

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

AND

**SANTEE-LYNCHES REGIONAL DEVELOPMENT
CORPORATION**

REQUEST FOR PROPOSAL FOR AUDIT SERVICES

RFP# 2017-002

FOR THE FISCAL YEAR ENDING JUNE 30, 2017

February 2017

**AUDIT OF THE FINANCIAL RECORDS OF
SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
and SANTEE-LYNCHES REGIONAL DEVELOPMENT CORPORATION**

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Statement of Work, Conditions for Fee Proposals and Proposers' Conference

Santee-Lynches Regional Council of Governments (hereinafter SLRCOG) and Santee-Lynches Regional Development Corporation (hereinafter SLRDC) are seeking written proposals for financial and compliance audits of their records and for preparation of the corporations' corporate non-profit tax returns and SLRCOG's SF-SAC form for the fiscal year July 1, 2016 - June 30, 2017. The contract to perform such work may be renewed for up to an additional two years subject to the conditions of item C. 2.

Historically, the audit team engaged by SLRCOG has prepared the financial statements from the general ledger statements provided by the staff. For purposes of this proposal, please include proposed fees for audit work with financial statement preparation performed by audit firm and, *as an option*, with financial statement preparation performed by SLRCOG/RDC staff.

A separate audit and tax return for each entity will be required. Please designate separately the following:

- **For SLRCOG,**
 - 1) total fee for SLRCOG's audit (*assuming the proposer prepares the financial statements from the COG's general ledger statements provided by staff*), tax return preparation and SF-SAC completion
 - 2) option #1, total fee for SLRCOG's audit (*assuming SLRCOG staff provides the financial statements formatted as required*) and proposer prepares tax return and completes SF-SAC
- **For SLRDC**
 - 1) total fee for SLRDC's audit (*assuming the proposer prepares the financial statements from the RDC's general ledger statements provided by staff*) and tax return preparation
 - 2) option #1, total fee for SLRDC's audit (*assuming staff provides the financial statements formatted as required*) and proposer prepares tax return

There will be a **mandatory** proposers' conference held on **Thursday, February 23, 2017 at 10:00 am** at the SLRCOG offices, 2525 Corporate Way, Suite 200, Sumter SC 29154. You are invited to submit questions in advance of the meeting to Kathy Powell at kpowell@slcog.org.

Copies of this RFP may be downloaded from our website's home page under "*Business Opportunities*".

Proposals must be submitted no later than 4:00 pm on Friday, March 17, 2017

A: Description of Entities and Prior Year Information:

Santee-Lynches Regional COG (SLRCOG) is one of ten regional sub-state planning districts established by state legislation in 1970. The agency, a public, non-profit corporation with an IRS 501 (c) (4) tax exemption status, was organized to implement and administer various economic development programs. SLRCOG also administers human services programs through grants from the Administration on Aging and the Department of Labor as well as a housing rehabilitation and assistance program through the Department of Housing and Urban Development. For the fiscal year 2016-2017, SLRCOG has an annual operating budget of approximately \$ 3.4 million and pass through funding of approximately \$ 3.0 million. SLRCOG uses the accrual method of accounting and accounts for transactions using the principles of fund accounting. Accounting records are maintained in-house utilizing a Windows-based fund accounting software system, CSI Accounting Plus, supported by Harris Local Government Systems. The financial statements for June 30, 2016 were audited by The Hobbs Group, P.A., of Columbia, SC. An unqualified opinion was issued on the basic financial statements, and there were no findings or questioned costs. SLRCOG was determined to be a low-risk auditee. The agency has an eight-member Audit/Finance Committee that will be available to meet with the selected audit firm at the onset of the audit work for a pre-audit conference and at the end of the audit period for presentation of the audit report and related information.

To review copies of prior year audit reports and/or 990s as well as quarterly and annual reports, please visit our website at www.santeelynchescog.org and look under the “*About Us*” option at the top of the website’s home page.

