



Request for Proposals No. 2022-039 Auditing Services

Due Date: January 27, 2022
Time: 10:00 AM EST
Receipt Location: Union County Government Center
Procurement Department
500 N. Main Street, Suite 709
Monroe, NC 28112

Procurement Contact:

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1 NOTICE OF ADVERTISEMENT

Union County, North Carolina Request for Proposals No. 2022-039 Auditing Services

Electronic proposals will be received by the Union County Procurement Department at the Union County Government Center, 500 North Main Street, Monroe, NC 28112 until **10:00 AM EST on January 27, 2022.** Late proposals will not be accepted.

Union County, North Carolina, through the Union County Finance Department, is soliciting proposals from experienced and qualified firms to provide auditing services in accordance with the specifications outlined in the solicitation.

This solicitation follows the Uniform Administrative Requirements (UG), Cost Principles, and Audit Requirements for Federal awards (2 C.F.R. Part 22). Contracts resulting from this solicitation may be funded with federal grant funds which have been procured in a manner that is in compliant with all applicable Federal laws, policies, and standards as well as state law and local policies.

Request for Proposals No. 2022-039 may be examined at the Union County Government Center, Procurement Department at 500 North Main Street, Suite 709, Monroe, NC 28112, Monday through Friday between the hours of 8:00 am and 5:00 pm. Copies of the solicitation may be obtained from the locations listed below:

1. Download the Proposal Documents from the Union County website:
<https://www.unioncountync.gov/departments/bids-procurement/current-bids>
2. Download the Solicitation Documents from the State of North Carolina IPS website:
www.ips.state.nc.us (Bid by Departments, search County of Union)

All questions about the meaning or intent of the RFP Documents are to be submitted in writing to the Procurement contact person listed on the cover page (vicky.watts@unioncountync.gov) no later than **January 20, 2022 at 10:00 AM EST.**

Union County reserves the right to reject any or all proposals, to waive technicalities and to make such selection deemed in its best interest. With limited response, Union County reserves the right to extend the solicitation opening date as appropriate in order to assure a competitive procurement process.

Union County reserves the right to award to multiple vendors.

Offerors are required to comply with the non-collusion requirements set forth in the Solicitation Documents.

Union County encourages good faith effort outreach to Minority Businesses (HUB Certified) and Small Businesses.

2 PROPOSAL DETAILS

2.1 PROPOSAL SUBMISSION DEADLINE

All Proposals are to be received by the Union County Procurement Department no later than **10:00 AM EST on January 27, 2022** per the instructions below. Any proposals received after this date and time shall be rejected without exception.

2.2 SUBMISSION REQUIREMENTS

The proposal must be submitted electronically using the following link: <https://lfportal.unioncountync.gov/Forms/procurementsubmit>. Select the Solicitation drop down arrow and choose this RFP from the list. Complete the form, upload your Proposal (1 complete document) and select submit. The maximum size is 20 MB. An email response will be sent to the address entered on the form as your confirmation of receipt.

The proposal package **must be signed** by a person who is authorized to bind the proposing Company. Instructions for preparing the proposal are provided herein.

Paper submissions will not be accepted.

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

Union County reserves the right to:

- Reject any or all proposals;
- To waive technicalities;
- To make such selection deemed in its best interest;
- Cancel this solicitation;
- Award to multiple vendors.

2.3 PROPOSAL QUESTIONS

Proposal questions will be due on or before **January 20, 2022 at 10:00 AM EST**. The primary purpose is to provide participating Offerors with the opportunity to ask questions, in writing, related to the RFP.

Submit questions by e-mail to **Vicky Watts** at vicky.watts@unioncountync.gov by the deadline shown above. **The email subject line should identify the proposal number and project title.** All questions and answers may be posted as addenda on www.unioncountync.gov and www.ips.state.nc.us.

2.4 PROPOSAL ADDENDUM

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

Should an Offeror find discrepancies or omissions in this RFP or any other documents provided by Union County, the Offeror 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 Offeror on Appendix B – Addendum and Anti-Collusion form.

2.5 COMMUNICATION

All communications, any modifications, clarifications, amendments, questions, responses or any other matters related to this Request for Proposals must be made only through the Procurement Contact noted on the cover of this RFP. A violation of this provision is cause for the County to reject a Company’s proposal. No contact regarding this document with other County employees is permitted and may be grounds for disqualification.

