

Request for Qualifications



City of Hartsville

RFQ NO. 20240327HAS

Audit Services

Issued: March 27, 2024

Due: April 15, 2024, by 3:00 PM

The City of Hartsville ("the City") is requesting qualifications to identify vendors to assure that it is receiving the optimum level of services at a competitive price.

Responses shall be submitted on or before April 15, 2024, by 3:00 PM to:

City of Hartsville
Attn: Karen Caulder
PO Drawer 2497
Hartsville, SC 29551

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I. INTRODUCTION

The City of Hartsville is requesting sealed proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2024. Three (3) printed copies of all requested documentation must be received on or before 3:00 p.m. ET, April 15, 2024.

ADDRESSED TO: City of Hartsville
Attn: Karen Caulder
RFQ - Audit Services
PO. Drawer 2497
Hartsville, SC 29551
843.383.3015
karen.caulder@hartsvillesc.gov

II. GENERAL INFORMATION

Proposal must be made in the official name of the firm or individual under which business is conducted, with an official business address, and must be signed in ink by a person duly authorized to legally bind the person, partnership, company, or corporation submitting the proposal.

The terms “Bidder,” “Offeror,” “Proposer,” and “Contractor” are used interchangeably throughout this bid, and are used in place of the person, firm, or corporation submitting a bid.

Proposals received after the time and date set for receipt of bids will not be accepted. It is the Bidder’s responsibility to ensure timely delivery of their bid. Weather, flight delays, carrier errors and other acts of otherwise excusable neglect are risks allocated to Bidders and will not be exempted from deadline requirements. Telephone, email, or facsimile bids will not be accepted.

Proposals may be withdrawn by the Offeror prior to, but not after, the time set for the closing.

If the Bidder discovers any ambiguity, conflict, discrepancy, omission, or other errors in the bid, Bidder shall immediately notify the City of such error in writing and request modification or clarification of the document. The Bidder is responsible for clarifying any ambiguity, conflict, discrepancy, omission, or other error in the bid or it shall be deemed waived.

Proposals must clearly mark as CONFIDENTIAL each part of their offer which they consider to be proprietary information that could be exempt from disclosure under Section 30-4-40, Code of Laws of South Carolina, 1976 as amended (Freedom of Information Act). If any part is designated as CONFIDENTIAL, there must be attached to that part an explanation of how this information fits within one or more categories listed in Section 30-4-40. The City of Hartsville reserves the right to determine whether this information should be exempt from disclosure and no legal action may be brought against the City and/or its agents for any determination in this regard.

By submitting an offer, Bidder certifies that it will comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina code of Laws (originally enacted as Section 3 of The South Carolina Illegal Immigration act, 2008 S.C. Act No. 280) and agrees to provide upon

request any documentation required to establish either: (a) the applicability of Title 8, Chapter 14 to Bidder and any subcontractor or sub-subcontractors; or (b) the compliance with Title 8, Chapter 14 by Bidder and any subcontractors or sub-subcontractors. Pursuant to Section 8-1460, “A person who knowingly makes or files any false, fictitious, or fraudulent document, statement, or report pursuant to this chapter is guilty of a felony and, upon conviction, must be fined within the discretion of the court or imprisoned for not more than five years, or both.” Bidder agrees to include in any contracts with its subcontractors’ language requiring the subcontractors to (a) comply with the applicable requirements of Title 8, Chapter 14, and (b) include in any contracts with the sub-subcontractors’ language requiring the sub-subcontract to comply with the applicable requirements of Title 8, Chapter 14.

Direct all questions or requests for clarification of this RFQ in writing to Karen Caulder, Chief Financial Officer & Assistant City Manager, utilizing the aforementioned e-mail address shown on this request. The deadline for questions is 3:00 pm, April 8, 2024.

This solicitation does not commit the City of Hartsville to award a contract, to pay any costs incurred in the preparation of a proposal and of any supplementary presentation, or to procure or contract for the articles of goods or services. The City of Hartsville reserves the right to accept or reject any or all proposals received as a result of this solicitation, to negotiate with all qualified Offerors, or to cancel in part or in its entirety this solicitation if it is in the best interest of the City to do so.

This contract will be awarded to the proposal that is within the competitive range and determined to be in the best interest of the City of Hartsville. Failure to submit all the required information may be determined as a nonresponsive proposal.

A one (1) year contract is considered. The City reserves the right to extend the term of engagement beyond the initial contracted period upon annual review.

Subcontracting of the primary functions of the audit will not be allowed. However, if it is determined necessary that any specialty work be subcontracted, it will only be allowed with prior written consent of the City of Hartsville.

III. NATURE OF SERVICES REQUIRED

General

The City of Hartsville is located within Darlington County in South Carolina, with an estimated population of 7,588 (2020). The City of Hartsville is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2024, with the option to audit the City of Hartsville’s financial statements for each of the four (4) subsequent years. These audits are to be performed in accordance with the provision contained in this request for qualifications.

Scope of Work

The City of Hartsville includes its financial statements in a Comprehensive Annual Financial

Report in compliance with the Governmental Accounting Standards Board (GASB). The auditor is to provide an audit report, expressing an opinion on the presentation of its financial statements in compliance with generally accepted accounting principles.

The City of Hartsville will include the combining, individual and account group statements and schedules within the financial statements as supplementary information and requires the auditor to cover such data in the audit report. The auditor should also prepare a report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.

Auditing Standards

To meet the requirements of this request for qualifications, the audit shall be performed 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 (1994), the provisions of the Federal Single Audit Act of 1984 (as amended in 1996) and the provisions of the United States Office of Management and Budget (OMB) Circular A 133, Audits of States and Local Governments and Non-Profit Organizations when applicable.

Reports to be Issued

Upon completion of the audit of the fiscal year's financial statements, the auditor shall issue reports, including but not limited to:

- 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.
- 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.
- If needed a report on compliance and internal control over compliance applicable to each major federal financial assistance program and on internal control over compliance in accordance with OMB Circular A-133.
- Recommendations for improving the City's accounting procedures, internal accounting controls, and related areas. Recommendations should be developed by the auditor during the course of the examination. Areas in need of improvement should be communicated verbally during the course of the audit. Within thirty (30) days after the Financial Report and the Single Audit are issued, the findings and the recommendations for improvement should be summarized in a draft report (management letter). The draft report is to be delivered to the Chief Financial Officer, who will have a work plan prepared to address the recommendations. Drafts of the management letter and work plan will be submitted to the City Manager. Following their review, the auditors will participate in a conference to discuss the management letter and the work plan drafts. The auditors will then present the management letter to the City Council in a regularly scheduled meeting or work session.

Fraud and illegal acts: Auditors shall be required to make an immediate, written report of all fraud and illegal acts of which they become aware to the City Manager and Chief Financial Officer.

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 Hartsville of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. City of Hartsville
2. United States Government
3. United States General Accounting Office (GAO)
4. Parties designated by the federal or state governments or by the City of Hartsville as part of an audit quality review process
5. Auditors of entities of which the City of Hartsville is sub-recipient of grant funds

Additionally, 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.

IV. DESCRIPTION OF THE GOVERNMENT

Fund Structure

The following funds and account groups will be included in the audit of the City of Hartsville's financial statements and the City retains the right to make minor additions and/or deletions to the fund account groups listed below.

- General Fund
- Enterprise Funds
- Special Revenue Funds
- Fiduciary Funds
- Debt Service Fund

Budgetary Basis of Accounting

The City of Hartsville prepares its budgets consistent with generally accepted accounting principles. Budgets are entered into the general ledger accounting system used by the City during the fiscal year to be audited.

Federal and State Financial Assistance

During the initial fiscal year to be audited, the City of Hartsville *anticipates* breaking the threshold requirement as set forth in OMB Circular A-133 through several grants.

Pension Plans

The City of Hartsville’s full-time employees participate in the South Carolina Retirement System (SCRS) and the State of South Carolina Police Retirement System (PORS), both of which are defined benefit cost-sharing multiple-employer public employee retirement systems, as well as the State of South Carolina 401(k) and 457 Deferred Compensation plans.

