



THE TOWN OF SURFSIDE BEACH
REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDITING SERVICES
MARCH 8, 2019
115 HIGHWAY 17 NORTH
SURFSIDE BEACH, SC 29575

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I. INTRODUCTION

A. General Information

The Town of Surfside Beach (the Town) is requesting proposals from qualified firms of certified public accountants to audit its basic financial statements for the fiscal year ending June 30, 2020, with the option of auditing its financial statements for each of the three (3) subsequent fiscal years. The audit is to be performed in accordance with generally accepted auditing standards, and all federal and state laws.

Potential auditing firms should note that the Town's fiscal year is from July 1 through June 30.

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

To be considered, a master copy of the proposal must be received by Joseph Smith, Bid Coordinator, at Surfside Beach Town Hall, 115 Highway 17 North, Surfside Beach, South Carolina, 29575 by 3:00 P.M. on **April 8, 2019**. The Town reserves the right to reject any or all proposals submitted.

The Town Administrator and Finance Director will evaluate proposals submitted. Town Council will make the final decision.

During the evaluation process, the Town reserves the right, where it may serve the Town's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. The Town reserves the right to reject any and all bids, to waive any informality and to award the contract, as it appears to be in the best interest of the Town.

The Town 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 proposer 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 Town and the proposer selected. The Town reserves the right to hold any bids for a period not to exceed sixty (60) days from the opening thereof. The Town also reserves the right to negotiate with the responsive bidder of choice and to add or deduct any items deemed necessary in its best interest.

It is anticipated the selection of a proposer will be completed by **May 31, 2019**. Following the notification of the selected proposer it is expected a contract will be executed between both parties by **July 1, 2019**.

B. Terms of Engagements

The Town of Surfside Beach will award a four (4) year engagement for financial statement preparation services (Part I) and auditing services (Part II), with an option to extend for two (2) additional years. These terms are subject to annual review and recommendation, the satisfactory negotiation of terms (including a price acceptable to both parties), the concurrence of Town Council, and the annual availability of an appropriation.

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

The Town may at any time during the 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 audit firm's 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.

C. Subcontracting

Subcontracting of the primary functions will not be allowed. However if it is determined that any specialty work be subcontracted, it will only be allowed with the prior written consent of the Town of Surfside Beach.

II. NATURE OF SERVICES REQUIRED

A. General

The Town is soliciting the services of qualified proposers of certified public accountants to audit its basic financial statements for the fiscal year ending June 30, 2020, with the option to audit the Town of Surfside Beach's financial statements for each of the three (3) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in the request for proposal. The Town retains the right to an option to extend the agreement up to two (2) additional years.

B. Scope of Work to be Performed

Contract Period: The Contract for Auditing Services will be for one-year base period-fiscal year June 30, 2020. The contract will also include an option to renew contract for

three (3) additional periods-fiscal years 2021, 2022 and 2023. The Scope of Work includes requirements for conducting the audit and reporting on the Basic Financial Statements and financial advice and consultation on matters throughout the year that would significantly affect the Annual Report and/or compliance with new or changes in accounting procedures.

The Town of Surfside Beach will be including its financial statements in a Comprehensive Annual Financial Report (“CAFR”) in compliance with GASB Statement No. 34. The auditor is to provide an audit report on the fair presentation of that set of financial statements sufficient to satisfy the requirements of the Government Finance Officers Association’s Certificate of Achievement Program and in a form that complies with the AICPA’s definition of the appropriate form of the independent auditor’s report for audits of GASB 34 governments as defined in its current edition of Audits of State and Local Government Units. If applicable the audit must also include the Schedule of Federal Awards, which will be included in the CAFR. The Town of Surfside Beach desires the auditor to express an opinion on the fair presentation, in all material respects, of its basic financial statements in conformity with accounting principles generally accepted in the United States of America, and a report on the fairness of the combining and individual fund financial statements and schedules when considered in relation to the basic financial statements taken as a whole.

