

**CITY OF FLORENCE,  
SOUTH CAROLINA**



**REQUEST FOR PROPOSALS  
NO. 2019-01**

**FOR**

**PROFESSIONAL AUDITING SERVICES**

**JANUARY 11, 2019**

# CITY OF FLORENCE, SOUTH CAROLINA

## REQUEST FOR PROPOSALS

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CITY OF FLORENCE, SOUTH CAROLINA  
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Florence, South Carolina, is requesting proposals from qualified, certified public accounting firms for independent audits of the financial statements of the City of Florence and preparation of the annual financial reports for the fiscal years ending June 30, 2019, 2020, 2021, 2022, and 2023. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S Government Accountability Office's (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Six copies of the proposal must be submitted to the City of Florence Purchasing Office no later than **2:00 p.m., February 5, 2019** in accordance with conditions specified in part VI-A-3, Submission of Sealed Proposals, of this package. Proposals that are not submitted according to the instructions will not be accepted or considered.

The City of Florence reserves the right to reject any or all proposals and to waive formalities or technicalities, insofar as it is legally authorized to do so, in the best interest of the City.

Contracts for work under this proposal will obligate the firm not to discriminate on the grounds of race, color, religion, national origin, sex, disability, familial status, or any other class protected by employment laws and regulations of the State of South Carolina and the United States.

Proposals submitted must be in a form suitable for incorporation verbatim, into the contract.

No contract may be assigned, sublet, or transferred without the express written consent of the City Manager.

A mandatory preproposal conference for all the firms interested in submitting a proposal will be held at **2:00 p.m. on January 23, 2019** in the City Council Chambers located on the 1<sup>st</sup> floor of the City Center, 324 West Evans Street,

Florence, South Carolina to answer questions about the engagement. **Proposals submitted by firms not in attendance at the mandatory preproposal conference will not be considered by the City.** After this preproposal conference, any inquires concerning the request for proposals should be addressed to Lynwood F. Givens, Purchasing Agent.

Proposals submitted will be evaluated by an evaluation panel. The evaluation panel will make its recommendation to City Council of the firm which best meets all of the evaluation criteria set forth in the request for proposals and the selection of which, in its collective opinion, would best serve the interest of the City of Florence. The award of a contract for independent audit services will be made by the City Council.

During the evaluation process, the evaluation panel reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. Interviews of any one or all firms may be requested during the evaluation process. Such interviews will provide firms with an opportunity to answer questions the evaluation panel may have about a firm's proposal. Not all firms may be asked to participate in such interviews.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm will be completed by **March 11, 2019**. Following the notification of the selected firm, it is expected a contract will be executed between both parties by **April 2, 2019**.

B. Minority and Women Owned Businesses

Minority and Women Owned Businesses will be afforded full opportunity to submit proposals in response to this invitation and will not be discriminated against on the grounds of race, color, religion, sex or national origin in consideration for an award. It is the policy of the City that minority business and women owned business enterprises (MBE/WBE) have an opportunity to participate at all levels of contracting in the performance of City contracts to the extent practical and consistent with the efficient performance of the agreement. Please indicate that you are a minority or women owned business with your proposal submission.

C. Term of Engagement

It is the City of Florence's intent to enter into a five-year contract with a stipulation that, at the option of the City, the contract may be cancelled after the third year if the City determines that it is appropriate to do so.

D. Requirements of Successful Bidder

1. Professional Insurance and Indemnification

The firm awarded a contract with the City of Florence shall procure and maintain insurance for protection from claims under workers' compensation acts; claims for damages because of bodily injury including personal injury, sickness or disease, or death of any and all employees or of any person other than such employees; claims for damages because of injury to or destruction of property, including loss of use resulting therefrom; claims caused by professional errors, acts, or omission; and any other insurance prescribed by law. The successful firm shall name the City of Florence, South Carolina, its elected and appointed officials, officers, and employees "Additional Insured" as their interests may appear but only with respect to services performed or provided by successful firm on behalf of the City under the firm's commercial general liability insurance policy. The successful firm shall, within 10 days of the full execution of any agreement resulting from this RFP, provide the City's Purchasing Agent with a certificate(s) of insurance providing evidence of the coverage required above and containing an endorsement to the effect that any cancellation or non-renewal shall not be until 10 days after the insurer or the selected firm gives written notice to the City.