Magnitude of Administration Operations

The City of Hartsville Finance Department consists of nine (9) employees, who perform functions related to finance, accounting, and procurement. The principal contact person for the auditor will be Karen Caulder, Chief Financial Officer, or her designee.

Computer Systems

The City of Hartsville utilizes Harris Cloud - Smart Fusion as the primary software for accounting functions. The following modules utilized by the City of Hartsville include: Accounts Payable, Budget Prep, Fixed Assets, Fund Ledger, Purchasing, Business License, Cash Collections, and Utility Billing.

Availability of Prior Audit Reports

Interested proposers who wish to review prior years’ audit report and budgets can do so on the City’s website at www.hartsvillesc.gov.

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.

V. TIME REQUIREMENTS

Proposed Schedule of RFQ Events

Request for Proposal issued: March 27, 2024

Deadline for questions: April 8, 2024

Due date for proposals: April 15, 2024

Schedule for Fiscal Year Audit

The audit may commence at any date subsequent to August 1, 2024. At the discretion of the auditor, interim work may be scheduled after June 30, 2024.

The audit schedule will be determined subsequent to awarding of the contract. A similar time schedule will be developed for audits of future fiscal years if the City of Hartsville exercises its

option for additional audits.

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

- **Interim work:** The auditor shall complete interim work, if desired, on a yet to be determined date.
- **Detailed audit plan:** The auditor shall provide a list of schedules to be prepared by the City of Hartsville to the City by July 15, 2024.
- **Fieldwork:** The auditor shall complete all fieldwork by October 31, 2024.
- **Draft reports:** The auditor shall have proposed adjusting entries and recommendations to management available for review no later than November 30, 2024.
- **Final reports:** The signed audit reports must be delivered to the Chief Financial Officer on or before January 31, 2025. The final signed report shall be presented to the City Council on or before February 28, 2025.

VI. ASSISTANCE AVAILABLE TO THE AUDITORS

Finance Department Assistance

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

Work Area and Resources

The City of Hartsville will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities, wireless internet, and fax machine.

Report Preparation

The auditor will be responsible for preparation, editing, and printing of all reports. The auditor will provide the City of Hartsville with an electronic copy and twelve (12) hard copies.

VII. CONTRACTUAL AGREEMENT

The initial contract period will be for one (1) year. This contract will automatically extend on each renewal date unless either party elects otherwise as allowed in the contract. The extension will not exceed 4 additional one-year periods. If either party elects not to extend, the owner or contractor must notify the other party of its intention in writing (90) ninety days prior to the renewal date.

The City of Hartsville reserves the right to reject any and all proposals submitted for the audit.

Any contract awarded will be made to the independent public accounting firm that is determined to be the best qualified to perform the audit, based on the evaluation of all responses.

The selected Offeror shall not initiate performance of any Contract arising out of this RFQ until it has received a Written Notice to Proceed from the Chief Financial Officer.

Request for interpretation of this RFQ and other questions concerning the RFQ shall be made in writing and addressed to the Chief Financial Officer. All questions must be submitted by 3:00 PM, April 8, 2024. All amendments will be emailed and on our web site for active bids. All such amendments shall become part of the RFQ and each Offeror shall be bound by amendments, whether received or not by Offeror. Questions should be sent to:

The City of Hartsville
Attn: Karen Caulder
RFQ – Audit Services
PO Drawer 2497
Hartsville, SC 29550
843.383.3015
Karen.caulder@hartsvillesc.gov

VII. AUDITOR QUALIFICATIONS

The Offeror shall be a Certified Public Accounting Firm with experience in governmental audits and operations. Offeror must, upon request of the City, furnish satisfactory evidence of its ability to furnish services in accordance with the terms and conditions of this RFQ. The City reserves the right to make the final determination as to the Offeror's ability to provide services requested herein before entering any contract.

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the staff to be employed on a full-time basis and the number and nature of the staff to be employed on a part-time basis.

