



WAYNE COUNTY BOARD OF EDUCATION

Two Part Request for Proposal

For

Professional Auditing Services

May 20, 2016

**2001 E. Royall Avenue,
Goldsboro, North Carolina**

WAYNE COUNTY BOARD OF EDUCATION

REQUEST FOR PROPOSALS

For further information, refer to Section 70 of the
North Carolina Department of State Treasurer Policies Manual

Note: Terms in the following document have been updated to conform to GASB Statement 34.

WAYNE COUNTY PUBLIC SCHOOLS

REQUEST FOR PROPOSAL

AUDITING SERVICES

GENERAL INFORMATION AND REQUIREMENTS

Release Date	Friday, May 20, 2016
Deadline for Intent for Proposal	Tuesday, May 31, 2016
Deadline for Receipt of Proposals	Monday, June 20, 2016
Notice of Recommended Firm	Friday, June 24, 2016
Board Approval	Friday, June 24, 2016

Invitation to Bid

The Wayne County Board of Education (hereinafter called the “unit”) invites 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) to submit a proposal.

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

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

Type of Audit

The audit will encompass a financial and compliance examination of the unit’s Comprehensive Annual Financial Report (CAFR) in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions; 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

The unit intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after the completion of the first year contract. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The Wayne County Board of Education reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with Year one being the only obligated year:

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions issued by the Comptroller General of the United States; Office of Management and Budget 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 of 1996, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

The Auditor will prepare most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and compliance reports. The Wayne County Public Schools Finance Officer will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statement to be reviewed in detail by the Finance Officer. This draft should be submitted to the Wayne County Board of Education in time to allow ample review and corrections. **The timing of this should insure final completion of the Financial Statements no later than the annual October 31st deadline.**

The Wayne County Public Schools prefers interim fieldwork be completed in June. Year-end fieldwork should begin in mid August and be completed by September 15th. **An agreed upon post-closing trial balance must exist by September 30th.** 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.

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

A preliminary draft of the audit and required journal entries must be submitted to the Finance Officer by October 1 for proofing and reconciliation to the unit's records.

Thirty copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above. In addition, the auditor is responsible for submitting the required two copies to the staff of the Local Government Commission (LGC). Any other copies required will be charged on an as needed basis in addition to the quoted fee.

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 basis financial statements taken as a whole. The auditor shall also express

an opinion on the budgetary comparison information for the general fund, the major funds, and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

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 staff of the LGC for approval.

Audit Contract & Payment of Audit Fees

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the (type of unit). If grant funds will be used to pay for the audit, the grant agreement may require the Grantor Agency's approval before the invoice may be paid. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

Other Services

The auditor will prepare, type, and print the Comprehensive Annual Financial Report. The auditor will submit a draft for review by the Finance Director (or audit committee if applicable). The Finance Officer will return the draft with proposed revisions within 10 working days.

(Any special condition that would require additional time and cost to the auditor should be mentioned here. Examples of special conditions are:

1. Capital asset records which have not been audited previously;
2. Assistance to management's efforts to obtain the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting;
3. Assistance with the preparation of any schedules or budget compilation which may be required of the unit by SEC Ruling 15c2-12 which deals with secondary market disclosures;
4. Assistance with the preparation of the Annual Financial Information Report (counties and municipalities only) required to be filed with the staff of the Local Government Commission.
5. Calculation of the Debt Service Coverage Ratio as required by certain revenue bond covenants. The bond covenants may also require the auditor to express an opinion on the unit's compliance with the debt service coverage ratio and other debt covenants.)

Description of Selection Process

Two copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract."

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Superintendent and the Finance Officer will evaluate the auditor/firm on educational and technical qualifications. The top five firms from the first section will have their second section opened and evaluated. The firm best meeting the Wayne County Public Schools expectations for experience, audit approach, and cost requirements will be selected.

PLEASE KEEP IN MIND THAT COST, WHILE AN IMPORTANT FACTOR, WILL NOT BE A SOLE DETERMINING FACTOR. UNUSUALLY LOW BIDS THAT ARE OBVIOUSLY OUT OF LINE WITH OTHER BIDDERS OR ARE SIGNIFICANTLY LOWER THAN OUR CURRENT FEES WILL RAISE CONCERN. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION.

