. The County also participates in the GFOA Certificate of Achievement Program and assistance Cost for providing this service should be included in your base cost estimate and will not be considered extra for additional billings.

The County collects taxes for the Towns of Chapel Hill, Carrboro, and Hillsborough. The contracts with each town require the County to provide audited schedules and reports on the taxes levied and collected. These reports will be prepared by the auditor to include the auditor's opinion. A copy of this report can be made available upon request.

The County also owns a sports and recreation facility which is operated by a private management company and accounted for by the County in an enterprise fund. A separate audit of this operation to include the auditor's opinion will be required. A copy of this report can be made available upon request.

Time schedule for Awarding the Contract

1. Please submit one (1) original, three (3) copies (duplex on recycled paper, and one digital copy (.pdf) of proposal on a cd or thumb drive. All proposals shall be sealed and marked "Response Audit Services RFP #5215". Sealed proposals will be received no later than 5:00 pm Wednesday, February 17, 2016, at the Office of the Orange County Purchasing Agent, 200 S Cameron Street, PO Box 8181 Hillsborough, NC 27278. Proposals shall include a separate (in sealed envelope attached only to original) clearly marked "Cost Proposal" along with the name of your firm and shall not be included in the pdf file. Each bidder is responsible for determining that all addenda issued by the County has been received before submitting a proposal. Proposals must be delivered or mailed to the following address:

Orange County Purchasing Department
David Cannell Purchasing Agent,
200 S Cameron Street, PO Box 8181,

Hillsborough, NC 27278;
(919) 245-2651 (v); 919-636-4913 (f)
dcannell@Orangecountync.gov (preferred method)

2. The audit firm selected will be recommended by the Audit Committee to the County Commissioners on or before March 2016. Contracts will then be forwarded to the Local Government Commission for approval.

Description of Selection Process

Four copies of the proposal should be submitted. Please provide a clear identification (table of contents) of all material submitted with your proposal by section number and page number.

Proposals should be submitted in two sections. The first section should be comprised of the firm's prior governmental experience, the firm's experience with maintaining personnel and qualifications of its personnel in performing governmental audits as outlined below.

It should also include the various methodologies you use in testing the financial statements. The Audit Committee will evaluate the auditor on experience, dedication to government issues and technical qualifications. The second section will be comprised of the separately sealed audit cost estimates.

The top firms resulting from the evaluation of the first section will have their second section opened and reviewed. The Audit Committee may also choose a face to face interview with the top firms. Firms selected for interview will be required to include those individuals assigned to the County in the interview processes. The firm best meeting the County's expectations for experience, audit approach and the cost requirements will be selected.

The County reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interests of the County.

Failure to respond to any requirements outlined in this RFP, or failure to enclose copies of the required documents, may disqualify the bid.

First Section

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

1. Indicate the number of people (by level) located within the local office that will handle the audit. Provide statistics on your firm's turnover rate and your policy on audit team continuity for your clients. Note if your firm is an equal opportunity employer.

2. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed, and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
5. Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new reporting model should be clearly communicated.
6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities, solid waste, debt issuance, or health or social services programs).
8. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or National professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
9. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), Amendment 3. Provide a copy of the firm's Statement of Policy and Procedures.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
13. Comment on your knowledge of and relationship with the North Carolina Local Government Commission and the University Of North Carolina School Of Government at Chapel Hill.

Second Section

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate, sealed envelope marked – “Cost Estimate.” The County plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

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

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in the management letter.
6. Assistance expected from the government’s staff, if other than outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Specify costs using the format below for the audit year July 1, 2016 to June 30, 2017. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2016 is binding, while the two years which follow are estimated costs. Chart is attached.
 - A. Manpower costs – Itemize the following for each category of personnel (collaborate, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
 - 1) Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.
 - 2) Rate per hour.
 - 3) Total cost for each category of personnel and for all manpower costs.
 - B. Travel – itemize transportation and other travel costs separately.
 - C. Cost of supplies and materials – itemize.
 - D. Other costs – completely identify and itemize.

9. Other Information.

Description of Orange County and Its Accounting System

Entity

The estimated population of Orange County is 141,596. The County has a commission-manager form of government with a five member Board of Commissioners comprising the governing body.

The County operates a solid waste system, a community recreation facility and a small sewer operation, all of which are accounted for in separate enterprise funds. In addition, based on the criteria set forth in GASB Statement 14, the County has one component unit, the Orange County ABC Board.

Other related organizations include:

Orange Water and Sewer Authority
Go Triangle

Funds

The County maintains the following funds:

Governmental Funds:

General Fund

Special Revenue Funds:

Property Revaluation Fund

Community Development Fund

School Capital Reserve Fund

Section 8 Housing Fund

Grant Supported Fund

Grant Projects Fund

Emergency Telephone System Fund

Visitor's Bureau Fund

Local Fire District Fund

Heusner Fund
Library Development Fund
Adoption Enhancement Fund
Recreation Subdivision Fund
Impact Fee Fund
Article 46 Sales Tax Fund

Capital Projects Funds:

County Capital Improvements Fund
School Capital Improvements Fund

Proprietary Funds:

Solid Waste Enterprise Fund
Sportsplex Enterprise Fund
Efland Sewer Enterprise Fund
Dental and Health Insurance Internal Service Fund
Vehicle Replacement Fund
Jail Inmate Fund

Fiduciary Funds:

School District Tax Fund
Senior Center Fund
Cooperative Extension 4-H Fund

Fiduciary Funds(Continued)

Well Repair Fund
Communication Tower Trust Fund

Copies of the County's Audited CAFR for the fiscal year ended June 30, 2015 that includes the Compliance and Single Audit information can be found on the County's website at the following URL:

<http://www.co.orange.nc.us/finance/index.asp>

Budgets

The unit budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the function and activity level. The unit also

maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

The Orange County Budget for fiscal year 2010-2016 is located on the County's website at the following URL.