3 INTRODUCTION

3.1 COUNTY

The County (estimated population 242,657) is located in the central, southern piedmont. The County provides its citizens with a full array of services that include public safety, water/wastewater utilities and sanitation, human services, cultural and recreational activities, and general government administration.

3.2 PURPOSE

Union County, North Carolina, through the Union County Finance Department, is soliciting proposals from experienced and qualified firms to provide auditing services in accordance with the specifications outlined in the solicitation.

4 PROJECT INTRODUCTION


Union County, North Carolina, through the Financial Services, 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 Union 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 Union County, North Carolina.

5 SCOPE OF WORK

5.1 TYPE OF AUDIT

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, printing and copying of the Basic Financial Statements, supplementary information, MD&A, notes to the Financial Statements and compliance reports by October 1st. The Auditor will be responsible for reviewing all information prepared by the County. The Auditor will submit a draft of the Financial Statements, reviewed in detail, to the Finance Officer or his designee. This draft will be submitted to the County no later than October 15th to allow County staff ample time to review and make corrections.

The audit must be completed and reports rendered four months following the fiscal year end (by October 31).

The County prefers interim fieldwork be completed in May. Year-end fieldwork should begin the Tuesday after Labor Day and be completed within two to three weeks. The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

In addition, the auditor is responsible for submitting the required two copies to the staff of the Local Government Commission (LGC) on or before October 31.

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.

In addition, the County requests auditor assistance with the preparation of the Annual Financial Informational Report, (AFIR), as of June 30.

5.2 AUDIT CONTRACT & PAYMENT OF AUDIT FEES

The audit contract must be approved by the Local Government Commission (LGC). Invoices are subject to approval by the LGC and the appropriate Grantor Agency, if applicable, prior to processing by the County. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the Local Government Commission and their approval of the audited financial statements.

5.3 CURRENT PROCESS

Currently Union County prepares its own Financial Statements using Thales Consulting - TRS Online. Union County does the mapping from the MUNIS software to TRS Online (a web application that allows local governments to prepare their annual financial report). Union County also prepares the "Notes to the Financial Statements".

6 DESCRIPTION OF THE GOVERNMENTAL ACCOUNTING SYSTEM

6.1 FUND AND ACCOUNT GROUPS

Union County maintains the following funds and account groups (as of 7/1/2021):

6.1.1 GENERAL FUND

- General Fund
- Schools Budgetary Fund (combined with the General Fund)
- Fire Budgetary Fund (combined with the General Fund)
- Emergency Medical Services, (EMS), Budgetary Fund (combined with the General Fund)
- Schools Radio Budgetary Fund (combined with the General Fund)
- Debt Service Budgetary Fund
- Economic Development Fund

6.1.2 ENTERPRISE FUNDS

- Solid Waste Fund, comprised of:
 - Solid Waste Operating Fund
 - Solid Waste Capital Reserve Fund
- Water & Sewer Fund, comprised of:
 - Water & Sewer Operating Fund
 - Water & Sewer Capital Project Fund (combined with the operating fund)
 - Water & Sewer District Fund (combined with the operating fund)
 - Water & Sewer District System Development Fees Capital Reserve Fund (combined with the operating fund)

6.1.3 CAPITAL PROJECT FUNDS

- General Capital Project Fund

6.1.4 SPECIAL REVENUE FUNDS

- 18 Fire District Funds
- DSS Representative Fund
- Fines & Forfeitures Fund
- Civil Feed Fund
- Emergency Telephone System Fund
- Fee Supported Fire Districts Fund
- Automation Enhancement Fund
- General Special Revenue Fund

6.1.5 INTERNAL SERVICE FUNDS

- Health Benefits Fund (which includes dental benefits)
- Workers' Compensation Fund
- Property and Casualty Fund

6.1.6 PENSION FUNDS

- Special Separation Allowance Fund
- Other Postemployment Retiree Healthcare Benefits (OPEB) Fund

6.1.7 CUSTODIAL FUNDS

- Jail Inmate Fund
- Municipal Tax Collection Fund
- Gross Rental Receipts Tax Fund

The Fiscal Year 2022 adopted operating budget for all funds is \$510.2 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, including CARES and ARAP Funding from the U. S. Treasury.
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 function 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

Union County maintains its primary unit's accounting records at the finance office located at 500 North Main Street, Monroe, NC. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, accounts receivable ledger, accounts payable, purchase order/contract encumbering, payroll/personnel records, and utility billing/receipts/receivables on computer.

