

City of Greenville



Greenville Utilities Commission



Auditing Services

Joint Request for Proposal

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FY 2015

CITY OF GREENVILLE and GREENVILLE UTILITIES COMMISSION REQUEST FOR PROPOSALS ON AUDITING SERVICES

INTRODUCTION

The City Council of the City of Greenville, NC (hereinafter called the “City”) and Greenville Utilities Commission (hereinafter called GUC) issue this Request for Proposals (RFP) from qualified independent auditors having sufficient governmental accounting and auditing experience in performing an audit for fiscal years 2015 through 2019 (5 years).

This RFP does not constitute a bid and is intended solely to conduct a competitive, qualification-based selection process to identify the best-qualified firm with which to negotiate a contract for the desired services.

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

SCOPE OF SERVICES

For financial purposes, the audit will encompass a financial and compliance examination in accordance with generally accepted auditing standards of the City’s Comprehensive Annual Financial Report (CAFR) and the financial statements and supplemental schedules for all funds. The City includes all funds, agencies, boards, commissions, and authorities for which the City is financially accountable. Both GUC, operated as an enterprise fund, and Sheppard Memorial Library (SML), operated as a governmental fund type, fit these provisions. The financial and compliance audit will cover federal, state and local funding sources in accordance with generally accepted auditing standards; Governmental Auditing Standards; the State Single Audit Implementation Act; and all other applicable guidances. The firm is expected to comply with all applicable North Carolina General Statutes.

Additionally, GUC prepares a separate Comprehensive Annual Financial Report (CAFR) and therefore requires an associated opinion statement to cover GUC. Consequently, a complete audit must be conducted for GUC as a separate unit. Sheppard Memorial Library (SML) and the Convention and Visitors Authority (CVA) are agencies and will require separate cover audit reports with associated opinion statements. Firms who are responding to this solicitation should keep these provisions in mind when estimating hours and extending prices. Firms should supply fee schedules for the City, GUC, SML, and CVA.

PERIOD

The City and GUC intend to continue the relationship with the auditor for five years, on the basis of annual negotiation after the completion of the first year contract, with an option to extend the agreement for one consecutive three year term. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The City and GUC reserve the right to request proposals for auditing services at any time following the first year of this contract. Proposals should be prepared for all five, with year one being the only obligated year:

July 1, 2014 to June 30, 2015

July 1, 2015 to June 30, 2016

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

CONDITIONS APPLICABLE TO RFP

Upon submission of a proposal in response to this RFP, the Respondent acknowledges and consents to the following conditions relative to the submission and review and consideration of its Qualification Statement.

- All costs incurred by the Respondent in connection with responding to this RFP shall be borne solely by the Respondent.
- The City and GUC reserve the right in their sole judgment to reject for any reason any and all responses and components thereof and to eliminate any and all responses and components thereof and to eliminate any and all Respondents responding to this RFP from further consideration for this procurement.
- The City and GUC reserve the right in their sole judgment to reject any Respondent that submits incomplete responses to this RFP or a proposal that is not responsive to this RFP.
- Each firm shall affirm that no official or employee of the City, GUC, SML, or CVA is directly or indirectly interested in this proposal for any reason of personal gain.

REQUIREMENTS

GENERAL

- Interim fieldwork will be completed in mid-March/April. Year-end fieldwork should begin in mid-August and be completed by August month end. This first year is an exception to the mentioned dates, as the RFPs are being requested. Once the selection of the firm has taken place, interim dates for the current year will be determined.
- The CAFR must be completed with reports rendered four months following the fiscal year end (October 31).

- The auditor will be expected to advise appropriate Financial Departments' personnel on the applicability of accounting and reporting standards (i.e. GASB statements, etc.) as such are adopted for use, and day-to-day questions concerning payroll, internal control procedures, IRS issues and accounting issues. As other needs arise during the year, certain inquiries to and requests for assistance from the auditor may be made. This service should be responded to as part of the cost proposal. In cases, however, where services requested would require a more in-depth scope with greater time dimensions, a separate contract will be entertained for such services. In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the governing board and forwarded to the staff of the Local Government Commission (LGC) for approval.
- The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

CITY OF GREENVILLE

- The Auditor and City will suggest most year-end adjusting journal entries. The Director of Financial Services will be actively involved in the Management Discussion and Analysis (MD&A), and other scheduled section preparation. The City will expect a preplanning conference, which should include a prepared listing of information needed for the audit; periodic conferences during the conduct of the audit; as well as an exit conference prior to the completion of fieldwork. These meetings are to take place with the City Manager, and Director of Financial Services.
- A preliminary draft of the audit (electronic) and required journal entries must be submitted to the Director of Financial Services by September 10th for proofing and reconciliation to the organization's records. An agreed upon post-closing trial balance must exist by September 25th for the first year of the contract.
- An electronic copy of the drafted CAFR, management letter and other applicable reports must be submitted to the Director of Financial Services within the time frame cited above. In addition, the auditor is responsible for submitting the required two copies to the staff of the LGC.
- The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, each major fund, and the remaining fund information, which collectively constitutes the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the general fund, the major funds,

and any annually budgeted special revenue funds. An opinion will not be given on the MD&A.