The selected firm shall acquire and maintain, during the life of the agreement, workers' compensation and employer's liability insurance for all employees to be engaged in services on this project under this agreement in an amount not less than \$1,000,000.00, and in case any such services are sublet, the firm shall require all subcontractor(s) also to provide workers' compensation and employer's liability insurance in an amount not less than \$1,000,000.00 for all of the subcontractor's employees to be engaged in such.

Employer's Liability Insurance - \$1,000,000 each accident, \$1,000,000 disease policy limit, \$1,000,000 disease each employee

Commercial General Liability Insurance - \$1,000,000 per occurrence (bodily injury and property damage) / \$1,000,000 general aggregate

Automobile Liability Insurance - \$1,000,000 combined single limit (bodily injury and property damage), each accident

Professional Liability Insurance - \$1,000,000 per claim / \$1,000,000 general aggregate

*Professional Services:* The selected firm shall indemnify and hold the City of Florence, South Carolina, its elected and appointed officials, officers, and employees, harmless from and against judgments, liabilities, damages, losses, costs, and expenses (including, but not limited to, reasonable attorneys' fees and costs but only to the extent otherwise authorized by law) to the extent caused by any negligent act, error, or omission in the performance and furnishing of the selected firm's professional services under any agreement resulting from this RFP, including any negligent act, error or omission of any individual or entity directly or indirectly employed by the selected firm to perform any of the work or anyone for whose acts, errors, or omissions the selected firm may be liable, regardless of whether or not caused in part by a party indemnified hereunder.

*Other Than Professional Services:* With respect to all acts or omissions of the selected firm, or any individual or entity directly or indirectly employed by the selected firm to perform any of the work or anyone for whose acts, errors, or omissions the selected firm may be liable, which do not arise out of or result from the performance of professional services, and which may be covered by employer's liability insurance, commercial general liability insurance, automobile liability insurance, or other general liability insurance, the selected firm shall indemnify and hold the City of Florence, South Carolina, its elected and appointed officials, officers, and employees, harmless from and against judgments, liabilities, damages, losses, costs, and expenses (including, but not limited to, reasonable attorneys' fees and costs but only to the extent otherwise authorized by law) to the extent caused by or arising out of the selected firm's negligent acts of commission or omission (or those of or any individual or entity directly or indirectly employed by the selected firm to perform any of the work or anyone for whose actions or failure to act the selected firm may be liable) during the performance of this Agreement.

The selected firm shall require any sub-consultants and subcontractors to purchase and maintain insurance with limits not less than those required above to be purchased and maintained by the selected firm. In addition, the selected firm shall require any sub-consultants and subcontractors to assume the selected firm's indemnification obligations under any contract resulting from this RFP to the extent they relate to the sub-consultant's or subcontractor's obligations under any contract with the selected firm.

## 2. Occupational Business License

It is required that the firm awarded a contract agreement with the City of Florence secure an occupational business license. The successful firm is required to contact the Business License Coordinator, at the City Center, 324 W. Evans St., Florence, S.C. prior to commencement of work. Contact telephone number: (843) 665-3173; Fax number: (843) 665-3171.

## II. NATURE OF SERVICES REQUIRED

### A. General

The City of Florence (the “City”) is soliciting the services of qualified firms of certified public accountants to provide audit services for the five fiscal years, beginning with the year ending June 30, 2019, and ending with the year ending June 30, 2023 with the stipulation that, at the option of the City, the contract may be cancelled after the third year if the City determines that it is appropriate to do so. These audits are to be performed in accordance with the provisions contained in this request for proposals. The auditing firm must have an office physically located within the State of South Carolina.

### B. Scope of Work to be Performed

The City desires the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

The City of Florence also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor is 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 financial statements.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance and internal control over compliance applicable to each major federal program and on internal control over compliance in accordance with OMB audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
4. A schedule of findings and questioned costs.
5. A summary of prior year findings.

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

The report on compliance shall include all material instances of noncompliance.

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

Reporting to the City Council. The audit report will be addressed to the Honorable Mayor, Members of City Council, and the City Manager and auditors shall assure themselves that the City's Mayor, City Council, and City Manager are informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Special Considerations

1. The City will send 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. The auditor will be required to provide needed assistance to the City to meet the requirements of that program.
2. In the event that the City prepares one or more official statement in connection with the sale of debt securities, the official statement will contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the City, its financial advisor, bond attorney, and/or underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."

