



Water and Sewer Authority of Cabarrus County

232 Davidson Highway
Concord, NC 28027

REQUEST FOR PROPOSAL FOR AUDITING SERVICES
AND SELECTION OF AN INDEPENDENT AUDIT FIRM

Proposal Due Date: February 14, 2025, by 3:00 PM

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The Board of Directors of the Water and Sewer Authority of Cabarrus County (hereinafter called the "Authority" or "WSACC", invites qualified independent auditors (hereinafter called "auditor") having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

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

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

Type of Audit

1. The audit will encompass a financial and compliance examination of the Authority's Annual Comprehensive Financial Report (ACFR) in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards: Government Auditing Standards, July 2018 revisions; the provisions 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), the State Single Audit Implementation Act; and all other applicable laws and regulations.
2. The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of proposal submission. This includes, but is not limited to, the Governmental Accounting Standards Board (GASB) statements and Governmental Auditing Standards. Although some pronouncements will not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during that contract period. The audit firm will be expected to advise appropriate Authority staff on the applicability of accounting and reporting standards as they become effective.
3. The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, each major fund, discretely presented component units (as applicable), and the remaining fund information, which collectively constitutes the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation but will be presented as additional analytical data. This supplemental information as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The auditor shall express an opinion on the budgetary comparison information for the Operating Fund, an annual budgeted fund, and Capital Project Funds. An opinion will not be given on the Management Discussion and Analysis. The working papers shall be retained and made available upon request for no less than three years from the date of the Audit report.
4. The audit will also include the following:
 - a. Pre-planning conference with Finance staff where both the auditor and Finance staff discuss their expectations of the audit.
 - b. Interim audit work prior to June 30th and/or prior to final close.
 - c. Attendance at a Board of Directors meeting prior to the end of December for presentation of the financial statements by the Manager or Partner of the Audit Staff with comments and potential questions from the Board as requested.

5. The audit should encompass all funds and entity-wide activities as reported in the Authority's Annual Comprehensive Financial Report (ACFR) at June 30, 2024 and any additional funds or entity-wide activities that may be added subsequent to that date.

6. If required, the audit firm will issue a management letter to the Board of Directors after completion of the audit and assist management in implementing recommendations, as is practical. Authority staff also request that an informal letter be addressed to the Finance Director with any efficiency, internal control or accounting improvements that could be made based on the audit staff's observation during their fieldwork. All content must be discussed with the Finance Director prior to issuance.

7. The Authority staff may require the auditor's guidance or input on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process as well as inclusion in the Authority's financial statements. Guidance may be required for new note disclosures, all outstanding and effective authoritative standards and other reporting requirements at June 30 year-end. Costs for providing these services should be included in the auditor's base fee quote and will not be considered extra for additional billings. In cases, however, where services requested would require a more in-depth scope and require work significantly above the original fee quote, such additional fees must be negotiated prior to commencement of work.

Auditor Requirements

The audit firm is considered to be an independent contractor and will be wholly responsible for the services and the supervision of its own employees and permitted sub-contractors.

A planning meeting will be held each year to determine schedules that the Authority will be responsible for preparing. Estimated timeframes will be established and interim audit work will be planned. Adequate notification will be given prior to any changes in estimated times.

The Authority audit engagement must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards, 2018 revisions, issued by the Comptroller General of the United States; and if applicable, the U. S. Office of Management and Budget's (OMB) Uniform Guidance and, if applicable, the State Single Audit Implementation Act, and any other applicable procedures for the audit of a local government's financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). By accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. The Auditor must provide a copy of their most recent peer review report with their proposal.

Finance staff will prepare an electronic draft Annual Comprehensive Financial Report (ACFR) by mid-October. The auditor will communicate all recommendations, revisions and suggestions for improvement to the Finance Director. The Finance Director will complete the review of the comments as expeditiously as possible.

Once all issues for discussion are resolved and the auditor provides opinions and compliance reports, the Finance Director will deliver the final electronic draft of the ACFR to the auditor. The auditor will complete and submit any necessary Single Audit information to the Federal Audit Clearinghouse on behalf of the Authority.

Meeting Local Government Commission (LGC) deadlines is a high priority for the Authority. Year-end fieldwork should be completed by late September. While many documents can be shared electronically, the Authority expects that the audit firm staff will be onsite for fieldwork, for at least a portion of the onsite work. An agreed-upon post-closing trial balance must exist by September 30. The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

The timing of the draft and review should ensure final completion of the Financial Statements by the annual October 31st deadline.