- The City of Greenville established an Audit Committee in April of 2011. This Committee meets a minimum of three times per year preferably in May (close to audit interim procedures), in September (to review the audited financial report) and in February (a preplanning conference before the commencement of audit fieldwork). The City will expect the auditors to have a representative at each of the Committee meetings. A conference call will be acceptable in the event that a representative is unable to physically attend the meeting.
- An audit partner will be available to present the basic financial statements and auditor opinion to the City Council at the scheduled October City Council meeting, for the first year of the contract and at each September City Council meeting thereafter. These meetings are normally the second Monday of the month and begin at 6 p.m.
- The Auditor will have the ability to assist and advise our personnel in continuing to receive the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.
- The Auditor will be responsible for the completion of the Data Collection Form to be completed for the A-133 Certification.
- The City is in the process of a new system implementation. It is expected to go live with Munis Financial System (a component of Tyler Technologies) on July 1, 2015.
- The City of Greenville Financial Services Department is responsible for the following:
 - Work papers and schedules as jointly decided upon prior to audit
 - Preparation of MD&A, transmittal letters and statistical report required to complete the CAFR (Comprehensive Annual Financial Report)
 - Completion of Annual Financial Information Report (AFIR)
 - The actual printing, copying and Informational binding of the audit and all costs associated
- A copy of the City's most recent CAFR can be found at this link <http://www.greenvillenc.gov/Home/ShowDocument?id=8102>

GREENVILLE UTILITIES COMMISSION

- GUC will expect a preplanning conference, which should include a listing of requested information needed for the audit; periodic conferences during the conduct of the audit; as well as an exit conference prior to the completion of fieldwork.
- The financial audit opinion will cover the financial statements for the business-type activities and each major fund, which collectively constitutes the basic financial statements. The individual fund financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.
- The preparation of GUC's CAFR, including its drafting, typing, and printing, will be completed by GUC's Finance Department. Audit reports copied on firm letterhead are desired for inclusion in the published financial reports. An electronic copy of the CAFR will be furnished to the auditor and the auditor will be responsible for submitting the required two copies to the staff of the LGC.
- GUC participates in the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program. The auditor will be expected to review the CAFR for submission for this program and offer assistance as needed in this process.
- An audit partner will need to be available to present the audit results to the GUC Board of Commissioners at a regularly scheduled Board meeting.
- A copy of GUC's most recent CAFR can be found at this link
<http://www.guc.com/Data/Sites/1/media/financial-information/guc-cafr-fy-2014.pdf>

AUDIT CONTRACT & PAYMENT OF AUDIT FEES

In addition to the contracts for the City (which includes SML, as a special revenue fund which can be billed separately for audit); separate audit contracts will be required for GUC and CVA.

The audit contracts must be approved by the staff of the LGC. Invoices are subject to approval by the LGC staff prior to processing by the City, GUC, SML, or CVA.

Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the LGC staff and their approval of the audited financial statements.

DESCRIPTION OF THE GOVERNMENTAL ENTITY AND ITS ACCOUNTING SYSTEM ENTITY:

- I. **Description of Consolidated Unit-** \$531.4 million annual budget and 1,166 full-time employees.

The City of Greenville maintains the following funds:

Governmental Funds

General Fund, including Powell Bill & Debt Service Fund

Special Revenue Funds:

- Community Development and Home Program Fund
- Sheppard Memorial Library (SML)
- Housing Trust Fund
- Small Business Loan Program
- Special Revenue Grant Fund
- Energy Efficiency Recovery Grant
- Hurricane FEMA Grant

Capital Projects Funds:

- Cemetery Development Project
- Capital Reserve
- Affordable Housing Project
- West Greenville Revitalization
- Center City Revitalization
- Statonsburg Road/10th Street Connector
- South Tar River Greenway
- Way Finding Community Development
- Stormwater Drainage Project – Enterprise Capital Project
- Stormwater Drainage Maintenance Capital Project – Enterprise Capital Project
- Town Creek Culvert Stormwater Capital Project Fund – Enterprise Capital Project
- Watershed Replacement Stormwater Capital Project Fund – Enterprise Capital Project
- Thomas Langston Road Extension
- Intermodal Transportation Center
- Employee Parking Lot Expansion
- Convention Center Expansion Phase III
- Community Oriented Policing Services
- Technology for Public Safety
- Drew Steele Center
- Community Oriented Policing Services Universal Hiring Program
- Energy Efficiency Revolving Loan Fund
- Emergency Operations Center
- King George Bridge Capital
- Greenways
- Dream Park
- Energy Savings Equipment Project
- 4th Street Parking Garage
- ERP Fund
- Street Improvements
- Facilities Improvement