6.5 SOFTWARE USED

Union County uses MUNIS software for its purchasing, payroll, personnel, cash receipts, cash disbursements, fixed assets and general ledger. DEVNET software is used for the tax billings, tax collections and assessment. Harris software is used in the Public Works Department for customer service, billing, collection for water and sewer. Wasteworks software is used for solid waste billing (enterprise funds). EVOLVE 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, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available in excel electronically the first day of final fieldwork. The following accounting procedures will be completed and prepared by the county's staff no later than May 15, 2022 to prepare for preliminary fieldwork:

1. Staff will provide beginning and ending check\EFT numbers for the period beginning July 1, 2021 through the current date for both Accounts Payable and Payroll.
2. Staff will provide a copy of the original budget ordinance for the FY2021-2022, as well as an 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 June 30.
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. Financial statements for Catawba River Water Treatment Plant as of June 30.
5. Report of cash balances at December 31 and June 30.
6. Schedule of fidelity bonds and evidence to support the schedule.
7. Schedule of cash transfers for the period June 24, 2022 to July 8, 2023.
8. Schedule of all petty cash funds, location and responsible individual.

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 (by year & taxpayer)
 - 1.4. Schedule of approved tax rates for 2022 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.

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- 2.4. Computation of allowance for doubtful accounts.
 - 2.5. Summary of 2021-2022 water consumption
 - 2.6. Inventory listing
 - 2.7. Summary of Water/Sewer Collections for July & August of 2022.
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 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

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- 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, 2021 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 fiscal year 2021-2022
 - 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
 - 9.8. Schedule of bond refunding premiums and bond issue costs
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 Union 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 FY 22
- 11.4. Summary of food instruments issued by the County by month for FY 22.

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 PROPOSAL REQUIREMENTS AND INSTRUCTIONS**

7.1 **TERMS OF SUBMISSION**

All material received from a person or company ("Respondent") in response to this solicitation shall become the property of Union County and will not be returned to the Respondent. Any and all costs incurred by a Respondent in preparing, submitting, or presenting submissions are the Respondent's sole responsibility and Union County shall not reimburse the Respondent. All responses to this solicitation will be considered a public record and subject to disclosure under applicable public records law.

Any material in a response which the Respondent considers a trade secret and exempt from disclosure as a public record under applicable law, including N.C.G.S. §§ 132-1.2 and 66-152, must be properly designated as a trade secret. In order to properly designate such material, the Respondent must: (i) submit any trade secret materials in a separate envelope, or file, from all other submitted material, being clearly marked as "Trade Secret – Confidential and Proprietary Information," and (ii) stamp the same trade secret/confidentiality designation on each page of the materials therein which contain trade secrets.

To the extent consistent with public records law, Union County will make reasonable efforts to maintain the confidential nature of trade secrets, as determined by Union County and subject to the conditions set forth herein. Respondent understands and agrees by submitting a response to this solicitation, that if a request is made to review or produce a copy of any information in the Respondent's materials which was properly labeled by the Respondent as a trade secret, Union County will notify the Respondent of the request and the date that such materials will be released to the requestor unless the Respondent obtains a court order enjoining that disclosure. If the Respondent fails to obtain the court order enjoining disclosure prior to that date, Respondent understands and agrees that Union County will release the requested information to the requestor on that date.

Furthermore, the Respondent also agrees to indemnify and hold harmless Union County and each of its officers, employees, and agents from all costs, damages, and expenses incurred in connection with refusing to disclose any material that has been designated as a trade secret by Respondent.

7.2 PROPOSAL FORMAT

The County desires all responses to be identical in format in order to facilitate comparison. While the County's format may represent a departure from the vendor's preference, the County requests adherence to the format. All responses are to be in the format described below.

Offerors should prepare their proposals in accordance with the instructions outlined in this section. Each Offeror is required to submit electronically – Refer to page 4, 2.2. Each section should be identified as described below. Proposals should be prepared as simply as possible and provide a straightforward, concise description of the proposed Offeror's capabilities to satisfy the requirements of the RFP.