<http://www.co.orange.nc.us/finance/index.asp>

Accounting Records

The County maintains all its accounting records at the finance office located at 200 South Cameron Street, Hillsborough, NC 27278. The County maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on a Compaq/HP ProLiant DL380 G3 servers. The software used by the County for its major financial operations is MUNIS 9.4 version. In addition the County uses Property Management Information System(PIMS) software for land records, tax assessment and revenue collections. This system interfaces with the MUNIS software to post daily revenue collection transactions.

Assistance Available to Auditor

The County will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available in electronic format by September 17, 2016. The following accounting procedures will be completed and documents prepared by the County staff no later than September 17, 2016.

The books of account will be fully balanced.

All subsidiary ledgers will be reconciled to control accounts.

All bank account reconciliations for each month will be completed.

The County's personnel will prepare the following items:

General

1. Working Balance Sheet for each fund.
2. Working Statement of Revenues, Expenditures, and Transfers for each fund.
3. General Ledger transaction detail report for each account. (Will provide online access to general ledger inquire with print options)
4. A copy of the original budget, all amendments, and the final budget as of June 30.
5. A copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files maintained in the finance office and purchasing office.
7. A copy of board policies, including travel and investment policies.

8. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, faxes regarding the audited financial statements and compliance reports for the previous year.
9. Management's Discussion and Analysis
10. Required supplementary information, e.g. actuarial information of the Law Enforcement Officers' Separation Allowance

Cash and Investments

1. All bank reconciliations for each month
2. List of outstanding checks by account, 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.

Receivables

1. Listing of unpaid tax bills in detail totaled by year as of fiscal year end.
2. Listing of outstanding receivables by fund and account as of the fiscal year end.

Other Assets

1. Schedule of insurance coverage.

Capital Assets

1. Printout of all capital asset acquisitions made during the audit year.
2. Printout of all capital asset dispositions made during the audit year.
3. Access to printout containing calculations used in balancing the Capital Assets subsystem to the government-wide statements.
4. Printout of depreciation expense posted for the audit year.

Current Liabilities

1. Schedule of accounts payable including batch printouts.

Long-Term Debt

1. Computation of vested vacation payable as of the audit date.
2. Debt Schedule for each debt issue and related payments.

Grants, Entitlements and Shared Revenues

A copy of the Schedule of Federal and State Expenditures and a Summary of Auditor's Results showing the major federal programs for the year ended June 30, 2015 can be viewed in the Financial Statements on the County website:

<http://www.co.orange.nc.us/finance/index.asp>

Size and Complexity of County

Number of General Fund Departments – 26 (some with subcategories)
 Number of full time employees – 950 FTEs
 Number of other employees – 152 active (includes part-time, temporary, seasonal and other)
 Frequency of payroll – Bi-Weekly
 Estimated number of payroll checks and direct deposits per year – 27,430
 Estimated number of accounts payable checks per year – 18,000 Electronic Payments 1,878.
 Estimated number of purchase orders per year – 2,700
 Bank and Investment Account Information (estimated monthly activity)

<u>Account</u>	<u>Deposits/Credits</u>	<u>Withdrawals/Debits</u>
Central Depository (1)	1005	2,000
Payroll ZBA	30	600
Money Market Accts (1)	2	3
NCCMT (1)	19	5
Other Checking and Escrow Accounts (8)	0	6
Finistar Investment (1)	0	
BB&T Lockbox	58	49
Other Checking (6)	100	100
Sportsplex Checking	87	5

Tax Levy and Collections Information for the fiscal year ended June 30, 2015 can be found in the County's CAFR, which can be found at the website mentioned above. As mentioned, the County Collects taxes for the towns of Chapel Hill Carrboro and Hillsborough. Levy and collection information for the towns can also be provided upon request or at the pre-proposal conference.

The County's financial software is MUNIS, 9.4 versions. This software runs on a Compaq/HP ProLiant DL380 G3 server, Running Windows Server 2000. It has a Dual 2.4GHz processor with 4 GB of RAM with a RAID array of 4 X 18 GB drives. Financial system is modified by Tyler Technologies technical team, who cannot update Orange County software without coordination through OC IT group. As many as 5 OC IT Programmers/Analysts have potential capabilities to develop interfaces with Munis system. Since the County has decentralized several financial functions there are approximately 170 MUNIS users. There are several other software applications that interface with the munis system through file transfers. These include tax assessment, collections and other revenue and Section 8 housing check preparation. Microsoft windows and Microsoft Office currently serve as the County's standard software applications. There are approximately 750 PCs used by County departments.

Other Information

The County is planning to issue a finance package in the Spring of 2016

Questions and inquiries should be directed to:

Orange County Purchasing Department
David Cannell Purchasing Agent,
200 S Cameron Street, PO Box 8181,
Hillsborough, NC 27278;
(919) 245-2651 (v); 919-636-4913 (f)
dcannell@Orangecountync.gov (preferred method)

All questions pertaining to this RFP must be submitted in writing no later than February 10, 2016 at 12:00 pm.

**COST ESTIMATE
(per year)**

THREE YEAR CONTRACT

	FY 2015	FY 2016	FY 201
Base charge – Financial Audit			
Base charge - Compliance Audit			
Charge per program for additional compliance testing			
Other:			
TOTAL			

Basis/methodology of cost estimate:

Basis/methodology of cost estimate after first year: