

CITY OF UNION, SOUTH CAROLINA
REQUEST FOR PROPOSALS
FINANCIAL STATEMENT PREPARATION
AND AUDIT SERVICES
Due: April 23, 2019 by 2:00 pm

The City of Union is soliciting sealed proposals from qualified vendors for financial services for the fiscal periods ending June 30, 2020, 2021, and 2022. Sealed proposals are due prior to 2:00 pm, April 23, 2019. One (1) original and two (2) copies of sealed proposals should be hand carried or delivered by traceable means to the Finance Department, Attention: Laura B. Hembree, at 101 Sharpe Ave, PO Box 987, Union, SC 29379. All proposals should be clearly marked "RFP Financial Services". Proposals must address all issues reflected in the attached requirements document/questionnaire and the proposal price summary attachment to be considered responsive.

The proposal evaluation process will be completed within thirty (30) days of receipt of proposals, and the prospective provider of this service will be identified. The pricing data reflected in your proposal must be good through June 30, 2020.

All offerors may submit questions or requests for clarification in writing no later than 12:00 pm on Friday, April 5, 2019. After that date, additional questions or requests *will not* be accepted.

The City reserves the right to accept or reject any or all proposals received as a result of this request for proposals, to negotiate with all qualified offerors, or to cancel in part or in its entirety, this request for proposals if it is in the City's best interest to do so.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal, regardless of whether the proposal is selected.

This solicitation does not commit the City to award or to pay for any costs incurred in the preparation of your proposal, or to procure or contract for any good or services.

Your proposal must be signed by an official of your company authorized to commit and enter into a formal contract for goods and services.

The City does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or in the provision of goods and services.

1.0 INTRODUCTION

1.1 PURPOSE OF Request for Proposals (RFP)

This request solicits proposals from qualified firms to certified public accountants to provide the City of Union the following:

Part I-Financial Statement Preparation

Part II-Audit Services

These services are to be performed in accordance with the provisions contained in this request for proposal.

1.2 Term of Engagement

A three (3) year contract is contemplated, subject to an annual review, the satisfactory negotiation of terms (including a price acceptable to both the City of Union and the selected firm), and the concurrence of the City of Union and the annual availability of appropriations.

The City's fiscal year runs July 1 through June 30. The engagement will include assistance in the preparation of the City's Comprehensive Annual Financial Report (CAFR), or basic financial statements, as explained in Section 4.0.

1.3 General Instructions

The City expects to award the contract for services according to the following Schedule:

Issue RFP	Friday, March 22, 2019
Due Date for Proposals	Tuesday, April 23, 2019 by 2:00 pm
Bid Award	Tuesday, May 21, 2019

Questions regarding the RFP may be submitted by 12:00 pm on Friday, April 5, 2019 via email.

Laura Hembree
Finance Director
101 Sharpe Avenue
Union, SC 29379
lhembree@cityofunion.org

Only questions submitted by the deadline will be answered directly to the email address of the sender by the City no later than 5:00 pm on Monday, April 8, 2019.

Firms may arrange on-site inspections by coordinating with the Finance Director.

The Finance Director will open proposals at 2:00 pm April 23, 2019. Proposals Received after 2:00 pm April 23, 2019 will be considered non-responsive and returned unopened. The official clock will be that of the City's Finance Director.

Evaluation of proposals and selection of the recommended firm(s) will be conducted by the Finance Director and Finance Department staff. Their recommendation will be taken to the City Council who must approve the contract award. Firms will be evaluated initially on the basis of the written proposals, as well as follow up questions that are deemed necessary. Further evaluations may include an oral presentation of the staff, mayor, and/or council by the firm(s) deemed most responsive to the RFP.

During the evaluation process, the City of Union reserves the right, where it may serve the City's best interest, to request additional information or clarification of information from one or more proposers, or to allow corrections of errors or omissions.

1.4 Terms and Conditions

1.4.1 Disqualification and Rejection of Bids

The City reserves the right to reject any proposer who has failed to perform satisfactorily, or complete on time, or in a manner inconsistent with the proposal documents, contract of similar nature, or to reject a proposer who is not in a position to perform such contract satisfactorily. The City expressly reserves the right to award the contract to the offeror that best meets the requirements as set forth herein.

1.4.2 Assignment Contract

The audit firm shall not assign any interest of the agreement and shall not transfer any interest in the same without prior written consent of the City. The firm shall not subcontract any part of the services without consent of the City.

1.4.3 Insurance Provisions

The audit firm selected will be required to provide and maintain proof of insurance throughout the contract term in the amount of \$1,000,000 as follows:

Comprehensive General Liability (per occurrence)
Worker's Compensation Liability (as required by State statutes)

The City of Union is to be named as an Additional Insured on the above insurance coverage as respect to the City's interest under the contract.

Certificates showing proof of such insurance shall be submitted to the City

prior to commencement of services under the Agreement. Further, it shall be an affirmative obligation upon the firm to advise the City's Risk Manager at fax number 864-429-2815; email grogers@cityofunion.org , or by mail at PO Box 987, Union, SC 29379, within two (2) days of the cancellation or substantive change of insurance policy set out herein, and failure to do so shall be construed to be a breach of the Agreement.

1.4.4 Indemnification

The selected firm agrees to indemnify, defend, and hold harmless the City of Union and their authorized officer, employees, agents, and volunteers from any and all claims, actions, losses, damages, and/or liabilities arising from their acts, errors, or omissions and for any costs or expenses incurred by the City therefore under the agreement.

1.4.5 Compliance with Law

The selected firm and its agents and employees shall be bound and comply with all federal, state, and local laws, ordinance rules and regulations, as well as all other governing bodies having legal jurisdiction with respect to the area where such work is performed.

1.4.6 License and Permits

The selected firm shall be required to obtain all applicable City of Union permits and business licenses. The business license department may be reached at 864-429-1720 or kteague@cityofunion.org . These expenses shall be included in the total bid price.

1.4.7 Vendor Disclosure/Notice of SC Freedom of Information Act

The parties acknowledge that all material submitted may be subject to release under the South Carolina Freedom of Information Act (FOIA) and will be released to the public unless exempt from disclosure under the FOIA. We discourage you from including any information you consider proprietary or trade secret, as this material is subject to the FOIA once it's in the City's possession. If you must include any such information in your submission, please identify it by color, labeling, and/or bold font so that it can be readily identified. In the event the City receives a request for this material, the City will notify those parties *who have identified information they believe is proprietary or trade secret* of the request. The City has a fifteen-day deadline to produce the material. This is your window to file an action challenge the release. Please be on notice that if the City is not served with such an action, the information will be released.

The City is not responsible for costs incurred in preparation of the RFP.

By submitting a proposal, a firm certifies that it has fully read and understands this RFP, has reviewed the FY 2018 Financial Report located at www.cityofunion.net under the Finance Department and has full knowledge of the scope of the work to be performed; the detailed requirements of the services to be provided and the conditions under which the services to be performed. If a firm wishes to suggest any alternatives to RFP items, such alternatives must be clearly specified and described in a memo accompanying the proposal.

Any proposal submitted shall constitute an irrevocable offer through June 30, 2020, to provide the proposed services at the proposed compensation.

The City reserves the right to reject any or all proposals, to call for new proposals, to waive any requirement of the RFP, or to award the contract to the next most qualified proposer if the selected firm does not execute a contract within fifteen (15) days after notification of the bid award or if such actions is deemed to be in the best interest of the City. The proposal submitted by the successful firm will become a part of a written agreement between the City and the firm.

A three (3) year contract is contemplated, subject to an annual review, the satisfactory negotiation of terms (including a price acceptable to both the City of Union and the selected firm), and the concurrence of the City of Union and the annual availability of appropriations.

The City reserves the right to terminate any resulting agreement, in part or in whole, without penalty upon sixty (60) days written notice to the auditor. Any termination agreement shall not relieve the auditor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of termination. In the event of termination by mutual agreement, the auditor shall be compensated for all hours worked at the specified contractual rate.

The City may at any time during the contractual agreement period, make changes within the general scope of the agreement and its technical provisions. If such change causes any increase or decrease in the auditor firms cost of performance, an adjustment will be made in agreement price, or in time allowed for performance, or both, and a written memorandum of such adjustment shall be made.

Any claim by the firm for such an adjustment must be made in writing and prior to proceeding with the service for which an adjustment is requested. Nothing in this clause shall excuse the firm from proceeding with performance of this contract in accordance with its original terms and conditions and any approved changes.

2.0 GOVERNMENT ENTITY TO BE AUDITED

2.1 Description of the City of Union

The City of Union was incorporated on December 20, 1837. It currently occupies eight square miles and serves a population of around 8,393.

The City of Union operates under the council (strong council) form of government. Policy-making legislative authority is vested in a governing Council (Council) consisting of the mayor and six other members, elected to four-year staggered terms.

The City provides a full range of services, including police and fire protection, sanitation services, the repair and maintenance of city streets and infrastructure, building regulation, planning, and zoning. In addition to governmental activities, the City provides electric, natural gas, water, and wastewater.

The City of Union has a total payroll of approximately \$6,000,000 covering approximately 131 full-time and part-time employees.