The County may award a contract based on initial offers received without discussion of such offers. A proposer's initial offer should, therefore, be based on the most favorable terms available. The County reserves the right to contact proposers regarding cost and scope clarification at any time throughout the selection process.

The successful Offeror's Proposal must include all responses to the requirements contained within this RFP and all appendices (if applicable) must be completed in their entirety.

By submitting a proposal, the successful Offeror agrees to all applicable provisions, terms and conditions associated with this RFP. This solicitation, the successful Offeror's submitted proposal, all appendices and attachments (if applicable), and stated terms and conditions may become part of the resulting contract.

The total length of the proposal should be no more than 25 pages. All required forms are exempt from the page limit and must be submitted under the section identified below. Only one (1) complete proposal should be electronically submitted. The maximum document upload size is 20 MB. For any question, contact the project representative on the front cover.

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.

Omissions and incomplete answers may be deemed unresponsive.

The proposal should be organized and identified by section as follows:

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

Please provide the following information in the sequence of the following major headings described below:

7.2.1 SECTION A: COVER LETTER AND COMPANY BACKGROUND

The cover letter shall briefly introduce your firm, as well as provide the following information about your company. Respond to each item and provide supporting documentation and/or exhibits as requested or desired.

- Legal Company Name and DBA (if applicable)

Corporate Headquarters:

Address
Telephone Number
Website Address

Location Providing Service (if different from headquarters):

Address
Telephone Number

- Name of Single Point of Contact
Title
Direct Telephone Number and/or Extension
Direct Email Address

Must not be a corporate email address or call center.

- Name of Person with Binding Authority
Title
Address
Direct Telephone Number and/or Extension

Direct Email Address

Must not be a corporate email address or call center.

- Corporate history, and number of years in business under the current organizational name and structure and services offered.
- Evidence of authority to do business in North Carolina.
- List the type of firm or organization (corporation partnership, joint venture, etc.) that will service as the prime contracting party.
- Include the general organization and experience with governmental and/or similar auditing services.
- Describe your company's purpose, mission and values and explain how they will support the relationship with Union County by providing the services listed in this RFP.
- 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. This RFP includes all information necessary to ensure that the statements therein do not in whole or in part mislead the County as to any material facts."

7.2.2 SECTION B: COMPANY EXPERIENCE AND SERVICE

This section provides each vendor with the opportunity to demonstrate how its experience and service differentiate it from other vendors. Careful attention should be paid to providing information relevant to Union County needs.

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

- Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), January 2007 Revision.
- Provide a copy of the firm's Statement of Policy and Procedures.
- Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
- Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

7.2.3 SECTION 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:

- Type of audit program used (tailor-made, standard government, or standard commercial).
- Use of statistical sampling.
- Use of computer audit specialists.
- Organization of the audit team and the approximate percentage of time spent on the audit by each member of the audit team.
- Assistance expected from the government's staff, if other than outlined in the RFP.
- Tentative schedule for completing the audit within the specified deadlines of the RFP.
- How electronic data is transmitted from County staff to audit firm
- Please list any other information the firm may wish to provide.

7.2.4 SECTION D: STAFF INFORMATION

Provide the information listed below.

- Indicate the number of people (by level) located within the local office that will handle the audit.
- 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.
- 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.
- Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities).
- 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.

- List the percentage of time that your assigned staff/team member will dedicate to this project.

NOTE: Substitution of other personnel after the selection is made must be approved by Union County.

7.2.5 SECTION E: SUBCONTRACTING

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

- Reason for subcontracting
- Proposed subcontractor responsibilities
- Name of the subcontractor and location

7.2.6 SECTION F: FINANCIAL INFORMATION

The Offeror must have the following financial information requested readily available and have the ability to 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.

- Information regarding recent litigation and bankruptcy.
- Credit ratings and credit reports

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

Provide the following information in your proposal:

- Annual audited financial reports or unaudited financial reports, if available, for each of the past three (3) fiscal years, prepared in accordance with Generally Accepted Accounting Principles (GAAP), and all relevant notes.
- All credit reports, credit bulletins, and any other published statements by the most recognized agencies (Standard & Poors 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.
- Indicate whether or not the Service Provider (and/or predecessor, guarantor, or subcontractor) has declared bankruptcy within the last three (3) years.
- Provide a description of the financial impact of any past or pending legal proceedings and judgments that could materially affect the Offeror's financial position or ability to provide services to the County.