The Wayne County Board of Education requests that no Wayne County Public Schools officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

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

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

First Section

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

1. Indicate the number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
5. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new reporting model should be clearly communicated.
6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities, solid waste, transit, airports, or health authorities and school systems).
8. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
9. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2011 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

Second Section

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

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

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in the management letter.
6. Assistance expected from the government’s staff, if other than outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Use of internal audit staff (if applicable).
9. Specify costs using the format below for the audit year July 1, 2015 to June 30, 2016. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2016 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.
 - A. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
 - 1) Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.
 - 2) Rate per hour.
 - 3) Total cost for each category of personnel and for all personnel costs in total.
 - B. Travel – itemize transportation and other travel costs separately.
 - C. Cost of supplies and materials – itemize.
 - D. Other costs – completely identify and itemize.
 - E. If applicable, note your method of determining increases in audit costs on a year to year basis
10. Please list any other information the firm may wish to provide.
11. Please include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

Request for proposal packages will be mailed by **May 20, 2016**.

Please acknowledge the receipt of this request for proposal and your intent to respond with a proposal by **May 31, 2016**.

Proposals signed by authorized officials will be received by Michael Hayes, Finance Officer at 2001 East Royall Avenue, Goldsboro, NC 275833 until **June 20, 2016** at 2:00 p.m. Envelopes containing proposals should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES". The Finance Office will review the proposals and make a recommendation to the Board of Commissioners on **June 24, 2016** at which time the contract will be awarded.

Any questions should be directed to Michael Hayes, Finance Officer at 919-731-5900. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal. Please call Phyllis Evans, Finance Administrative Assistant at 919-731-5900 to schedule an appointment.

Description of the Governmental Entity and Its Accounting System

Entity

Wayne County Public Schools is a Local Education Agency in North Carolina with a population of approximately 1.78 million. The Board of Education operates an enterprise fund, the Child Nutrition program.

Background Information

The Wayne County Board of Education (Board) is a Local Education Agency empowered by Chapter 115C of the North Carolina General Statutes with the responsibility to oversee and control all activities related to public school education in Wayne County, North Carolina. The Wayne County Board of Education consists of seven elected officials serving staggered terms. The Wayne County Board of Education is responsible for the adoption of policies, which govern the operation of Wayne County Schools. The Superintendent of Wayne County Schools, appointed by the Wayne County Board of Education, serves as Secretary to the Board, and is a non-voting member of the Wayne County Board of Education. The superintendent is responsible for the administration and management of the schools within the applicable parameters of state laws, State Board of Education rules, and School Board policies. The Wayne County Board of Education has no tax levying authority or borrowing authority, and is required to maintain accounting records according to a North Carolina uniform format. The Wayne County Board of Education receives local, state, and federal government funding and must adhere to the legal requirements of each funding entity.

By way of approximately 3,200 employees, Wayne County Public Schools provides quality educational services to over 18,500 students in grades Pre-Kindergarten through Grade 12 in 33 schools, including (14) elementary, (9) middle schools, (6) high school, (1) specialized developmental school, (2) specialized high schools, and (1) early college high school.

The Wayne County Board of Education has a total budget of approximately \$83,000,000. Payroll is processed monthly for approximately 3,200 employees. Wayne County Public Schools issues approximately 4,000 purchase orders during a fiscal year. Wayne County Public Schools maintains (4) bank accounts – our main account, a payroll account, an insurance account, and the main child nutrition account. In addition an individual school account is maintained by (30) schools and (29) school child nutrition services. Approximately 24,000 ACH originated items and 23,000 checks are processed during a fiscal year.

The accounting and financial reporting functions of Wayne County Board of Education are centralized, computerized, and fully integrated.

More detailed information on Wayne County Board of Education and its finances can be found in the latest Wayne County Board of Education financial statement and budget documents.

Funds

The Wayne County Public Schools maintains the following funds:

Governmental Funds

- Local Current Expense Fund, treated at the General Fund, (Fund 2)
- Local Special Revenue Fund (Fund 8)
- Local Restricted Fund (Fund 6)

Special Revenue Funds:

- State Public Schools Fund (Fund 1)
- Federal Grants Fund (Fund 3)
- Individual Schools Fund (accounted for on school bookkeeping software)

Capital Projects Funds (Fund 4)

The Wayne County Board of Education reports the following Major enterprise funds in its financial reports:

- School Child Nutrition Fund (Fund 5)

Budgetary Basis of Accounting

The Wayne County Board of Education's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State Law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Pension and Other Plans

The Wayne County Board of Education participates in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina.

Component Units and Joint Venture

The Wayne County Board of Education is defined, for financial reporting purposes, in conformity with the Government Accounting Standard Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, there are no component units included in the Board's financial statements.