The auditor is responsible for completing the required data input sheet and the auditor is responsible for electronically submitting the final Audit report/ACFR as a text-based PDF file to the State & Local Government Financial Division when (or prior to) submitting the final invoice for audit services rendered to the Commission.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

Either the manager or partner of the audit staff is required to present and attend the Board of Directors' meeting in which the Audit report is presented. Required communications to the Board can be delivered at this point, as well as general comments regarding the audit process and the results of the audit. Finance staff will coordinate this presentation and determine the date and time of the meeting, typically held by the end of December following the audit completion.

The auditor should also be available to meet with Authority Management, upon request.

Audit Contract: Period & Payment of Audit Fees

The Authority intends to continue the relationship with the auditor for no less than three (3) years starting with the fiscal year ending June 30, 2025. Continuation after the first-year contract will be based on an annual review of the Auditor, recommendation of the department staff, satisfactory negotiation of terms (including price), and availability of an appropriation. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. After the initial three-year period, an annual extension may be granted by the Authority based on the above-mentioned criteria and Board of Directors concurrence for up to two additional years or until a determination is made to request new proposals.

The years identified under this RFP:	July 1, 2024 to June 30, 2025
	July 1, 2025 to June 30, 2026
	July 1, 2026 to June 30, 2027

The required current revision of the form "Contract to Audit Accounts" (form LGC-205) is required to be executed as the contract document; however, the auditor and the Authority may also execute an engagement letter and/or Authority contract to include additional terms not addressed in the LGC-205. The entire audit contract package must be approved by the staff of the LGC. Invoices are subject to approval by the LGC prior to payment by the Authority. Interim or progress billings for services rendered marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the final audited financial statements to the staff of the LGC. The final 25% of the Audit fees (final invoice) will be paid when the financial statements, single audit (if applicable), management letter and amended contract (if applicable) have been reviewed or approved by the LGC.

The LGC only approves invoices for audit-related work. Requests for payment related to any additional agreed upon procedures or AFIR work do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed and deemed satisfactory by Authority staff.

Description of Selection Process

After the proposal issue date, all communications between the Authority and prospective Auditors regarding this RFP shall be in writing. Any inquiries, requests for interpretation, technical questions, clarification, or additional information shall be directed to Wendi Heglar by emailing wheglar@wsacc.org. Any questions and responses affecting the scope of the services will be provided to Auditors by issuance of an Addendum which will be posted to the Authority's website at www.wsacc.org. This information will also be emailed to all audit firms who have submitted their intent to bid and contact information.

Bidders may not have communications, verbal or otherwise, concerning this RFP with any Authority personnel or officials, other than the Finance Director.

Potential respondents should email wheglar@wsacc.org to acknowledge receipt of the RFP and to inform the Authority of its intent to respond. Provide the name, title, address, telephone, and email address of the individual who can address inquiries related to this RFP and the respondent's proposal. Please visit the Authority's website at www.wsacc.org for updated bid notifications, addenda, and updates.

Proposals must be submitted in two sections and must be physically signed by an authorized representative of the Audit firm. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The second section will consist of completed cost estimate sheets. The Authority's staff will evaluate the auditor/firm on educational and technical qualifications. The firm best meeting the Authority's expectations for experience, audit approach, and cost requirements will be selected.

Please keep in mind that cost, while an important factor, will not be a sole determining factor. Unusually low bids that are obviously out of line with other bidders or are significantly lower than our current fees will raise concern. The lowest bid will not automatically be awarded preferential consideration.

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

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. Firms must be registered with the North Carolina State Board of CPA Examiners.

Section 1 - Profile of the Firm

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

1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit.
2. Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit.
3. Provide a list of the audit firms' local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.
4. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
5. Describe your audit organization's participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.

6. Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site.

7. Describe the relevant experience and education with the new GASB reporting requirements, seminars and courses attended within the past three years. Courses in governmental accounting and auditing should be clearly communicated.

8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., Water/Sewer service functions).

9. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.

10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.

11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.

12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.

13. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University of North Carolina School of Government in Chapel Hill.

Section 2 – Audit Approach

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

1. Type of audit program used (tailor-made, standard government, or standard commercial).

2. Use of statistical sampling.

3. Use of automated processes and internal control testing methods.

4. Use of computer audit specialists.

5. Organization of the audit team and the approximate percentage of time spent on the audit by each member.

6. Information that will be contained in the management letter.

7. Assistance expected from the government's staff, if other than outlined in the RFP.

8. Tentative schedule for completing the audit within the specified deadlines of the RFP.

9. Specify costs using the format below for the audit year July 1, 2024 to June 30, 2025. For the two audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2025, is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.