7.2.7 SECTION G: REFERENCES

Provide a minimum of three (3) representative projects whom the offeror 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:

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

7.2.8 SECTION H: COST FORM

Complete Appendix A – Cost Form. The costs for the audit year ending June 30, 2022 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.

7.2.9 SECTION I: REQUIRED FORMS

Proposals must include copies of the following documents in this section:

- Appendix B – Proposal Submission (signed)
- Appendix C – Addenda Receipt and Anti-Collusion (signed)

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, do not contact any members of Union County or any member of the Union County staff regarding the subject matter of this RFP until a selection is made, other than the County’s designated contact person identified in the introduction to this RFP. Failure to abide by this requirement shall be grounds for disqualification from this selection process.
2. The County will establish an RFP Evaluation Team to review and evaluate the proposals. The RFP Evaluation Team will evaluate the proposals independently in accordance with the published evaluation criteria. Union County reserves the right to conduct interviews with a shortlist of selected respondents.
3. At its sole discretion, the Owner may ask written questions of Offerors, seek written clarification, and conduct discussions with Offerors on the Proposals.
The County reserves the right to determine the suitability of proposals on the basis of meeting scope and Proposal criteria listed in the RFP. Evaluation criteria and other relevant RFP information will be used to assist in determining the ranked firm.

8.2 EVALUATION SELECTION PROCESS

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

In the evaluation and scoring/ranking of Offerors, 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 Offerors. The County may choose to award without engaging in interview discussions.

8.3 EVALUATION AND RANKING OF FIRMS

In the evaluation and ranking of Firms, the Owner will consider the information submitted in the proposal as well as the meetings with the 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 Firm or for the purpose of selecting Short-Listed Firms. The County may choose to award without engaging in interview discussions.

RFP Evaluation Criteria	Weights
Company Background and Project Experience	20%
Project Team and Availability of Resources	35%
Project Approach	20%
Cost Proposal & Compliance with Submittal Requirements	25%

After identification of Short-Listed Firms, the Owner may or may not decide to invite Short-Listed firms for demonstrations/interviews of the capabilities of the proposed solution to the Union County evaluation team. If interviews are scheduled with the Short-Listed Firms, previous evaluation and rankings are not carried forward. For the purpose of selecting a Preferred Firm, the interview criteria will be given the following relative weights:

RFP Interview Criteria	Weights
Proposed Approach and Staff	65%
Quality and Relevance of Interview as it Relates to the Scope of the RFP	35%

Additional meetings may be held to clarify issues or to address comments, as deemed appropriate. Offerors will be notified in advance of the time and format of such meetings.

8.4 AWARD PROCEDURE

Union County has the right to reject any or all proposals, to engage in further negotiations with any Company submitting a proposal, and/or to request additional information or clarification. The County is not obligated to accept the lowest cost proposal. The County may

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

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.

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

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

The County reserves the right to terminate negotiations at any time and for any reason. The 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 shall be made in the best interest of the County. This Request for Proposal is not subject to any competitive bidding requirements of North Carolina law. The County reserves the right to accept other than the most financially advantageous proposal.

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

8.5 CONFLICT CERTIFICATION

The Offeror must certify that it does not have any actual or potential conflicts of interest with, or adversarial litigation against the County or any of its officers or employees. During the course of the contractual relationship formed pursuant to this solicitation, any such conflict of interest, whether newly arising or newly discovered, must be disclosed to the County in writing.

9 GENERAL CONDITIONS AND REQUIREMENTS

9.1 TERM AND CONDITIONS

The contract award will have an initial term of five (5) years with one (1) one-year renewal option at the County's discretion, pending annual budget approval.

Union County has the right to reject any or all proposals, to engage in further negotiations with any Company submitting a proposal, and/or to request additional information or clarification. The County is not obligated to accept the lowest cost proposal. The County may accept that proposal that best serves its needs, as determined by County officials in their sole discretion.

All payroll taxes, liability and worker's compensation are the sole responsibility of the Offeror. The Offeror understands that an employer/employee relationship does not exist under this contract.

All proposals submitted in response to this request shall become the property of Union County and as such, may be subject to public review.