3. In addition to the normal performance of providing a complete financial and compliance audit, the auditor shall provide the adjusting entries for each fiscal year after completion of the audit, shall work with the City Manager, Finance Director, and staff to provide appropriate assistance as needed to correct any audit findings or to satisfy auditor's recommendations, and shall be available to provide ongoing assistance as needed by the City's finance staff to assure proper accounting methods are being followed.
4. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on the internal controls and compliance are to be issued as part of the comprehensive annual financial report. Additionally, Form SF-SAC Data Collection Form for Reporting on Audits of States, Local Government, and Non-Profit Organizations, as required by the Single Audit Clearinghouse shall be drafted by the auditor.
5. In addition to a summarized Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the General Fund and in addition to a summarized Statement of Revenues, Expenses and Changes in Fund Net Position—Budget and Actual for the Water & Sewer Fund and the Stormwater Fund, the auditor shall provide as supplementary schedules to the financial statements these statements detailed by budget line item components. These statements shall be formatted in the same manner as the summarized statements, but presented in detail by budget line item.
6. The City maintains one discreetly presented, not-for-profit, component unit, the City of Florence Public Facilities Corporation. Each year before the November 15<sup>th</sup> filing deadline for the IRS Form 990, the auditor shall complete the Form 990 for the Public Facilities Corporation and file the completed form in compliance with IRS regulation.

F. Working Paper Retention and Access to Working Papers

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 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:

City of Florence

U.S. Department of Housing and Urban Development

U.S. General Accounting Office (GAO)

Parties designated by the federal or state governments or by the City as part of an audit quality review process

Auditors of entities of which the City is a subrecipient of grant funds (the State of South Carolina)

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.

G. Meetings, Conferences, and Consultation

The auditor shall meet with the Finance Director prior to the commencement of each audit to discuss the planned approach to the audit work and to establish an audit calendar prior to the beginning of field work. The auditor shall also schedule periodic progress meetings with the Finance Director, but not less than monthly, during the audit period to discuss the progress of the work, the nature of any problems encountered, and the projected completion date of the audit.

An exit conference with the City Manager and Finance Director is required of the auditor on completion of the audit prior to final presentation. A summary review of the audit shall be made by the auditor to the City Council.

The audit manager or assigned designee must be available on an as-needed basis throughout the contract period for advice and consultation regarding accounting and financial reporting matters, and for review of work papers where applicable and appropriate. Generally, this consultation will be infrequent and will allow the Finance Department staff to receive answers to questions regarding transactions, or to seek advice on accounting procedures and methods that may have an impact on the audit. Responses to such inquiries should generally be considered as incidental to the audit process and included as part of the audit fee, and would not be considered for this RFP as additional professional services.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Person/Organizational Chart/Key Personnel

The auditor's principal contact with the City will be Thomas W. Chandler, Finance Director, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor.

An organizational chart (Appendix A) and a list of key personnel with the location and telephone number of their principal offices (Appendix B) is attached.

B. Background Information

The City of Florence is organized under a Council-Manager form of government and provides to a population of approximately 38,000 citizens such services as public safety, public works, culture and recreation, planning and zoning, permitting, water and sewer, stormwater management, and general administrative services. In addition, water and sewer services are provided to a large portion of the surrounding metropolitan area, with an outside City limits combined customer base of approximately 17,000.

The City is governed by a seven-member Council, including the Mayor. City Council is responsible for setting City operating policies, creating ordinances, and adopting the City's annual budget. The chief administrative officer of the City is the City Manager who has the responsibility for the day-to-day operations of City government and the supervision of the City's workforce of approximately five hundred eighteen full-time employees with a payroll, including benefits, of approximately \$29.3 million.

More detailed information on the government and its finances can be found in the City's annual budgets and comprehensive annual financial reports which are available online at [www.cityofflorence.com](http://www.cityofflorence.com).

C. Fund Structure

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

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General Fund	1	1
Special revenue funds	17	1
Discreetly presented component unit	1	
Debt service funds	2	1
Capital projects funds	3	
Enterprise funds	2	2
Agency funds	7	

D. Basis of Budgeting

The City of Florence prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Financial Assistance

During the fiscal years to be audited, the City will receive federal financial assistance from a variety of agencies (some of which passes through various State agencies). It is likely that one or more grant programs will qualify as Major Federal Financial Assistance Programs.

F. Pension Plans and OPEB Plans

The City is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers' Retirement System (SCPORS). Both systems are defined benefit multiple-employer public employee retirement systems and are administered by the South Carolina Public Employee Benefit Authority which covers substantially all full-time employees. Employee and employer contributions are made each year. Actuarial services for these plans are provided by the State of South Carolina.

The City contracts with an actuary to calculate its future liabilities for the cost of post retirement health care benefits. Additionally, the City is a member of the SC Other Retirement Benefits Employer Trust (SC ORBET) and has made required contributions to fund the amortization of its accrued liability.

G. Component Units

The City of Florence has one discreetly presented component unit. The City of Florence Public Facilities Corporation (Corporation) is a not-for-profit (501(c)(3)) which was created to provide financing for the construction of public facilities owned by the City of Florence. The Corporation's fiscal year begins July 1 of each year and ends on the following June 30.

H. Joint Ventures

The City is a participant with Florence County in a joint venture to operate the Florence City-County Civic Center. Both the City and County contribute approximately \$640,000 annually as their share of the debt service cost of the Civic Center. Any additional operational funding shortfall is to be paid equally by the City and County. The Civic Center Commission is comprised of nine members, four appointed by the City, four appointed by the County, and one by the members of the Commission. Neither of the participating governments have any equity interest in the joint venture; therefore, no equity interest is reflected in the financial statements. Complete financial statements for the Florence City-County Civic Center can be obtained from the Director at 1 Civic Center Plaza, Florence, South Carolina.

I. Magnitude of Finance Operations

The Finance Department is headed by Thomas W. Chandler, Finance Director and is comprised of the Finance & Accounting Division and the Utility Finance Division. The two divisions consists of thirty-seven employees.

J. Computer Systems

The City of Florence has a fully computerized general ledger system, which consists of the following: general ledger, payroll, human resources, accounts payable, purchasing, cash receipts, business license, hospitality fee, fixed assets, budgeting, grant accounting, fleet and utility inventory, athletics and recreation billing, permitting, work order tracking, and utility billing. The City's current software is Tyler Technology's MUNIS program.

In addition to the MUNIS program, the City of Florence has a variety of PCs which are connected to a Hosted Desktop using Virtual Office Advantage (VOA) cloud based service of the City's IT vendor VC3.

K. Internal Audit Function

The City does not, at present, maintain a formal internal audit function. However, the City maintains and adheres to a written internal control policy.

L. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports may access them at the City's website [www.cityofflorence.com](http://www.cityofflorence.com) by selecting Finance Department under Department and Services, then select the Comprehensive Annual Financial Reports link.

M. Special State Reporting Requirement

SC Code of Laws Section 14-1-208 requires that the annual audit include a review of accounting controls over court assessments and further requires the City to include, in its audited financial statements, a supplementary schedule detailing the disposition of court assessments and amounts required to be used for victim services activities. The law requires that the schedule be included in the external auditor's report by an "in relation to" paragraph as required by generally accepted auditing standards when information accompanies the basic financial statements in auditor-submitted documents. The law allows up to \$1,000 to be paid from fines and assessments to the auditor for the actual cost of preparing the schedule after the audit is submitted to the State Treasurer along with a statement of the actual cost incurred.

#### IV. TIME REQUIREMENTS

##### A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	01/11/2019
Pre-proposal conference	01/23/2019
On-site inspection	01/23/2019
Deadline for submitting RFP questions	01/29/2019
Due date for proposals	02/05/2019

##### B. Notification and Contract Dates

Selected firm notified	03/12/2019
Contract date	04/02/2019

##### C. Date Audit May Commence

The City will have most records ready for audit approximately sixty (60) days following close of the fiscal year. On-site audit work should commence no later than the third week of August, however, the auditor may start preliminary work as early as June 1. Because some reporting is reliant upon payables made through the sixty (60) day period following the close of the fiscal year, some reports will not be available on September 1. Specifically, these reports include work-in-process, depreciation schedules, additions to capital assets, disposals of capital assets, and transfers of capital assets. These schedules are typically completed within two to three weeks after September 1.

##### D. Schedule for the Annual Audits

Each of the following should be completed by the auditor no later than the dates indicated.

###### 1. Preliminary Work

Preliminary work should be performed in June to be completed by June 30.

2. Audit Calendar

The auditor shall provide the City by June 30 of each year a detailed audit calendar.

The City will provide the auditor with a list of standard reports needed for the audit and when each report will be completed and available.

3. Fieldwork

The auditor shall complete all fieldwork by October 15.

4. Draft Reports

The auditor shall deliver a first draft of the CAFR to the City by the last week of October for review by the Finance Director and his staff. The audit calendar should also include dates for as-needed reviews of subsequent draft reports.

E. Date Final Report is Due

Before the first Monday in December the auditor will meet with the Finance Director and City Manager to review key points of the audit and to answer any questions the City Manager or Finance Director may have regarding the audit. Once all issues for discussion are resolved, the final signed report shall be delivered to the City by, or before, the first Monday in December.

Additionally, fifteen (15) printed copies and one (1) copy of the final report in current electronic media format shall be delivered by the auditor to the Finance Director before the first Monday in December following the close of the audit period in each year of the contract. The auditor shall be required to appear before the Council to review the report on the second Monday of December. A total of sixty (60) additional printed copies of the final report will be delivered within fifteen days of final submission.

F. Entrance and Exit Conferences, and Progress Reporting

Entrance and exit conferences should be scheduled annually. Progress reporting conferences must be held periodically, but not less than monthly, during the audit period to update the Finance Director on the progress of the work, the nature of any problems encountered, and the projected completion date of the audit.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the auditor.

B. Electronic Data Processing (EDP) Assistance

EDP personnel will be available to provide systems documentation and explanations.

C. Statements and Schedules to be Prepared by the Staff of the City of Florence

The staff of the City will prepare certain statements and schedules for the auditor. These reports include a schedule of property taxes receivable; schedules of fixed assets including additions, deletions, and depreciation for the year; schedules of capitalized projects; work in process schedules; supplies inventory; bond costs and accumulated amortization schedule; compensated absences; accounts payable; accounts receivable; bank reconciliations; revenue and expenditure budget versus actual reports; trial balances; detailed general ledger for all funds; investment schedules; and other reports that will be provided to the auditor as the reports are completed and available. Additionally, the City will provide assistance in retrieving and re-filing check vouchers and other documentation needed by the auditor for testing.

D. Work Area, Telephones, Photocopying, Internet Access, and Facsimile Machines

The City will provide the auditor with reasonable work space, desks, and chairs. The auditor will also be provided with access to a telephone, photocopying equipment, internet access, and an electronic facsimile machine.

E. Report Preparation

Report preparation, routine editing, and printing shall be the responsibility of the auditor.

F. Trial Balance

At the auditor's discretion the trial balance may be requested earlier than September 1 with the understanding that there will be a number of year-end

journal entries made. Submitting the trial balance on September 1 will significantly reduce the number of year-end entries that will be posted. However, some entries, such as capitalization or work-in-process of capital projects and capital assets purchased, disposing of capital assets, and posting depreciation will be posted after September 1. Once the trial balance has been delivered to the auditor the City will provide to the auditor, on a weekly basis, a copy of any additional journal entries posted.

G. GASB 34 Conversion Entries

Currently, the City does not record on its books the government-wide entries required for GASB 34 reporting.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Preproposal Conference and On-site Inspections

A mandatory pre-proposal conference for firms interested in submitting proposals will be held at **2:00 p.m., January 23, 2019** in the City Council Chambers, of the City Center, 324 West Evans Street, Florence, South Carolina. Attendance at the conference is required as a condition of submitting a proposal. Both verbal and written questions will be accepted during the conference.

Immediately following the pre-proposal conference, representatives of the Finance Department will be available to conduct on-site inspections for interested proposers.

2. Inquires

Inquires concerning the request for proposals and the subject of the request for proposals should be made to:

Lynwood F. Givens, Purchasing Agent  
lgivens@cityofflorence.com  
(843) 665-3165

City of Florence  
Finance Department  
324 West Evans Street  
Florence, SC 29501-3430

**Any additional RFP inquiries or questions must be received by noon on January 29, 2019.**

### 3. Submission of Sealed Proposals

To simplify the review process and enable the City to make an equitable and objective comparison of the proposals, proposals must be organized according to the following format and six (6) copies each must be submitted. **The following material is required to be received by the City by 2:00 p.m. on February 5, 2019 for a proposing firm to be considered:**

- a) A Technical Proposal to include the following:
  - 1) Title Page: Include the Proposal Name, “Independent Auditing Services – Request for Proposals 2019-01”, and the name of the proposing firm along with the address, telephone number, and name of contact person, and the date of the proposal.
  - 2) Table of Contents: Include a clear identification of the material by section and page number.
  - 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 time period, a statement why the firm believes that it is best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for 90 days.
  - 4) Detailed Proposal: The detailed proposal should follow the order set forth in Section VI-B of this request for proposals.
  - 5) Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix C and Appendix D).
- b) Technical Proposals (6 copies each) must be in a sealed envelope and clearly marked as follows: “TECHNICAL PROPOSAL FOR CITY OF FLORENCE, SC INDEPENDENT AUDITING SERVICES 2019-01.” Technical Proposals submitted by mail must meet the same requirements.
- c) A Dollar Cost Bid Proposals (6 copies each) must be submitted in a **SEPARATE** sealed envelope and marked as followed: “DOLLAR COST BID PROPOSAL FOR CITY OF FLORENCE, SC INDEPENDENT AUDITING SERVICES 2019-01.” Dollar

Cost Bid Proposals submitted by mail must meet the same requirements.

- d) The sealed Technical Proposals and sealed Dollar Cost Bid Proposals must be submitted in two (2) separate sealed envelopes, and clearly marked as required in subsections b and c above. The proposals should be addressed as follows:

City of Florence  
Lynwood F. Givens, Purchasing Agent  
Finance Department  
324 West Evans Street  
Florence, SC 29501-3430

If proposals are mailed, it is the sole responsibility of the proposer to have the proposals delivered to the City by the date and time specified in the RFP. Any proposals received later than the specified date and time will not be accepted or considered. Facsimile (FAX) or other electronic transmissions will **not** be accepted. The City will not be responsible for late submission caused by the postal service, other carriers, or any other delivery problems regardless of the reason.

## B. Technical Proposal

### 1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, capacity, and ability of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

**There should be no dollar units or total costs included in the Technical Proposal Document.**

The Technical Proposal should address all points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, items 2 through 7 below, must be included. These items represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of the City as defined by generally accepted auditing standards, the U.S. General Accounting Office's *Government Auditing Standards* and/or any later pronouncements, and the independence standards of the South Carolina Board of Accountancy.

3. License to Practice in South Carolina

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered or licensed to practice in South Carolina and that the firm maintains an office physically located in South Carolina.

4. Firm Qualifications and Experience

- a. The proposer should state the size of the firm, the size of the firm's governmental audit staff, the number and nature of the professional staff to be employed in this engagement on a full-time basis, the number and nature of the staff to be so employed on a part-time basis, and the office location where each of the firm's staff that will perform work on this engagement is assigned.
- b. If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified, and the firm that is to serve as the principal auditor should be noted, if applicable.
- c. The 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** engagements.
- d. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of audits performed by its office during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against its office during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory, and Staff Qualifications and Experience

- a. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in South Carolina. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
- b. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.
- c. The proposer should identify the extent to which staff to be assigned to the audit reflect the City's commitment to Affirmative Action.
- d. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. However, in any case, the City retains the right to approve or reject replacements.
- e. Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.
- f. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (**no more than 5**) performed in the last five years that are similar to the engagement described in this request for proposal. **These engagements should be ranked on the basis of total staff hours.** Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Audit Approach and Service; Staffing and Communication

The proposal should set forth a work plan, including and explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal including the level of staff and number of hours to be assigned to the major segments of the engagement.

Method of Approach and Service: The proposal should describe how the firm intends to conduct the audit in the first year and subsequent years and the role of audit firm in providing technical support and consultation.

Staffing and Communication: The proposal should describe how the firm will coordinate and monitor staff service and how access to and communication with the firm and staff will be ensured through entrance conferences, progress reporting, and exit conferences.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement. **No dollar costs should be included in the Technical Proposal.**
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the City's internal control structure
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance

C. Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal for each of the next five years. This fee must include the financial reports and all required schedules and all other required services and related

expenses as well as any reasonable additional services which may be included. The fee must include any additional work, schedules, or reports that are required due to: changes in or additions to statements by GASB; the AICPA; the State of South Carolina laws, regulations, and provisos; or any other standard setting body, which require the City to implement so its financial statements are reported in compliance with GAAP. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including out-of-pocket expenses.

The dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
- c. A Total All-Inclusive Maximum Price for the 2019-2023 engagements.

2. Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. The auditor should state the hourly rates that would be charged for such services.

3. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing may be submitted no more than once per month. Final payment of the annual fee will be made only after delivery of all final reports.

## VII. EVALUATION PROCEDURES

### A. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for technical qualifications

and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent, has an office or offices physically located in South Carolina, and is licensed to practice in South Carolina.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
- c. The firm adheres to the instructions on preparing and submitting the proposal as specified in this request for proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Qualifications

a. Expertise and Experience

- 1) The firm's past experience and performance on comparable government engagements.
- 2) The firm's past experience in providing assistance to meet the requirements of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.
- 3) The quality, skills, and ability of the firm's professional personnel to be assigned to the engagement and the quality, skills, and ability of the firm's management support personnel to be available for technical consultation.

b. Audit Approach and Service; Staffing and Communication

- 1) Method of Approach and Service: How the firm will conduct the audit in the first year and subsequent years and the role of audit firm in providing technical support and consultation.
- 2) Staffing and Communication: How the firm will coordinate and monitor staff service and how access to and communication with the firm and staff will be ensured

through entrance conferences, progress reporting, and exit conferences.

- 3) Adequacy of proposed staffing plan for various segments of the engagement.
- 4) Adequacy of hours assigned to various levels of audit personnel – partner hours; manager hours; staff hours, etc.

c. Prior Experience with City of Florence and Proximity

- 1) Prior experience of assigned audit staff with City of Florence
- 2) Proximity of audit staff's assigned office location to the City of Florence

3. Price

Cost will not be the primary factor in the selection of an audit firm.

B. Interviews

During the evaluation process interviews of any one or all firms may be requested. Such interviews will provide firms with an opportunity to answer questions the evaluation panel may have about a firm's proposal. Not all firms may be asked to participate in such interviews.

C. Final Selection

The evaluation panel will make its recommendation to City Council of the firm which best meets all of the evaluation criteria set forth in the request for proposals and the selection of which, in its collective opinion, would best serve the interest of the City of Florence. The City Council will select a firm based upon the recommendation of the evaluation committee.

It is anticipated that a firm will be selected by March 11, 2019. Following notification of the firm selected, it is expected a contract will be executed between both parties by April 2, 2019.

D. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.

E. Right to Waive Technicalities

The City reserves the right to waive technicalities in its evaluation of all proposals.

F. Proposal Disclosures and Public Inspection

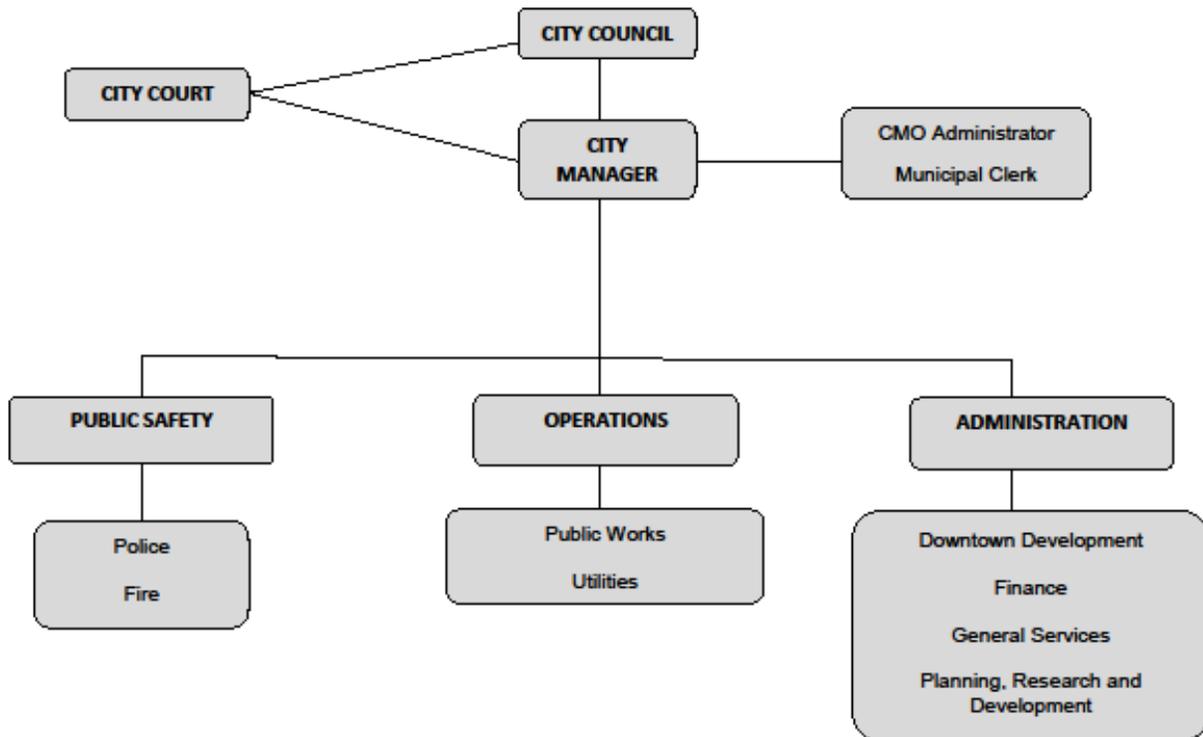
The proposals shall be publicly opened, and only the names of the proposers will be disclosed at the proposal opening. Contents of the competing proposals shall not be disclosed during the evaluation or negotiation phases. Proposals shall be available for public inspection after award of the contract. Proprietary or confidential information (i.e., customer lists, financial reports, etc.), if marked as such, shall not be disclosed without the written consent of the proposer. Proposer shall identify such information by writing "CONFIDENTIAL" on such items.