Santee-Lynches Regional Development Corporation (SLRDC) is a non-profit civic and social welfare organization incorporated in the State of South Carolina in April 1983. This public, non-profit corporation has an IRS 501 (C) (4) tax exemption status, and its principle objective is to benefit the region (Clarendon, Kershaw, Lee and Sumter counties) by nurturing an increase in employment opportunities through the expansion of existing business and industry, the attraction of new business and industry and those activities directly related to tax based growth. A secondary purpose of the SLRDC is to promote and assist in the development of residential housing in the jurisdictions served by the Corporation. For the FY 16-17, SLRDC expects to expend approximately \$780,000 in activities related to the purchase of blighted residential property, demolition of housing structures on such property and re-greening of those properties. SLRDC’s financial statements are presented on the accrual basis of accounting. The corporation maintains its financial statements and general accounting records on the Windows-based fund accounting software system, CSI Accounting Plus, supported by Harris Local Government Systems. For FY 15-16, the RDC had an independent audit conducted in accordance with auditing standards generally accepted in the USA and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The financial statements were audited by The Hobbs Group, P.A., of Columbia, SC. This audit and the 990 form are

available for review on SLRCOG's website under the "About Us" tab at the top of the website's home page.

B. Assistance Available to Proposer

SLRCOG's financial staff is available to assist the proposer in reproduction of documents and pulling of random sample items. Appropriate work area with wireless internet access and access to a copier will be provided. SLRCOG's financial staff will assist in the preparation of any schedules as deemed necessary and as requested by the audit team. Staff prepares an MD&A for both SLRCOG and SLRDC for inclusion with the audited financial statements.

C. Contractual Arrangements

1. This contract shall run for a period of up to one year commencing mid-June 2017 and ending upon successful completion of all required audit and tax work to include electronic filing of tax return.
2. Proposer and SLRCOG may renew such contract for one succeeding fiscal year without the necessity of the formal bid process, provided such renewal is mutually agreeable and provided further that a maximum increase in fee does not exceed five percent **(5%)** per year.
3. This RFP shall comprise the integral part of such contract and will be incorporated therein.

D. Audit Standards and Report Requirements

1. The audit for **SLRCOG** is to be conducted in accordance with generally accepted auditing standards as adopted by the AICPA; GAO Standards for Audit of Governmental Organizations, Programs, Activities, and Functions; the GAO Guidelines for Financial and Compliance Audits of Federally Assisted Programs; and the requirements of Title 2, *US Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards* (Uniform Guidance).

The audit for **SLRDC** is to be conducted in accordance with auditing standards generally accepted in the United States of America. Statements are to be prepared as a government entity, but there is currently no requirement to issue the report under "Yellow Book" standards.

2. **SLRCOG** reports of internal control and compliance examinations must include a statement that the examination was conducted in accordance with applicable auditing standards including, but not limited to, Title 2, *US Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards* (Uniform Guidance), and other applicable federal and state requirements as furnished by SLRCOG. Such reports must state whether the examination disclosed instances of significant non-compliance with laws and regulations. Any

findings of noncompliance or ineligible expenditures must be presented in enough detail for management to be able to clearly understand them.

3. With respect to federal and state grants received by **SLRCOG**, the audit shall also be made in compliance with the laws of the State of South Carolina and the requirements of all granting agencies.
4. The Auditor shall review the general audit plans for both entities with SLRCOG's Deputy and Finance Director identifying the records to be audited and procedures to be followed. SLRCOG's Deputy and Finance Director may require the Auditor to include in the audit coverage additional records and procedures which are generally accepted.
5. SLRCOG's financial statements should include, but are not limited to, the following statements and any required supplementary information as set forth by GASB, as well as supplemental information/schedules required by SLRCOG and/or its funding sources:
 - a. Independent Auditor's Report
 - b. Management's Discussion and Analysis (unaudited)
 - c. Government-Wide Financial Statements to include:
 - i. Statement of Net Position
 - ii. Statement of Activities
 - d. Fund Financial Statements to include:
 - i. Balance Sheet- Governmental Funds
 - ii. Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
 - iii. Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds
 - iv. Reconciliation of Statement of Revenues, Expenditures and Fund Balance Changes to the Statement of Activities
 - e. Notes to the Financial Statements
 - f. Required Supplemental Information:
 - i. Budgetary Comparison Schedules by Fund (General Fund, Aging Special Revenue Fund, Workforce Special Revenue Fund, Housing and Economic Development Projects Special Revenue Fund
 - ii. Notes to Budgetary Comparison Schedules
 - iii. Pension Plan Schedules
 - i. Schedule of the Council's Proportionate Share of the Net Pension Liability- SC Retirement System
 - ii. Schedule of the Council's Contributions- SCRS
 - g. Schedule of Expenditures of Federal Awards and Notes to the Schedule
 - h. Supplemental Information required by SLRCOG and/or funding sources:
 - i. Governmental Funds- Detail Revenues, Expenditures and Changes in Fund Balance by Fund
 - ii. Schedules of Budget to Actual Costs (as prepared by SLRCOG staff)