2.2 Definition of Union's Fund Structure

The City uses the following fund types and account groups in its financial reporting:

Governmental Fund Types

- General Fund
- Economic Development
- Local Accommodations and Hospitality Fund
- Drug Fund
- Community Change Fund
- Debt-Service TIF District
- Events Center
- Seized and Forfeited Property Fund
- State and Local Grant Fund
- Federal Grants Fund
- Main Street Junction Fund
- Public Defender Fee Fund

Proprietary Fund Types

- Combined Utility Fund-
 - Electric, Natural Gas, Water and Wastewater
 - Solid Waste Management Fund

2.3. Budgetary Basis of Accounting

The City of Union prepares its budgets on a basis consistent with generally accepted accounting principles and legally adopts a budget for all government and proprietary fund types.

2.4 Federal and State Financial Assistance

The City of Union periodically receives federal and state grant assistance. Grant amounts fluctuate, but may be at a level requiring performance of a Single Audit. For the fiscal year ending June 30, 2020 a single audit is not anticipated.

2.5 Pension Plan

The City of Union participates in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. Both plans are administered by the State and classified as multiple-employer cost-sharing public employee retirement systems.

2.6 Information

More detailed information on the government and its finances can be found in the City's Annual Financial Report. This document is available for review on the City's website at www.cityofunion.net.

2.7 Accounting Systems Records

The City's accounting records are maintained through QS1 software. The QS1 system encompasses all areas of financial management to include financial reporting, payroll, accounts payable, purchasing, inventory, and utility billing. Business licensing and permitting uses Smart Fusion software, and Public Safety uses LawTrak software. Capital assets are maintained with Proware Asset Keeper.

3.0 FINANCE OPERATIONS/CONTACT PERSON/ ORGANIZATIONAL CHART/KEY PERSONNEL

The City's Finance Department is overseen by the Finance Director, Laura B. Hembree, and consists of twelve (12) additional employees.

The auditor's principal contact with the City of Union will be Laura B. Hembree, Finance Director, or a designated representative, who will coordinate the assistance provided by the City to the auditor.

A list of the City's key personnel is attached and labeled Attachment A.

The Finance Department staff and responsible management personnel will be available to assist the firm by providing information, documentation and explanations. City of Union personnel will also pull invoices, minutes of Council meetings, and other supporting documentation as needed and will make copies of pertinent materials for the auditors. City staff will prepare supporting schedules for the auditor as needed. The exact format and content of such schedules will be determined during the initial stages of the audit process.

Adequate audit workspace will be provided in close proximity to accounting records and staff. The auditors will have access to a printer, copier, telephone, internet, etc.

4.0 SCOPE OF SERVICE TO BE PROVIDED

4.1 Part 1-Financial Statement Preparation

The funds that comprise the financial statements include those listed in Section 2.2 of this proposal. The City, with assistance, shall have closed and balanced all accounts for all funds to be examined under Part II by October 1 of each year.

The City intends to issue a Comprehensive Annual Financial Report (CAFR) prepared in accordance with GAAP and all applicable federal and state requirements to include supplemental schedules for sub funds and any other requirements consistent with the GFOA Certificate of Achievement Standards and Standards and Practices.

The audit firm engaged will be responsible for preparation of the basic Financial statements and CAFR.

CAFR preparation will include setting up the document with the report cover, transmittal letter, and statistical section for the printer. City staff will be responsible for arranging and overseeing the printing of the CAFR. No more than 50% of the agreement shall be paid prior to final printing of the CAFR and required basic financial statements.

Throughout the contract period the auditor shall advise the City on implementation of new accounting standards as promulgated by the authoritative bodies. The auditor shall advise the City on specialized accounting questions that may arise.

The City acknowledges its responsibility for the reliability, accuracy, and completeness of the financial preparations. Finance Department staff will participate in a thorough review of the draft CAFR.

4.2 Part II-Financial Audit Services

The Audit services require the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The auditor is not required to audit "required supplementary information" presented in the report, but should apply certain limited procedures, consisting principally of inquiries of management regarding methods of measurement and presentation of the supplemental information. The auditor is also not required to audit combining and individual fund financial statements and supplemental information presented that is not a required part of the basic financial schedules. However, the auditor is to provide an "in-relation-to" report

on the combining and individual fund financial statements and supplemental information based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the introductory or statistical sections of the report.

The auditor is also not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the basic financial statements.

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office’s (GAO) *Government Auditing Standards (1994)*, the provisions of the federal Single Audit Amendments of 1996 and US Office of Managements and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The following reports shall be issued:

1. A report of the fair presentation of the basic financial statements in conformity with generally accepted accounting principles.
2. A report on compliance and on internal control over financial reporting based on the audit of the basic financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Circular A-133.

In the required reports on compliance and internal control, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the data consistent with the organization’s ability to record, process, summarize and report financial data consistent with the assertion of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in reports.

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Mayor, City Council, and Finance Director.

The City of Union will submit its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting Program.