The firm is required to submit a copy of its most recent external quality control review, with a statement whether that quality control review included a review of specific governmental engagements.

The firm is required to 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 firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional agencies.

The firm should identify the principal supervisory and management staff, including engagement partners, managers, and other supervisors and specialists, who would be assigned to the engagement and indicate whether each person is licensed to practice as a certified public accountant in South Carolina. The firm should also provide information on the governmental 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.

The firm should 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. The firm should also indicate how the quality of staff will be assured over the term of the engagement.

Audit personnel may be changed with the express written consent of the City of Hartsville, provided that the replacements have substantially the same or better qualifications or experience. Offerors must submit the professional resume of each individual whom the Offeror will designate as project manager or as a technical support team member, identifying the nature of the service each will provide, the tasks or sub-tasks to which they will be assigned and their billing rate.

From the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last three years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, name and telephone number of the principal client contact, and whether the engagement included a federal award audit.

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for qualifications. Offerors will be required to provide the following information on their audit approach:

- Proposed segmentation of the engagement.
- Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- Sample sizes and the extent to which statistical sampling is to be used in the engagement.
- Extent of use of Electronic Data Processing software in the engagement.
- Approach to be taken to gain and document an understanding of the City of Hartsville's internal control structure.
- Approach to be taken in determining laws and regulations that will be subject to audit test work.
- Approach to be taken in drawing the audit samples for purposes of tests of compliance.

VIII. FORMAT OF THE REQUEST FOR PROPOSAL RESPONSE

All proposals should be complete and carefully worded and must convey all of the information requested by the City of Hartsville. Proposals should be prepared simply and economically. All data, materials and documentation shall be available in a clear, concise form (not to exceed thirty (30) pages, 8 1/2 x 11 paper size, single side) and reproducible upon request "at cost" for the City's internal use.

The response to this request for proposals should be formatted in the following manner to permit the City of Hartsville to obtain the maximum degree of comparability:

- **Title page.** Identify the proposal subject, RFQ number, the name of the proposer's firm, firm address, telephone number, name of contact person and the date of submission.
- **Table of contents.** Itemize clearly and completely all the material submitted by topic,

section, and location.

- **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 it to be best qualified to perform the engagement, and a statement that a proposal is a firm and irrevocable offer for 120 days.
- **Technical proposal.** The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost proposal).
- **Sealed dollar cost proposal.** The sealed dollar cost proposal must be submitted in a separate sealed envelope. One original and two (2) copies must be submitted. The cost proposal must be all-inclusive maximum prices that contain all direct and indirect costs, including out-of-pocket expenses, to complete the audit as specified in this request for qualifications. The City of Hartsville will not be responsible for expenses incurred in preparing and submitting the proposal. The sealed dollar cost proposal must be in the following format:
 - o Name of firm
 - o Certification that the person signing the proposal is entitled to represent the firm.
 - o Total all-inclusive maximum prices as required above.
 - o Rates by partner, specialist, supervisory and staff level, times hours anticipated for each.
 - o Rates for additional professional services should it become necessary for the City to request the auditor to render any additional service to supplement the services requested in this RFQ.

IX. EVALUATION PROCEDURES

Submitted proposals will be evaluated by the City Manager and the Assistant City Manager/Chief Financial Officer.

Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The principal selection criteria that will be considered during the evaluation process are as follows:

Mandatory Elements

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

Technical Quality

- Expertise and Experience
 - o The firm's experience and performance on comparable government engagements.
 - o The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel is to be available for technical consultation.
- Audit Approach
 - o Adequacy of proposed staffing plan for various segments of the engagement
 - o Adequacy of sampling techniques
 - o Adequacy of analytical procedures

Price

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

Final Selection

The City Council will select a firm based upon the recommendation of the City Manager and the Assistant City Manager/Chief Financial Officer.

Submission of a proposal indicates acceptance by the firm on the conditions contained in this request for qualifications unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Hartsville and the firm selected. The City reserves the right without prejudice to reject any or all proposals, and to waive any technicalities and informalities in any proposal and to award the proposal in the best interest of the City of Hartsville.