



439 Casar Lawndale Road
Post Office Box 788
Lawndale NC 28090
Telephone: (704) 538-9033 Fax: (704) 538-9011

December 16, 2022

To Whom It May Concern:

Cleveland County Water is soliciting Annual Auditing Service proposals from independent public accountants for the fiscal years ending June 30, 2023, through June 30, 2027. CCW invites your firm to submit a proposal for consideration.

The Request for Proposal includes various elements and components including company experience, scope of services, and a cost estimate that should be addressed and included in your proposal. If you should have any questions regarding the requirements or other aspects of this RFP, please send me an e-mail at ginger@clevelandcountywater.com.

Your response to this request must be received by **5:00 PM, Friday, January 20, 2023**, at our Administrative Office located at 439 Casar Lawndale Road, Lawndale, NC 28090. The envelope should clearly be marked, "**RFP Audit Services 2023.**" Proposals may also be submitted via e-mail to me at ginger@clevelandcountywater.com.

Sincerely,

A handwritten signature in black ink that reads "Ginger L. Fern".

Ginger L. Fern, CPA
Finance Director

CLEVELAND COUNTY WATER REQUEST FOR PROPOSAL

INTRODUCTION

Cleveland County Water (CCW) is a Sanitary District in North Carolina and is issuing this Request for Proposal (RFP) from qualified independent public accountants for the purpose of providing Annual Auditing Services for the fiscal years ending June 30, 2023 through June 30, 2027.

TYPE OF AUDIT

The audit will encompass a financial and compliance examination of CCW's basic financial statements, supplementary information and compliance reports in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register* June 27, 2003 and June 26, 2007; the State Single Audit Implementation Act; and all other applicable laws and regulations.

PERIOD

CCW intends to continue the relationship with the auditors for no less than five years starting with fiscal year ending June 30, 2023. Continuation after the first year will be based on annual review and recommendation of the General Manager, satisfactory negotiation of terms (including price) and the availability of an appropriation, subject to annual governing board approval. CCW reserves the right to request proposals at any time following the first year of the contract.

July 1, 2022 to June 30, 2023

July 1, 2023 to June 30, 2024

July 1, 2024 to June 30, 2025

July 1, 2025 to June 30, 2026

July 1, 2026 to June 30, 2027

SUBMISSION DETAILS

Responses to this solicitation must be submitted in two (2) copies, if hard copies are submitted, and in a sealed envelope bearing the name of the firm or individual, and the address as well as the title of the RFP. CCW must receive these responses by the 5:00 pm on Friday, January 20, 2023. Address your submittal to:

Cleveland County Water
Ginger Fern, Finance Director
PO Box 788
439 Casar Lawndale Road
Lawndale, NC 28090

Responses may also be electronically submitted to Ginger Fern, Finance Director, at ginger@clevelandcountywater.com All submittals must be valid for ninety (90) days from

opening date. Submissions received after the specified time will not be considered.

CCW reserves the right to reject any and all submittals or to waive any minor irregularities in the process. CCW further reserves the right to seek new proposals for "Request for Proposal" when it is in the best interest of CCW.

All costs incurred by the Respondent in connection with responding to this RFP shall be borne solely by the Respondent.

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

INQUIRIES

Clarifications of terms and conditions of the Request for Proposal process shall be directed to Ginger Fern at ginger@clevelandcountywater.com

Inquiries will be accepted until 5:00 pm on Wednesday, January 18, 2023. Inquiries on matters that affect the nature of this document will be conveyed to all parties receiving this document only upon request.

SUBMITTAL REQUIREMENTS

The RFP submittal shall contain the Following items arranged in order.

GENERAL

Provide a one (1) page introductory letter. See Scope of Services. Also complete the Cost Estimate sheet provided.

RELEVANT COMPANY EXPERIENCE

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

1. Indicate the number of people by level located within the local office that will handle the audit. Briefly describe their roles and professional experience in governmental auditing.
2. Identify your firm's current audit engagement of North Carolina municipalities and counties having populations or customer bases or populations in excess of 10,000, and indicate which accounts have been served within the last three years, specifically with utility operations or Enterprise Funds.
3. Indicate the experience of the local office providing additional services to government clients by listing the name of each government, the type(s) of services performed and the years of the engagement.
4. 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.

5. Describe the professional experience in similar 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. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (in particular Water and other Utilities).
6. 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.
7. 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.
8. Describe your firm's capability and experience in providing management consulting services to local government units.
9. Provide a tentative schedule for completing the audit. Please provide a sample audit timeline that indicates the approach and length of time required to conduct interim and final fieldwork.
10. Briefly comment on the assistance expected from CCW staff. Please provide a sample PBC (Prepared by Client) list for a similar local government.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office. Provide a copy of the firm's current peer review for quality control programs.
13. Provide names, addresses, email addresses and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.