Proprietary Funds

Enterprise Funds:

- Public Transportation
- Sanitation
- Stormwater Utility
- GUC- Electric Fund
- GUC- Water Fund
- GUC- Sewer Fund
- GUC- Gas Fund



All administered by Greenville
Utilities Commission

Internal Service Funds:

- Vehicle Replacement Fund
- Health Insurance Fund
- Fleet Maintenance Fund

Fiduciary Funds

Other Post Employment Benefits Trust Fund

- II. **Description of City of Greenville General Governmental Unit**---Population estimate, 89,130
\$123.8 million annual budget.

SIZE AND COMPLEXITY OF UNIT- CITY OF GREENVILLE:

Personnel/Payroll

Number of full-time employees:	730
Frequency of payroll:	Bi-Weekly
Number of payroll direct deposit advices:	All employees
Number of Departments:	13 (excluding; Library & CVA)
Number of purchase orders issued	3,000

- III. **Description of Greenville Utilities Commission Unit** - \$ 275.7 million annual budget and 436 full-time employees.

SIZE AND COMPLEXITY OF UNIT- GREENVILLE UTILITIES COMMISSION

Personnel/Payroll

Number of full-time employees:	436
Frequency of payroll:	Bi-Weekly
Number of payroll direct deposit advices:	All employees
Number of Departments	11
Number of purchase orders issued	3,122

GUC operates an electric distribution system serving the City and approximately seventy-five percent of the rural portion of the County with approximately 64,673 connections. GUC also operates a water treatment and distribution system with approximately 34,959 connections, a

wastewater collection and treatment system with approximately 28,640 connections, and a gas distribution system with approximately 22,554 connections. GUC is a member (participant) of the North Carolina Eastern Municipal Power Agency and has a take or pay contract for energy supply. GUC secures its natural gas supplies through various marketers.

- IV. **Description of Sheppard Memorial Library Unit (SML)** - \$2.5 million annual budget and 15 full-time employees, 38 part-time employees.

Sheppard Memorial Library is a high quality library system serving as a reliable gateway to materials, services, and resources that serve the informational, recreational, intellectual and creative pursuits of the individual and the community.

- V. **Description of Convention & Visitors Authority (CVA) Unit**- \$829 thousand annual budget and 4 full-time employees.

The City participated with Pitt County in a joint venture to purchase and develop property to be used as a convention center. The Convention Center opened in May 2003 and is operated by an independent management firm. Convention & Visitors Authority is funded from the local occupancy tax collections.

SUBMITTAL REQUIREMENTS

The proposal submittal should contain the following items. To be considered, please submit a tentative schedule for completing the audit for the City, GUC and other entities in order to meet the submission requirements established by the NC Local Government Commission. Along with the listing of qualification, please provide a cost estimate for the five year period in a (MS-Excel Format) by function and fiscal year (refer to the attached file for format). The proposals should be received no later than 3:00 PM EST, Friday, February 6, 2015.

Proposals shall be submitted via email, one to each of the following:

Proposal for Auditing Services

Proposals should be sent to:

Mrs. Bernita Demery
Director of Financial Services
City of Greenville
bdemery@greenvillenc.gov

Mr. Jeff McCauley
Chief Financial Officer
Greenville Utilities Commission
mccaulejw@guc.com

The City and GUC reserve the right to reject any and/or all submittals, waive any minor irregularities in the process and to be the sole judge of suitability of the services for its intended use and further specifically reserves the right to seek new proposals when it is in the best interest of the City or GUC. Failure to respond to any requirements outlined in the RFP or failure to enclose copies of the required documents may disqualify the response.

The City and GUC have adopted an Affirmative Action and Minority and Women Business Enterprise Plan (M/WBE) Program. Firms submitting a proposal are attesting that they also have

taken affirmative action to insure equality of opportunity in all aspects of employment, and to utilize MWBE suppliers of materials and labor when available. Minority owned and operated businesses are encouraged to participate in the submission process.

All responses to this request will be subject to the Freedom of Information and Privacy Act.

The font size shall not be smaller than 11-point and the total document should be limited to thirty pages.

To be considered for this project each response must contain all of the following information, tabbed as identified, and in the sequence indicated below.

Completeness and clarity of the response will be an important consideration, as will the conciseness of the response package. Responses should generally include the following sections.

1) SECTION 1: LETTER OF TRANSMITTAL

2) SECTION 2: TABLE OF CONTENTS

3) SECTION 3: EXECUTIVE SUMMARY

Provide an executive summary that outlines your firm's experience, methodology, scope of services, project schedule, and deliverables.

4) SECTION 4: RELEVANT COMPANY EXPERIENCE

- a) Provide the location of the office responsible for the proposed services and the number of partners, supervisory staff, seniors and other professional staff employed at that office. Describe their roles and provide a brief description of their professional experience in governmental auditing. This description should include specific experience with public power, water, and gas utilities.
- b) Identify your firm's current audit engagements of North Carolina municipalities and counties having populations in excess of 75,000 and indicate which accounts have been served within the last five years. In doing so, please match the proposed engagement team to the audit engagements that are cited.
- c) Describe 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. In doing so, please match the proposed engagement team to the engagements that are cited.
- d) Describe the experience, knowledge and training which your firm and assigned office have in performing examinations in accordance with the provisions of the Federal and State Single Audit Acts, as well as, but not limited to, provisions contained in the United States General Accounting office publication, "Government Auditing Standard" (the yellow book). Provide a copy of the firm's Statement of Policy and Procedures.
- e) 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.

- f) Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., solid waste, utility systems, government enterprises, social service grants, and school systems).
- g) 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.
- h) Describe your firm's personnel development program and your continuing professional education requirements. Identify specialized programs in the area of local government accounting and auditing.
- i) Describe your firm's capability and experience in providing management consulting services to local government units and public utilities.

5) SECTION 5: REFERENCES

Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.

6) SECTION 6: INSURANCE

Describe your firm's liability insurance coverage arrangements.

7) SECTION 7: LITIGATION/REGULATORY ACTION

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

8) SECTION 8: ENGAGEMENT TIMING / SCHEDULE

This section should include the following information:

- a) Type of audit program used
- b) Organization of the audit team and the approximate percentage of time spent on the audit by each member
- c) Assistance expected from the government's staff; if other than that outlined in the RFP
- d) Information that will be contained in the management letter
- e) Tentative schedule for completing the audit within the specified deadlines of the request

9) SECTION 9: PRICING (UNDER SEPARATE COVER) (MS – EXCEL FORMAT)

Proposals should include the attached cost estimate (MS – Excel Format) by function and fiscal year. This section should include at a minimum the following information:

- a) Personnel Costs- (Partner, Manager, Senior, Staff Accountants, etc.)
- b) Estimated hours- (Interim- On/Off Site, Year-End- On/Off Site, Office)
- c) Rate per hour

- d) Travel- estimated number of trips itemized
- e) Cost of supplies and materials- itemized
- f) Presentation to City Council and GUC Board of Commissioners
- g) Other costs- fully identify and itemize
- h) If applicable, note your method of determining increases in audit costs on a year-to-year basis
- i) Please include the Summary of Audit Costs sheet with your proposal as outlined in the attachment

It is the intent of the City and GUC to negotiate a contract immediately following final selection. However, the City and GUC reserve the right to reject any and all responses or to waive any and all formalities and the right to disregard all nonconforming or conditional responses and to award the contract to other than the lowest priced proposal.

INQUIRIES

All inquiries should be e-mailed to Bernita Demery (bdemery@greenvillenc.gov) and Jeff McCauley (mccaulejw@guc.com) by no later than February 4, 2015.

PROPOSERS CERTIFICATION

I have carefully examined the proposal, and any other documents accompanying or made a part of this proposal.

I hereby propose to furnish the goods or services specified in the Request for Proposal. I agree that my proposal will remain firm for a period of up to 150 days in order to allow the City and GUC adequate time to evaluate the responses submitted.

I have attached a summary cost sheet audit proposal for 2015-2019 as specified in the Request for Proposal.

I verify that all information contained in this proposal is truthful to the best of my knowledge and belief. I further certify that I am duly authorized to submit this proposal on behalf of the firm as its act and deed and that the firm is ready, willing and able to perform if awarded the contract.

I further certify that this proposal is made without prior understanding, agreement, connection, discussion, or collusion with any other person, firm or corporation submitting a proposal for the same product or service; no officer, employee or agent of City of Greenville or Greenville Utilities Commission; and that I the undersigned; executed this certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

NAME OF BUSINESS

SIGNATURE

NAME & TITLE, TYPED OR PRINTED

MAILING ADDRESS

CITY, STATE, ZIP CODE

TELEPHONE NUMBER