9.2 CONTRACTUAL OBLIGATIONS

The contents of this Proposal and the commitments set forth in the selected Proposal(s) 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 EXPENSE OF FIRM

The Owner accepts no liability for the cost and expenses incurred by firms in responding to this Procurement. Each Firm that enters into the Procurement process shall prepare the required materials and proposal at its own expense and with the express understanding that the Firm cannot make any claims whatsoever for reimbursement from the Owner for the costs and expenses associated with the process, even in the event the Owner cancels this Project or rejects all Proposals.

9.4 SUB-CONTRACTOR/PARTNER DISCLOSURE

If the proposal by any Company requires the use of sub-contractors, partners, and/or third-party products or services, this must be clearly stated in the proposal. The Company submitting the proposal shall remain solely responsible for the performance of all work, including work that is done by sub-contractors.

9.5 EXCEPTION TO THE PROPOSAL

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 Proposal. All exceptions taken must be identified and explained in writing in the proposal and must specifically reference the relevant section(s) of this Proposal. 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 Proposal. 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.

9.6 MODIFICATION OR WITHDRAWAL OF PROPOSAL

Prior to the scheduled closing time for receiving proposals, any Vendor 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. The proposal will be corrected in accordance with such written requests, provided that any such written request is in a sealed envelope that is plainly marked “Modification of Proposal” – with solicitation number and name on the front of the envelope. Oral, telephone, or fax modifications or corrections will not be recognized or considered.

9.7 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. Firm shall ensure that while performing work under this contract: (i) uses E-Verify if required to do so; and (ii) otherwise complies with applicable law.

9.8 MINORITY BUSINESSES (MBE) OR DISADVANTAGED BUSINESSES (DBE)

It is the policy of Union County that Minority Businesses (MBEs), Women businesses (WBEs), 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, Union 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.

9.9 EQUAL EMPLOYMENT OPPORTUNITY

All Firm will be required to follow Federal Equal Employment Opportunity (EEO) policies. Union 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. All Proposals submitted in response to this request shall become the property of Union County and as such, may be subject to public review. All payroll taxes, liability and worker's compensation are the sole responsibility of the Firm. The Firm understands that an employer/employee relationship does not exist under this contract.

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, or as otherwise authorized by the Union County Risk Manager.

A. WORKERS' COMPENSATION

Statutory (coverage for three or more employees) limits 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

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

(only 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.

ADDITIONAL INSURANCE REQUIREMENTS

- A. The Contractor's General Liability policy shall be endorsed, specifically or generally, to include the following as Additional Insured:

UNION 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 Union 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. Union 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 500 N. Main Street # 130, Monroe, NC

28112, within two (2) days of the cancellation or substantive change of any insurance policy set out herein. Union, 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 Union 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:

Union County
Attention: Keith A. Richards, Risk Manager
500 N. Main Street, Suite #130
Monroe, NC 28112

- 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 Union 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 – COST FORM

RFP 2022-039 Auditing Services

Submit with Proposal

Year	Service	Cost
7/1/21 - 6/30/22	*Base Audit Year 1	\$
7/1/22 - 6/30/23	Estimated Base Audit Year 2	\$
7/1/23 - 6/30/24	Estimated Base Audit Year 3	\$
7/1/24 - 6/30/25	Estimated Base Audit Year 4	\$
7/1/25 - 6/30/26	Estimated Base Audit Year 5	\$

The costs for the audit year ending June 30, 2022 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.

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

11 APPENDIX B – PROPOSAL SUBMISSION

RFP 2022-039 Auditing Services

Submit with Proposal

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 Union 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-advertise this project. Proposal is valid for 180 days. Proposal is submitted by an executive of the company that has authority to contract with Union County, NC.

Name: _____

Title: _____

Signature: _____

Date: _____

12 APPENDIX C – ADDENDUM AND ANTI-COLLUSION

RFP 2022-039 Auditing Services

Submit with Proposal

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.co.union.nc.us and/or www.ips.state.nc.us. It is your responsibility to check for this information.

Addendum No.	Date Downloaded
_____	_____
_____	_____
_____	_____
_____	_____

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

Company Name: _____

Name: _____

Title: _____

Email Address: _____

Signature: _____

Date: _____



13 **APPENDIX D – SAMPLE VENDOR PAYMENT NOTIFICATION**

RFP 2022-039 Auditing Services

Do Not Submit with Proposal

---Informational Purposes Only---

ATTENTION: ACCOUNTS PAYABLE VENDORS

As part of our Fraud Prevention Program, Union County now prefers two methods for payments to vendor accounts. These methods allow for faster and easier payments to vendors.