Federal Awards

The Wayne County Board of Education receives and administers federal awards as listed below. The following will be available for each grant:

1. Grant agreement.
2. Budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. CFDA # and/or pass-through grant #.

Vocational Education Program Improvement

IDEA Pre-School Grant

ESEA Chapter 1 Low Income

ESEA Title 1 Migrant Education

CTE Capacity Building Grant

IDEA VI-B Handicapped

IDEA Early Intervening Service

State Improvement Grant

Improving Teacher Quality

Language Acquisition

School Improvement

21st Century Grant

Language Acquisition #2

Children with Disabilities RIS

IDEA VI-B Special Needs

IDEA Targeted Assistance Pre-School

ARRA – School Improvement 1003

U.S. Department of Agriculture

School Breakfast Program

National School Lunch Program

Food Distribution Program

U.S. Department of Defense

ROTC

Availability of Prior Audit Reports and Working Papers

Interested firms who wish to review prior years' audit reports and management letters should contact Michael Hayes, Finance Officer, at (919) 731-5900. The Wayne County Board of Education will use its best efforts to make prior audit reports and supporting working papers available to firms to aid their response to this request for proposals.

Accounting Records

The Wayne County Board of Education maintains all its accounting records at the finance office located at 2001 East Royall Avenue, Goldsboro, NC 27533. Child Nutrition records are maintained at 1601-A Salem Church Road, Goldsboro, NC 27530. The governmental unit maintains its Cash Receipts Journal, Cash Disbursements Journal, General Ledger, and Accounts Payable ledger, Payroll, Capital Assets, and Budgeting on an windows based platform with LINQ financial software provided by Education Management Systems, Inc..

The accounting records for the individual schools are located at the individual schools. These schools use School Funds Online with the Internal Auditor having access to all school-level accounts.

New Conditions

The Wayne County Board of Education completed the construction of two middle schools: Grantham Middle School and Spring Creek Middle School and renovations to Charles B. Aycock High School, Goldsboro High School and Spring Creek Elementary School

Assistance Available to Auditor

The unit will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available via Excel on Friday September 11, 2016. The following accounting procedures will be completed and documents prepared by the unit's staff no later than Friday, September 11, 2016 (*The unit is aware of and understands the need to provide this assistance to the auditor and will make every attempt to meet these deadlines.*)

The books of account will be fully balanced.

All subsidiary ledgers will be reconciled to control accounts.

All bank account reconciliations for each month will be completed.

The unit's personnel will prepare the following items:

General

1. Working Balance Sheet for each fund.
2. Working Statement of Revenues, Expenditures, and Transfers for each fund.
3. General Ledger transaction detail report for each account. (List any exceptions)
4. A copy of the original budget, all amendments, and the final budget as of June 30, 2016.
5. A copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files maintained in the Royall Avenue office.
7. A copy of board policies, including travel and investment policies.
8. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, faxes regarding the audited financial statements and compliance reports for the previous year.
9. Management's Discussion and Analysis
10. Required supplementary information, e.g. actuarial information of the Law Enforcement Officers' Separation Allowance

Cash and Investments

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year end.

Receivables

1. Listing of outstanding receivables by account as of the fiscal year end.

Other Assets

1. Schedule of insurance coverage.

Capital Assets

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

Current Liabilities

1. Schedule of accounts payable including batch printouts.

Long-Term Debt

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

Conversion

1. Entries to convert from fund to government-wide statements
2. Working Statement of Net Position
3. Working Statement of Activities
4. Allocation of depreciation among functional areas
5. Computation of additions and retirements of compensated absences
6. Worksheet for determination of major funds
7. Worksheet of combining statements for non-major funds

Contact information:

Name: Michael Hayes
Title: Financial Officer
Wayne County Public Schools
Address: 2001 East Royall Avenue
City: Goldsboro, NC 27533
Phone: 919-731-5900
Fax: 919-739-8272
Email: michaelhayes@wcps.org

SUMMARY OF AUDIT COSTS SHEET
(Per Year)

THREE YEAR CONTRACT

	FYE 2016	FYE 2017	FYE 2018
Base Audit (Includes Personnel costs, travel, and on-site work)			
Financial Statement Preparation			
Extra Audit Service \$_____ per hour			
Other (explain):			
TOTAL	\$	\$	\$

Basis/methodology of cost estimate:

Basis for determining cost estimate after first year: