

Request for Proposal

FOR SELECTION OF THE INDEPENDENT AUDITOR

TWO PART REQUEST FOR PROPOSAL FOR AUDITING SERVICES

JANUARY 2022

NOTE: TERMS IN THE FOLLOWING DOCUMENT HAVE BEEN UPDATED TO CONFORM TO GASB
STATEMENT 34.

This solicitation should not be interpreted as a contract (implicit, explicit, or implied), nor does it imply any form of agreement to any potential candidate. In addition, no inference should be made that Trillium will purchase and/or implement in the future any of the programs or services proposed by the respondents.



201 West First Street
Greenville, NC 27858-1132

TABLE OF CONTENTS

APPENDIX A.....	3
TYPE OF AUDIT	3
PERIOD	3
REQUIREMENTS.....	4
AUDIT CONTRACT & PAYMENT OF AUDIT FEES	5
OTHER SERVICES	5
DESCRIPTION OF SELECTION PROCESS.....	5
FIRST SECTION.....	6
SECOND SECTION	7
TIME SCHEDULE FOR AWARDING THE CONTRACT	8
DESCRIPTION OF THE GOVERNMENTAL ENTITY AND THE ACCOUNTING SYSTEM.....	8
ENTITY.....	8
FUNDS.....	9
GRANTS, ENTITLEMENTS, AND SHARED REVENUES	9
BUDGETS	9
ACCOUNTING RECORDS.....	10
ASSISTANCE AVAILABLE TO AUDITOR.....	10
<i>General</i>	10
<i>Cash and Investments</i>	10
<i>Receivables</i>	11
<i>Other Assets</i>	11
<i>Capital Assets</i>	11
<i>Current Liabilities</i>	11
<i>Long-Term Debt</i>	11
<i>Grants</i>	11
SIZE AND COMPLEXITY OF TRILLIUM	12
PERSONNEL/PAYROLL	12
PURCHASING	12
BANK ACCOUNTS	12
CONTACT INFORMATION:.....	12



APPENDIX A

The Board of Directors of Trillium Health Resources (hereinafter called “Trillium”) 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 Trillium 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 Trillium. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Pitt County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of Trillium’s basic financial statements, supplementary information and compliance reports 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*; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register* June 27, 2003; the State Single Audit Implementation Act; and all other applicable laws and regulations.

Period

Trillium intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after the completion of the first year contract. 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. Trillium reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with Year one being the only obligated year:

- 🌱 July 1, 2021 to June 30, 2022
- 🌱 July 1, 2022 to June 30, 2023
- 🌱 July 1, 2023 to June 30, 2024

REQUIREMENTS

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular No.A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

Trillium prefers remote auditing. The Auditor must have virtual tools to efficiently and effectively perform all audit functions without sacrificing face-to-face time with Trillium staff, such as video conferencing software as well as a secure client portal to share data during the audit process.

The Auditor will prepare most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and compliance reports. Trillium's Finance Officer will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statement(s) to be reviewed in detail by the Finance Officer. This draft should be submitted to the Trillium in time to allow ample review and corrections. **The timing of this should insure final completion of the Financial Statements no later than the annual**

October 31st deadline.

Trillium prefers interim fieldwork be completed in early June or sooner. Year-end fieldwork should begin in mid August and be completed by September 15th. **An agreed upon post-closing trial balance must exist by September 30th.** 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 audit must be completed and reports rendered four months following the fiscal year end (October 31).

A preliminary draft of the audit and required journal entries must be submitted to the Finance Director by October 1 for proofing and reconciliation to Trillium's records.

Thirty-five copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Director within the time frame cited above. In addition, the auditor is responsible for submitting the required two to the staff of the Local Government Commission (LGC). Any other copies required will be charged on an as needed basis in addition to the quoted fee.

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the financial statements of the aggregate discretely presented component units, each major fund, 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 basis financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the general fund, the major funds, and any annually budgeted special revenue 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.

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.

AUDIT CONTRACT & PAYMENT OF AUDIT FEES

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff prior to processing by Trillium. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

OTHER SERVICES

The auditor will prepare, type, and print the audited financial statements. The auditor will submit a draft for review by the Finance Director. The Finance Director will return the draft with proposed revisions within 10 working days.

DESCRIPTION OF SELECTION PROCESS

Two copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract."

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Finance Director will evaluate the auditor/firm on educational and technical qualifications. The top five firms from the first section will have their second section opened and evaluated. The firm best meeting Trillium'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.

Trillium requests that no Trillium Board Member be contacted during this process. The Finance Director may be contacted only to clarify questions concerning the RFP.

Trillium 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 Trillium.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

FIRST SECTION

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 number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
3. 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.
4. 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.
5. 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. Again, relevant experience with the new reporting model should be clearly communicated.
6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (mental health or healthcare government systems).

8. 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.
9. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards. Provide a copy of the firm's Statement of Policy and Procedures.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

SECOND SECTION

Proposals should include completed cost estimate sheets and any other necessary cost information in a *separate, sealed* envelope marked – "Cost Estimate." Trillium plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

This second section should consist of completed cost estimate sheets, which will include the following information:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in the management letter.
6. Assistance expected from the government's staff, if other than outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Use of internal audit staff (if applicable).
9. Specify costs using the format below for the audit year July 1, 2021 to June 30, 2022. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2022 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. 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 – 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

Request for Proposal packages will be mailed by 2/15/2022.