The financial statements of the Town will be presented in accordance with the financial reporting model described in GASB Statement No. 34. The document submitted should also include the following additional information that will be subjected to auditing procedures including budgetary comparison information, combining and individual fund balance statements and schedule of expenditure of federal awards, if required.

The scope of work also includes reporting on: (1) internal controls related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have material effect on the financial statements in accordance with *Government Auditing Standards* and (2) internal controls related to major programs and an opinion (or disclaimer or opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct or material effect on each major program in accordance with Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

In addition to the normal performance of providing a complete financial and compliance audit, the auditor will provide assistance with year-end closing entries not completed by the Town due to time constraints or lack of technical expertise. The Town will not place the auditor in a situation of conflict of interest or compromise the integrity of the audit.

The auditor shall also be available throughout the four year period to provide ongoing technical assistance as needed by the Town’s finance staff to assure proper accounting methods are being followed.

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 summarized Statement of Revenues, Expenses and Changes in Fund Net Position-Budget and Actual for the Proprietary Funds, the auditor shall provide 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.

C. Auditing Standards To Be Followed

To meet the requirements of this request for proposal, the audit will be conducted in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the United States General Accounting Office's *Government Auditing Standards*, the provisions of the Federal Single Audit Act of 1984 and the provisions of the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States and Local Government and Non-Profit Organizations* when applicable.

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 of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information, which collectively comprise the Town's basic financial statements in conformity with accounting principles generally accepted in the United States of America.
2. A report on compliance and on internal control over financial reporting based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
4. A schedule of findings and questioned costs applicable to expenditures of federal financial awards.

In the required report on internal controls, the auditor shall follow the guidelines of SAS #104-112 and communicate any material weaknesses or significant deficiencies found during the audit.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

E. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities or illegal acts of which they become aware to the Town Administrator. Auditors shall assure themselves that the Town Administrator is 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.

F. Special Considerations

The Town 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. It is anticipated that the auditor will be required to provide special assistance to the Town to meet the requirements of that program.

1. The auditor will be required to provide assistance to the Town to meet requirements of any new GASBs that are set forth.
2. The Auditor will be responsible for preparing the CAFR in a form suitable for copying and binding by the Town.
3. The audit should be completed and the CAFR rendered no later than October 31st following the fiscal year end of June 30th.
4. All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the proposer is notified in writing by the Town of the need to extend the retention period. The auditor will be required to retain the working papers in a condition acceptable for review by any state or federal agency. In addition, the proposer 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. Fees for special audits and other work beyond the normal scope should be based upon an hourly rate and should be specified in the proposal. The auditor will provide the Town a minimum of 30 hours of consultation services on an as-needed basis during each year of the contract at no additional charge to the Town.
6. A report on compliance and on internal control over the Court function, pursuant to Section 14-1-208(e), Code of Laws of South Carolina.
7. A report on compliance and on internal control of the 1% funds allocated to the Surfside Beach Fire Department and drug fund monies of the Town of Surfside Beach Police Department. Both are to be based on an audit of financial statements performed in accordance with Government Auditing Standards.
8. Additional services may be required if a bond is issued to rebuild the Town's Fishing Pier destroyed by Hurricane Matthew. Such fees will be separately negotiated.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons and Location of Offices

The auditor's principal contact with the Town will be Diana King, Finance Director, or a designated representative, who will coordinate the assistance to be provided by the Town to the auditor. She may be reached at (843) 913-6336. The offices where the work is to be performed are at 115 Highway 17 North, Surfside Beach, South Carolina.

B. Background Information

The Town is in the center of a long coastal beach area known as the Grand Strand; Surfside Beach is also referred to as part of the South Strand. The permanent population is approximately 4,000. The Town's current fiscal year begins on July 1st and ends on June 30th.

The Town provides various local services that are primarily funded from the Town's property tax and business license tax. These activities include public works, parks and recreation, police and fire, and administrative services.

The Town uses financial software manufactured by Harris, Inc. for all of its general ledger accounting.

The Town also operates two enterprise funds, a sanitation service and the Surfside Beach Pier.