SLRDC's financial statements should include, but are not limited to, the following statements and supplemental information/schedules required by SLRDC and/or its funding sources:

- a. Independent Auditor's Report
 - b. Management's Discussion and Analysis (unaudited)
 - c. Government-Wide Financial Statements to include:
 - i. Statement of Net Position
 - ii. Statement of Activities
 - d. Fund Financial Statements to include:
 - i. Balance Sheet- Governmental Funds
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds
 - iii. Reconciliation of Statement of Revenues, Expenditures and Fund Balance Changes to the Statement of Activities
 - e. Statement of Fiduciary Assets and Liabilities
 - f. Notes to the Financial Statements
 - g. Supplemental Information required by SLRDC and/or funding sources:
 - i. Statement of Cash Flows- Fiduciary Funds
6. The required written communication from the audit firm to **SLRCOG** and to **SLRDC** that relays information about the audit processes and outcomes should be addressed, respectively, to SLRCOG's audit committee and to SLRDC's Board of Directors. Such communication, and the costs thereof, shall be a part of the proposed audit costs.

E. Other Support Required

The auditor should be available to provide financial advice and counsel on matters occurring throughout the year that would significantly affect the annual report and/or compliance with applicable new, or changes in, accounting procedures.

F. Time Considerations and Other Requirements

1. A schedule for audit work will be negotiated with the successful proposer and an engagement letter issued after the Board's decision no later than its May 2017 meeting. Depending on the award timeframe, preliminary audit work (process observation) may be done in either mid to late May or in June at a time mutually agreeable and if the auditor so desires. **We prefer that the majority of the audit field work for both SLRCOG and SLRDC be performed during the week of September 25-29 or Oct 2-6, 2017.** Audit work must be scheduled and conducted during normal business hours of 8:30 am to 5:00 pm Monday – Friday.
2. **Preliminary audit reports must be completed no later than Monday, November 13, 2017. Final reports must be submitted to staff no later than Friday, December 15, 2017.** SLRCOG's audit report presentations will be to the Audit/Finance Committee at their January 2018 meeting (date TBD) and to the SLRCOG's Board of Directors at their regularly scheduled meeting

in February 2018. SLRDC's audit report presentation will be at the RDC's regularly scheduled meeting in January 2018.

3. Proposers should include assurances in their proposal that indicate a firm commitment to meeting the deadlines as outlined above, barring any unusual or exceptional circumstances.
4. SLRCOG will require that the successful proposer designate a **minimum** of two people to the audit team for the duration of the audit.

G. Report Review and Copies Required

1. Prior to submission of the completed reports, the auditor may be required to review a draft of such reports with SLRCOG's Deputy and Finance Director and/or any other persons designated by the Executive Director or Deputy and Finance Director.
2. An electronic copy of the SLRCOG report will be required as well as approximately forty (40) bound copies. An electronic copy of the SLRDC report will be required as well as approximately twenty-five (25) bound copies.

H. Working Papers

Working papers must be retained by the auditor for a period of at least three years following the date of the final report and must be available for examination by authorized representatives of the cognizant federal and/or state agencies, a subsequent audit firm and/or SLRCOG/SLRDC.

Working papers from the previous audit firm may be requested by the successful proposer after award of audit engagement.

I. Right to Reject

1. SLRCOG & SLRDC reserve the right to reject any and all proposals, the right in their sole discretion to accept the proposal they consider most favorable to SLRCOG's/SLRDC's interests, and the right to waive minor irregularities in the procedures.
2. SLRCOG & SLRDC further reserve the right to reject all proposals and seek new proposals when such procedure is reasonable and in the best interest of SLRCOG and/or SLRDC.

J. Proposal Procedure

1. Seven (7) copies of the proposal are required.
2. Sealed proposal packages will be accepted at Santee-Lynches Regional Council of Governments' office at 2525 Corporate Way, Suite 200, Sumter,

SC 29154 Attn: Kathy Powell, Deputy and Deputy and Finance Director.
Proposals may be hand delivered or mailed but **may not be emailed.**

3. Indicate on face of submittal envelope/box – **Response to RFP# 2017-002**
4. Proposals must be submitted **no later than 4:00 p.m.** on **Friday, March 17, 2017.** Any proposal arriving after 4:00 pm on that date will not be accepted.
5. All proposals will become a part of SLRCOG's/SLRDC's official files.

K. Proposal Format

In order to simplify the review process and obtain the maximum degree of comparison, the following is the requested format of all proposals:

1. Title Page – Show the full legal name of the proposer's firm, local address, DUNS number, telephone number, name of contact person, and the date.
2. Table of Contents – Include a clear identification of the material by section and by page number.
3. Letter of Transmittal (limit: two pages)
 - a. Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work within the time period stated.
 - b. For SLRCOG and SLRDC separately, state the all-inclusive first year fee for which each entity's described work will be done. See required options for fees as outlined on page 3 of this request. Also include, separately for each entity, proposed 2nd year fees and optional fees in the event the contract is extended (see Section C. 2. for limitations to fee increases).
 - c. State the name(s) of the person(s) who will be authorized to make representations for the proposer, their title(s), address(es), and telephone number(s).
 - d. State that the person signing the letter will be authorized to bind the proposer.
4. Profile of the Proposer:
 - a. State the location of the office performing the work along with the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
 - b. Describe the range of activities performed by the local office such as auditing, accounting, tax and/or management services.
 - c. Describe and evidence the firm's previous experience in auditing governmental agencies which are recipients of federal funds and which are similar in nature to SLRCOG and to SLRDC. At a minimum, include names and telephone numbers of at least two such agencies that have been audited by your firm and that staff may contact as references. Provide three (3) letters of reference or written recommendations.
 - d. Indicate whether or not the firm is a member of AICPA- GAQC.

- e. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.
5. **Mandatory Criteria:**
- a. Affirm that the proposer is a properly licensed certified public accountant and provide the date on which the proposer was certified.
 - b. Affirm that the proposer meets the independence standards of the GAO Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.
6. Summary of the Proposer' Qualifications:
- a. Identify the staff persons who will work on the audits and indicate the supervisory staff person(s). For each supervisory person to be assigned to the audit, please include resumes including relevant experience and continuing education. (The resumes may be included as an appendix.)
 - b. For all staff proposed to work on this audit, indicate if they have received continuing professional education in governmental accounting and auditing during the last 2 years. If so, indicate for each person the courses/classes taken;
 - c. Submit a work plan to accomplish the scope defined herein. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned; where possible, individual staff members should be named. The planned use of consultants should be specified, if applicable.
7. Such other information as the proposer feels to be relevant.

Santee-Lynches Regional Council of Governments (SLRCOG)
Santee-Lynches Regional Development Corp (SLRDC)

PROPOSAL RATING AND RANKING CRITERIA

In priority order

1. Technical and Professional Experience and Credentials of the Firm and Staff

- a. Responsiveness of the proposer in clearly stating an understanding of the work to be performed, including timeliness of work performed
- b. Peer Review Report
- c. Qualifications of the staff, including consultants, assigned to the audit engagement
- d. Auditing of the type under consideration, particularly auditing of other Councils of Governments
- e. Auditing of similar entities- for example: non-profits or entities with Workforce (WIA/WIOA), Aging or HOME programs
- f. Recommendations from other entities audited
- g. Member of AICP-GAQC
- h. Range of services, other than audit, available

2. Cost of Proposed Work