The first and preferred method available is to accept a VISA card payment from the County. If you accept payment via VISA, payment is made at the time of the transaction or upon receipt and approval of the invoice.

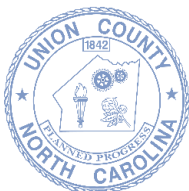
The second method is an Electronic Funds Transfer. (EFT) This means that you will receive payment of invoices due directly into your bank account. With this method, you will get an email confirmation giving you the date, invoice numbers, and total amount paid. Your payment will be available to you on Monday (or the first banking day if Monday is a bank holiday) following receipt of an approved invoice from the County department invoiced.

An EFT Enrollment Form to enroll in the program is attached for your convenience. You can also visit the Union County website at www.unioncountync.gov at any time to get a new form if your banking information changes. If the banking information changes and you do not notify us, it will delay receipt of payment for invoices.

If you wish to receive payment via the County's VISA card, please contact Alex Whitaker at 704-283-3538 or Christi Climbingbear at 704-283-3543, or send an email to alex.whitaker@unioncountync.gov and you will be added to the list of vendors accepting the VISA card method of payment.

Union County prefers all vendors participate in one of the two methods described above.

Thank you in advance for your participation.



Please return this completed form and supporting documents to:



Union County -Finance Office
Suite 714, 7th Floor, 500 N. Main Street, Monroe NC 28112

Phone: (704) 283-3886 Fax: (704) 225-0664

Email: ap@unioncountync.gov

Authorization for payment via Electronic Funds Transfer (EFT)

Initial Enrollment

Change Information

Today's Date _____

Company Name _____

Street Address _____

City, State, Zip _____

By signing below, I hereby authorize Union County to electronically deposit funds into the account indicated below. I understand that if my banking information changes and Union County is not made aware of this change, then payment may be delayed.

Bank Name _____

Address _____

City, State, Zip _____

Routing/ABA # _____ Bank Acct No. _____

Payment Notification: I hereby authorize the following individual to receive an email notification of payment details for all funds deposited to the above account by Union County.

Name & Title _____

Email Address _____

Phone Number _____

Officer Name & Title _____

Phone Number _____

Signature: _____

FOR ACCOUNT VERIFICATION, PLEASE ATTACH A VOIDED CHECK.

This authorization will remain in effect until Union County has received written notice to discontinue.

Print Form



14 APPENDIX E – ADJUSTING JOURNAL ENTRIES FY 2021

RFP 2022-039 Auditing Services

Do Not Submit with Proposal

---Informational Purposes Only---

ADJUSTING JOURNAL ENTRIES FY 2021

JV#	EE	Journal Description
1	TH	Transfer of asset #18183 from Vehicle line to Equipment
2	TH	To add an asset
3	dp	Record 6/30/21 Franchise & Utility Tax
4	aw	To correct Building Code over-liquidation
5	ec	To include Health Fund recode in ISF GASB entry
6	ec	To eliminate interfund loan for school CIP, EMS & Fire funds
7	dp	Correct Fund 101 Cash Account
8	dp	Record current vs noncurrent cash
9	aa	Correct IFT for CDBG project
10	ec	Record land for resale in GASB fund
11	aa	Correct Federal/State Grant Funding
12	dp	FY21 Net OPEB Liability
13	aa	Distribute HCCBG between Fed/State
14	trh	Catawba River Final Audit
15	ec	To adjust ISF GASB for OPEB liability
16	aa	Correct Revenue coded incorrectly
17	aa	Correct Federal/State Grant Funding
18	aa	Correct ERA Grant funding



15 **APPENDIX F – SAMPLE AUDITING SERVICES CONTRACT**

RFP 2022-039 Auditing Services

Do Not Submit with Proposal

---Informational Purposes Only---

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

hereby agree as follows:

1. 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 contemplates 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 the 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 audit 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.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

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 (Units') 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.

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
Authorized Firm Representative (typed or printed)*	Signature*
Date*	Email Address*

GOVERNMENTAL UNIT

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

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*

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

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

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.