All working papers and reports must be retained, at the auditor's expense for a minimum of three (3) years, unless the firm is notified in writing by the City of Union of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. City of Union
2. US General Accounting Office (GAO),
3. Parties designated by the federal or state governments or by the City of Union as part of an audit or quality review process, and
4. Auditors of entities of which the City of Union is a sub-recipient of grant funds.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

5.0 PROPOSAL REQUIREMENTS

The following material is required for a proposing firm to be considered:

1. Title Page- Title page showing the request of proposals subject, the firm's name, the name, address, and telephone number of the contact person, and the date of proposal.
2. Table of Contents
3. Transmittal Letter-A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the allocated time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer until June 30, 2020.
4. Detailed Proposal- The purpose of the proposal is to demonstrate the qualification, competence, and capacity of the firms seeking to perform services for the City of Union in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an approach that will meet the request of proposal requirements.
5. Sealed Dollar Cost Bid- A Total All-Inclusive Maximum Price for the June 30, 2020 year-end audit engagement and for each subsequent two (2) years of the contemplated engagement (excluding single audit). Projected Hours and Billing Rates for Engagement and Out-of-Pocket Expenses. Include a Schedule of Professional Fees and Expenses, presented in the format provided in Appendix D that supports the total all-inclusive maximum price.
6. Rates for Additional Professional Services-If it should become necessary for the City of Union to request any additional services to either supplement the services requested in this RFP or to perform additional work shall be performed only if set forth in an addendum to the contract between the City of Union and the firm. Any such additional work agreed to between the City of Union and the firm shall

be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

7. Manner of Payment- Progress payments will be made on the basis of hours of work completed during the course of engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.
8. Independence-the firm should provide an affirmative statement that is independent of the City of Union as defined by Generally Accepted Auditing Standards and the US General Accounting Office's Government Auditing Standards. The firm should also list and describe the firm's professional relationships involving the City of Union or any of its employees for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed service(s). In addition, the firm shall give the City of Union written notice of any professional relationships that may be entered into during the period of this agreement.
9. License to Practice in South Carolina-An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in South Carolina.
10. Firm qualifications and Experience-The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis. This firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government agreements.
11. Partner Supervisory and Staff Qualifications and Experience-Identify the principal supervisory and management staff, including engagement partner, manager, and other specialists that would be assigned to the engagement and their qualification to do so.
12. Similar Engagement with Other Government Entities-List the most significant engagement performed in the last five years that are similar to the engagement described in this proposal.

APPENDICES

- A. List of Key Officials, Office Locations and Telephone Numbers
- B. Proposer Guarantees
- C. Proposer Warranties
- D. Format for Schedule of Professional Fees and Expenses for the Audit of 2020 Financial Statements
- E. Format for Schedule of Professional Fees and Expenses for OMB Circular A-133

APPENDIX A

LIST OF KEY PERSONNEL, OFFICE LOCATIONS, AND TELEPHONE NUMBERS

Harold E. Thompson Mayor	City Hall	(864) 429-1700
Ricky Todd Harris Councilmember/Finance Chair	City Hall	(864) 429-1700
Laura B. Hembree Finance Director	City Hall	(864) 429-1727
Rebecca Lance Accounting Supervisor	City Hall	(864) 319-1303
Joe Nichols Utilities Director	City Hall	(864) 429-1721
Gloria Rogers Personnel/Clerk of Court	City Hall	(864) 429-1701
Sam White Director of Public Safety	Public Safety Annex	(864) 429-1713
Kenneth Thomas Public Service Director	Warehouse	(864) 429-1704
Leroy Edwards Maintenance Director	Maintenance Shop	(864) 429-1705
Larry Flynn City Attorney	Spartanburg, SC	(864) 435-9108

APPENDIX B

The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

- A. Proposer warrants that it is willing and able to comply with the State of South Carolina laws with respect to foreign (non-state of South Carolina) corporations.
- B. Proposer warrants that is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Union.
- D. Proposer warrants that it will maintain worker's compensation coverage on all staff working on the audit.
- E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE
2020 FINANCIAL STATEMENTS

	<u>HOURS</u>	<u>STANDARD HOURLY RATE</u>	<u>QUOTED HOURLY RATE</u>	<u>TOTAL</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____
Subtotal				_____
Out of pocket Expenses:				_____
Meals and Lodging				_____
Transportation				_____
Other (specify)				_____
Total all-inclusive maximum cost for the 2020 audit:				=====

APPENDIX E

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2011 FINANCIAL STATEMENTS SUPPORTING SCHEDULE FOR OMB CIRCULAR A-133

	<u>Hours</u>	<u>Standard Hourly Rate</u>	<u>Quoted Hourly Rate</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____
Subtotal				_____
Out of pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (specify)				_____
Total all-inclusive maximum cost for the 2020 audit required by OMB Circular A-133 (if required):				=====