A. Audit firm personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.

1) Estimated hours: please categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.

2) Rate per hour.

3) Total cost for each category of personnel and for all personnel costs in total.

B. Travel – itemize transportation and other travel costs separately.

C. Cost of supplies and materials – itemize.

D. Other costs – completely identify and itemize.

E. If applicable, note your method of determining increases in audit costs on a year-to-year basis.

10. Please list any other information the firm may wish to provide.

11. Please include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

RFP Release Date January 21, 2025

Deadline for Receipt of Proposals February 14, 2025

Notice of Recommended Firm March 6, 2025

Board of Director Approval March 19, 2025

Proposals shall be submitted electronically (email) to whglar@wsacc.org, by February 14, 2025, at no later than 3:00 P.M.

Please note: your email should include two separate pdf attachments for sections 1 and 2.

WSACC reserves the right to request additional information deemed necessary to aid in the selection process.

The evaluation and selection criteria and process contained in this RFP will be used by the Review Committee, consisting of the Executive Director, Finance Director and Assistant Finance Director to evaluate the Proposals.

The Finance Director plans to report the evaluation outcome to the Board of Directors and seek their concurrence and authorization to enter into an agreement with the selected Prospective Auditing Firm at the March 19, 2025 regularly scheduled meeting.

Description of the Governmental Entity and Its Accounting System

The Water and Sewer Authority of Cabarrus County (WSACC) was established and organized on April 8, 1992, by an agreement of the governing bodies of the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mt. Pleasant, and the County of Cabarrus. WSACC is a legally separate governmental entity providing no financial benefit or imposing any burden from, or to, another individual entity, and, therefore, is neither a component unit of, nor financially accountable for, any other organization.

WSACC was created to operate and maintain a regional interceptor sewer system and the Rocky River Regional Wastewater Treatment Plant (RRRWTP). Assets were transferred to WSACC, and operations were begun as a separate entity on July 1, 1992.

The Bylaws of WSACC require a nine-member Board of Directors, comprised of representatives from the governing bodies of each organizing jurisdiction within Cabarrus County. The Board of Directors is made up of two members from Cabarrus County, two members from the City of Concord, two members from the City of Kannapolis, one member from the Town of Harrisburg, one member from the Town of Mt. Pleasant, and one at-large seat which is appointed by Cabarrus County upon advisement from the other political jurisdictions.

WSACC maintains the following funds:

Proprietary Funds: Water and Sewer Operating Fund
 System Development Fee Fund
 8 - 10 Capital Project Funds

Budgeted revenues, excluding project amounts, are estimated at \$29.6M in FY2025. In addition, outstanding debt totaled \$160M as of June 30, 2024.

The Authority has received \$44M of American Rescue Act funds through the State to be expended over the next several fiscal years.

Accounting Records

WSACC maintains its accounting records in the Finance Department, located at 232 Davidson Hwy., Concord, NC, 28027. WSACC maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger with Tyler MUNIS software.

Assistance Available to the Auditor

The Authority designates the Finance Director as the individual that understands the services to be provided in accordance with GAGAS §3.73 (GAGAS 2018 Revision).

The Authority will provide sufficient assistance to pull and re-file records and prepare all necessary confirmations.

A trial balance will be made available by electronic and hard copy in conjunction with the field work. The following accounting procedures will be completed, and documents prepared by the Authority's staff no later than the start of field work:

- The books of account will be fully balanced.
- All subsidiary ledgers will be reconciled to control accounts.
- All bank account reconciliations for each month will be completed.

A planning meeting will be held each year to determine schedules that the Authority will be responsible for preparing. The auditor will prepare the schedule of client participation, which will include due dates for each schedule. The necessary accounting procedures will be completed and agreed upon documents will be prepared by Authority personnel no later than a date set each year during the initial planning meeting. Adequate notification will be given prior to any changes in estimated times.

The Authority will provide the auditor with sufficient space for access to technology.

AUDIT COST SUMMARY SHEET

1.	Base Audit Includes Personnel costs, travel, and on-site work	\$ _____
2.	Single Audit	\$ _____
3.	Extra Audit Service \$ _____ per hour	\$ _____
6.	Other (explain) _____	\$ _____
	TOTAL	\$ _____