The Pier has been closed to spectators and fisherman since Hurricane Matthew in 2016. The Town Council is discussing plans to rebuild the pier and possible grants from FEMA. The decisions made by Town Council may impact the audit work required.

C. Fund Structure

The Town uses the following fund types in its financial reporting:

<u>Fund Type</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General Fund	1	1
Special Revenue Funds	3	3
Capital Projects Funds	1	1
Enterprise Funds	2	2
Agency Funds	1	1
Other Governmental Fund	1	0

D. Budgetary Basis of Accounting

The Town prepares its budgets on a basis consistent with generally accepted accounting principles (GAAP) as applied to government units.

E. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters may visit our website www.surfsidebeach.org or may contact Courtney Weaver, Senior Accountant, Town Hall 115 Highway 17 North, Surfside Beach, SC (843) 913-6335 or email cweaver@surfsidebeach.org. The Town will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposal.

IV. TIME REQUIREMENTS

A. Proposal Calendar:

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

- Request for proposal issued March 8, 2019
- Due date for proposals April 8, 2019

B. Notification and Contract Dates (Subject to Change)

- Selected proposer notified May 31, 2019
- Contract date by July 1, 2019

C. Time Schedule

1. Detailed Audit Plan – The auditor will provide the Town a detailed audit plan and a list of all schedules to be prepared by the Town.
2. Fieldwork – Will commence no earlier than August and be completed by October.
3. Draft Reports – Draft reports shall be completed by mid-October.

The Town's Finance Director and finance staff will review the draft report as expeditiously as possible. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Town Administrator.

4. CAFR complete by October 31st.

D. Date Final Report is Due:

The Auditor shall prepare draft financial statements, notes, and all required supplementary and statistical data no later than mid-October, with the final report delivered by October 31st. The selected firm shall provide to the Town a copy of the final CAFR for uploading to the Town's website.

E. Presentation to Town Council:

The Auditor shall be required to present the final Audit Document to the Town Council at a regularly scheduled meeting. The Auditor will inform Council of the Auditor's responsibilities, accounting policies, any significant audit adjustments, any disagreements with management, or difficulties encountered in performing the audit.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries – questions concerning the request for proposal and the subject of the request for proposal may be made to:

Courtney Weaver, Senior Accountant
115 Highway 17 North
Surfside Beach, SC 29575
(843) 913-6335

2. The selected proposer will be required to obtain a business license with the Town of Surfside Beach.
3. The selected proposer will be required to submit Insurance Certificates and Endorsements to the Town.

4. Submission of Proposals – the following material is required to be received by **April 8, 2019**

- a. A master copy (so marked) and two (2) copies of the Proposal to include the following:
 - i. Title Page – showing the request for proposals subject; the proposer’s name; the name, address and telephone number of the contact person; and the date of the proposal.
 - ii. Table of Contents
 - iii. 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 proposer believes itself to be best qualified to perform the engagement and a statement that the proposal is an irrevocable offer for FY’s 2020, 2021, 2022 and 2023.
 - iv. Detailed Proposal – the detailed proposal should follow the order set forth in Section V.B. (Technical Proposal) of this request for proposal.
 - v. Schedule of Fees and Expenses – a detailed schedule of fees and expenses as set forth in Section V.C. (Fees) of this request for proposal.
 - vi. Executed copies of Proposer Guarantees and Proposer Warranties, attachment 1 and attachment 2.

b. Proposers should send completed proposals to the following address:

The Town of Surfside Beach
Attn: Joseph Smith, Bid Coordinator
115 Highway 17 North
Surfside Beach, SC 29575

c. The RFP name should appear on the outside of the package.

B. Technical Proposal

1. General Requirement

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

The Technical Proposal should address all the points outlined in the request for proposal including cost information. 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 the following subjects, items 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The proposer should provide an affirmative statement that it is independent of the Town as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The proposer should provide an affirmative statement that it is independent of all of the component units of the Town as defined by those same standards.