## **APPENDICES**

- A. Organizational Chart
- B. List of Key Officials, Office Locations, and Telephone Numbers
- C. Proposer Guarantees
- D. Proposer Warranties
- E. Format for Schedule of Professional Fees and Expenses
- F. Format for Schedule of Additional Professional Fees

**APPENDIX A**

**CITY OF FLORENCE  
ORGANIZATIONAL CHART  
FY 2017-18**



**APPENDIX B**

**LIST OF KEY PERSONNEL, OFFICE LOCATIONS, AND  
TELEPHONE NUMBERS**

<u>Name and Title</u>	<u>Location of Office</u>	<u>Telephone</u>
Stephen J. Wukela, Mayor	City Center	665-3151
Andrew H. Griffin, City Manager	City Center	665-3113
Thomas W. Chandler, Finance Director	City Center	665-3162
Jim Peterson, City Attorney (Clark, Johnson Peterson, and McLean)		669-2401

**PROPOSER GUARANTEES**

**Note:** Proposer may use any word processor, spreadsheet or other formatting tool to provide this information rather than typing amounts into this schedule as long as all requested information is provided

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:

**PROPOSER WARRANTIES**

**Note:** Proposer may use any word processor, spreadsheet or other formatting tool to provide this information rather than typing amounts into this schedule as long as all requested information is provided

- A. Proposer warrants that it is willing and able to comply with State of South Carolina laws with respect to foreign (non-state of South Carolina) corporations.
- B. Proposer warrants that it 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 Florence.
- D. 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 E**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

**FOR THE AUDITS OF THE 2019-2023 FINANCIAL STATEMENTS**

**Note:** Proposer may use any word processor or formatting tool to provide this information rather than typing amounts into this schedule as long as all requested information is provided.

	<u>Standard Hourly Rates</u>	<u>Hours</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners				
Managers				
Supervisory staff				
Staff				
Other (specify):				
Subtotal				
Out-of-pocket expenses, meals and lodging, transportation and any other (specify):				
Total all-inclusive maximum price for 2019 audit				
Total all-inclusive maximum price for 2020 audit				
Total all-inclusive maximum price for 2021 audit				
Total all-inclusive maximum price for 2022 audit				
Total all-inclusive maximum price for 2023 audit				

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive price.

**SCHEDULE OF PROFESSIONAL FEES**

**FOR ADDITIONAL SERVICES DESCRIBED IN VI-C-2**

**Note:** Proposer may use any word processor or formatting tool to provide this information rather than typing amounts into this schedule as long as all requested information is provided.

Standard Hourly <u>Rates</u>	Quoted Hourly <u>Rates</u>
------------------------------------	----------------------------------

Partners

Managers

Supervisory staff

Staff

Other (specify)