Proposals signed by authorized officials will be received by Michelle Martin, Finance Director at 144 Community College Road, Ahoskie, NC 27910 or by e-mail to Michelle.Martin@TrilliumNC.org until 3/4/2022 at 2:00 p.m. Envelopes containing proposals should be clearly identified on the front with the words “**RESPONSE TO RFP FOR AUDIT SERVICES**”. The Finance Office will review the proposals and make a recommendation to the Board of Directors by 4/28/2022 and the contract is expected to be awarded. All applicants will be informed of the decision.

Any questions should be directed to Michelle Martin, Finance Director at (866) 998-2597.

DESCRIPTION OF THE GOVERNMENTAL ENTITY AND THE ACCOUNTING SYSTEM

Entity

Trillium is a local government agency in North Carolina with a population of approximately 568,257 and we manage mental health, substance abuse, and development disability services for consumers in 27 counties. You may want to visit our website which is www.TrilliumHealthResources.org to learn more about us but below are highlights of our agency.

- 🌱 Largest LME/MCO in terms of # of counties served and geography covered
- 🌱 Very rural and economically challenged
- 🌱 Population
 - Total population – 568,257
 - Medicaid eligible population ages 3+ - 79,656
- 🌱 Legally designated as an NC entity of local government, like a city or county
- 🌱 Board of Directors requirements outlined in NC statute
- 🌱 Current Board composition:
 - 1 County Commissioner from each Regional Advisory Board
 - The Chair from each Regional Consumer & Family Advisory Committee
 - 2 more representatives from each Regional Advisory Board that meet membership requirements as noted in G.S. 122C-118.1(c)
- 🌱 Revenues:
 - Medicaid = \$\$521,832,173 (86.54%)
 - State = \$61,708,926 (10.23%)
 - Non-Medicaid Federal = \$12,295,988 (2.04%)
 - County = \$4,912,847 (.81%)
 - Rental, interest and miscellaneous income = \$2,270,750 (.38%)
 - Total = \$603,020,684

Trillium utilizes Great Plains accounting system and operates on a modified accrual basis.

Funds

For a list of all funds Trillium utilizes please refer to our FY 2020 – 2021 Financial audit which is available upon request and on the Trillium Health Resources website.

Grants, Entitlements, and Shared Revenues

A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2021 is available in our audit along with a Summary of Auditor's Results showing the major programs for the prior year.

Budgets

Trillium budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level and approved by the Board of Directors. Trillium also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

Accounting Records

Trillium maintains all its accounting records at the finance office located at 144 Community College Road, Ahoskie, NC 27910. Trillium maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on Microsoft Dynamics Great Plains software.

Assistance Available to Auditor

Trillium will make available to the auditor assistance from staff to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available via a hard copy or e-mail on Friday September 30, 2022. The following accounting procedures will be completed and documents prepared by the Trillium's staff no later than Friday September 30, 2022 (Trillium is aware of and understands the need to provide this assistance to the auditor and will make every attempt to meet these deadlines.)

- 🌱 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.

Trillium's personnel will prepare the following items:

General

1. Working Balance Sheet
2. Working Statement of Revenues and Expenditures
3. General Ledger transaction detail report for each account.
4. A copy of the original budget, all amendments, and the final budget as of June 30, 2022.
5. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files maintained in the office.
6. A copy of board policies, including travel and investment policies.
7. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), faxes regarding the audited financial statements and compliance reports for the previous year.
8. Management's Discussion and Analysis

Cash and Investments

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount.

3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end.

Receivables

1. Listing of outstanding receivables by account as of the fiscal year end.

Other Assets

1. Schedule of insurance coverage.

Capital Assets

1. Printout of all capital asset acquisitions made during the audit year.
2. Printout of depreciation expense for the audit year.

Current Liabilities

1. Schedule of accounts payable.

Long-Term Debt

1. Computation of vested vacation payable as of the audit date.

Grants

The following will be compiled for each grant:

1. Grant agreement.
2. Budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. CFDA # and/or pass-through grant

SIZE AND COMPLEXITY OF TRILLIUM

Personnel/Payroll

Number of employees	_____ 495 _____
Frequency of payroll	_____ 1/ mo. _____
Number of payroll direct deposit advises	_____ 495 _____

Purchasing

Number of purchase orders issued	_____ 129/mo. _____
----------------------------------	---------------------

Bank Accounts

Number of bank accounts	_____ 4 _____
Number of investment accounts	_____ 4 _____
Average monthly activity in main accounts	
Number of deposits (Central Depository)	_____ 50/mo. _____
Number of checks:	
Central Depository	_____ 270 _____
Payroll (direct deposit)	_____ 1/mo. _____
Management Information System:	
Number of PCs on the premises	_____ 495 _____

The following financial applications are on the computer system:

- General Ledger
- Accounts Payables
- Capital Assets
- Accounts Receivable

The following financial application is on a separate computer system:

- Payroll

Contact information:

Michelle Martin – Finance Director
 Trillium Health Resources
 144 Community College Road
 Ahoskie, NC 27910

Phone: (866) 998-2597

E-mail: Mchelle.Martin@TrilliumNC.org

- 1. Base Audit
Includes Personnel costs, travel, and on-site work \$ _____

- 2. Financial Statement Preparation \$ _____

- 3. Extra Audit Service
\$ _____ per hour \$ _____

- 4. Other (explain)
_____ \$ _____

- 5. Other (explain)
_____ \$ _____

- TOTAL** \$ _____