3. License to Practice in South Carolina

An affirmative statement should be included that the proposer and all assigned key professional staff are properly registered and licensed to practice in South Carolina and the Town of Surfside Beach.

4. Proposer Qualifications and Experience

The proposer should state the size of the firm, the size of the proposer'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 full-time basis and the number and nature of the staff to be employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each proposer comprising the joint venture or consortium should be separately identified and the proposer that is to serve, as the principal auditor should be noted, if applicable.

The proposer 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.

The proposer shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the proposer during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the key professional members who will be assigned to the audit.

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.

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.

Describe the proposer's policy on change in key personnel and notification to the Town.

Provide the proposer's system of quality control to ensure the audit is adequately performed.

6. Prior Engagements with the Town

For the proposer's office that will be assigned responsibility for the audit, list the most recent engagements with the Town.

7. Similar Engagements with Other Government Entities

For the proposer's office that will be assigned responsibility for the audit, list three (3) other governmental or comparable audit engagements performed in the last five (5) years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, and engagement partners and the name and telephone of the principal client contact.

8. Specific Audit Approach

The proposal shall describe the work plan to be followed to perform the services required. Indicate the level of staffing, a proposed time schedule for completing the work including the approximate dates of fieldwork, report preparation, and latest delivery date of final reports.

C. Fees

1. Total All-Inclusive Maximum Price for Financial Audit.

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-

of-pocket expenses. A separate all-inclusive fee must be stated for each of the four (4) years.

The Town will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

2. Pricing information for a Single Audit is also requested. The Town may require a Single Audit in the upcoming years.
3. Rates by Staff Classification and Anticipated Hours for Each

The dollar cost bid should contain the individual pricing and time information of all significant staff members relative to performing the audit engagement as described in this request for proposal.

4. Rate for Additional Professional Services

If it should become necessary for the Town 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 Town and the proposer. Any such additional work agreed to between the Town and the proposer shall be performed at the same rate set forth in the schedule of fees and experience included in the sealed dollar cost bid.

5. Payment

The proposal should describe the billing frequency and timing of the proposer's final report and due date of payments.

VI. EVALUATION PROCEDURES

The Town Administrator and the Finance Director shall evaluate proposals.

A. Review of Proposals

There will be a point formula during the review process to score proposals. Each reviewer will first score each technical proposal by each of the criteria described in Section V.B. below. All the reviewers will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each proposer. At this point, proposers with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each proposer has been established, the schedule of fees and expenses will be reviewed and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the proposed offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposer.

The Town reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Proposers meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit proposer is independent and licensed to practice in South Carolina.
- b. The proposer has no conflict of interest with regard to any other work performed for the Town.
- c. The proposer adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The proposer submits a copy of its last external quality control review report and the proposer has a record of quality audit work.

2. Technical Quality

- a. Expertise and Experience
 - i. The proposer's past experience and performance on comparable government engagements.
 - ii. The quality of the proposer's professional personnel to be assigned to the engagement.
- b. Audit
 - i. Understanding of audit objective and services required.
 - ii. Adequacy of proposed staffing.
 - iii. Adequacy of sampling techniques.
 - iv. Ability to meet the time schedule outlined.

3. Price

- a. COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT PROPOSER.

C. Final Selection

The Town Council will select a proposer based upon the recommendation of Town staff and reserves the right to select the proposal the Town deems in its best interest.

It is anticipated that a proposer will be selected by **May 31, 2019**. Following notification of the proposer selected, it is expected both parties will execute a contract by **July 1, 2019**.

D. Right to Reject Proposals

Submission of a proposal indicates acceptance by the proposer 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 Town and the proposer selected.

The Town reserves the right without prejudice to reject any or all proposals and select the bid that is in its best interest.

Proposer Guarantees

- A. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in the request for proposal.

Signature of Official: _____

Name: _____

Title: _____

Firm: _____

Date: _____

Proposer Warranties

- 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 express prior written permission of the Town.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and correct.

Signature of Official: _____

Title: _____

Firm: _____

Date: _____