CRITERIA FOR SELECTION

All submittals received will be reviewed by the General Manager and Finance Director, based on the following criteria. Each evaluation criteria have been given points based on its relative value to the contract as a whole.

- 30 points -The ability, capacity, skill, reputation, experience and responsiveness of the firm or individual(s) to perform the contract and provide the services required with experience in similar types of projects.

25 points -Documentation of proven successful experience.

25 points -Reference check

20 points -Ability to respond quickly and thoroughly to requests and contract requirements.

Total Points-100

Firms or individuals may be selected for oral interviews. An additional 30 points may be assigned to the interview process.

After the above activity has occurred, firms or individuals will be identified that will be best able to provide services to CCW.

SCOPE OF SERVICES

The primary requirement will be an examination in accordance with generally accepted auditing standards; *Government Auditing Standards*; Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; of the financial statements and supplemental schedules for all funds included in CCW's audit report. The examination should be in accordance with the Single Audit Act of 1984 and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP. The firm is expected to comply with all applicable North Carolina General Statutes. The auditor's opinion shall be unqualified; unless the auditor furnishes, on a timely basis to CCW Commissioners and the NC Local Government Commission (LGC), satisfactory reasons for qualifying the opinion.

The audit must be conducted in a timely manner such that all necessary financial and compliance information for all areas is completed and presented to the Finance Department for sufficient time to review the financial statements and subsequently be submitted by the auditor to the LGC no later than October 31st each year.

The scope of the audit should include all approved GASB pronouncements. CCW will require the auditor's assistance to comply with these reporting requirements, relevant to implementation, format, and content of statements and footnote disclosures.

The Finance Director or designated staff will expect a listing of requested information needed for the audit at the preplanning stage, periodic conferences during the conduct of the audit as necessary, as well as an exit conference prior to the completion of fieldwork.

Provide a management letter to CCW Commissioners as required by the NC Local Government Commission and generally accepted auditing standards.

Be available to submit all the filings required by the LGC.

Be available to meet with CCW staff and management, if necessary, to discuss the audit process.
Be available to present the financial statements to the CCW Commissioners at a scheduled

meeting in either November or December each year.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

The auditor will be expected to advise appropriate Finance Department staff on the applicability of accounting and reporting standards (i.e. GASB statements, etc.) and day-to-day questions concerning payroll, internal control procedures, IRS issues and accounting issues. As other needs arise during the year, certain requests for assistance from the auditor may be made. In cases where services requested would require a more in depth scope with greater time dimensions, a separate contract will be entertained for such services.

Staff continuity is a consideration for CCW. CCW must be notified of any changes in key audit personnel as soon as is practicable.

RESPONSIBILITY OF CLEVELAND COUNTY WATER

1. Work papers and schedules with due date commitments, as jointly decided upon prior to audit.
2. CCW will make available to the auditor sufficient help to pull and re-file records and prepare and mail or e-mail all necessary confirmations.
3. CCW will prepare most year-end adjusting journal entries and schedules. The Finance Officer will be actively involved in drafting the MD&A, and required supplemental schedules.

INFORMATION ABOUT CLEVELAND COUNTY WATER

Estimated Population Served – 50,000

Ad Valorem Property Tax – Billed and Collected by Cleveland County (\$.02 per \$100 Valuation)

Payroll/Personnel Full-time Equivalent – 38

Frequency of Payroll – Weekly with mandatory direct deposit

Estimated Number of Monthly Accounts Billed – 22,200 over 3 cycles

Capital Assets (net of depreciation as of June 30, 2022) – \$43,524,599

Outstanding debt (as of June 30, 2022) \$12,603,517

District's Financial Software Application – Currently with QS/1, aka PubliQ, but looking to convert to another system within the next year.

District's Customer Information System (i.e. utility billing, etc.) – Currently with QS/1, aka PubliQ, but looking to convert to another system within the next year.

CCW maintains a General Fund through which it reports all revenue and expenses.

Thank you for your consideration of this RFP for audit services for Cleveland County Water.

**CLEVELAND COUNTY WATER AUDIT
COST ESTIMATE
(Per Year)**

- | | | |
|---|--|-----------------|
| 1. Base Audit
Including Personnel costs, travel, on-site work, and
Presentation to Board of Commissioners | | \$ _____ |
| 2. Financial Statement Preparation Assistance | | \$ _____ |
| 3. Extra Audit Service | | |
| \$ _____ per hour | | \$ _____ |
| 4. Other (explain) | | |
| _____ | | \$ _____ |
| <u>TOTAL</u> | | \$ _____ |

Basis/methodology of cost estimate:

Basis for determining cost estimate after first year:

PROPOSING FIRM NAME:	Primary Contact:
Address:	Telephone:
	Fax:
	E-mail:
Authorized Signature:	Date: