REQUEST FOR PROPOSALS
FINANCIAL AUDITING SERVICES
RFP # 269-2018-043

CHARLOTTE
CITY OF CHARLOTTE
NORTH CAROLINA
FEBRUARY 13, 2018
February 13, 2018

Dear Sir or Madam:

The City of Charlotte, North Carolina, is now accepting Proposals for Financial Auditing Services. The requirements for submitting a Proposal are stated in the attached Request for Proposals (the “RFP”). Please review them carefully.

A Non-Mandatory Pre-Proposal Conference for the purpose of reviewing the RFP and answering questions regarding the Services will be held on February 27, 2018 at 2:00 p.m., at the Charlotte-Mecklenburg Government Center (CMGC), 600 East Fourth Street, Charlotte, North Carolina 28202, 9th Floor Large Conference Room 986 or via teleconference at 704-336-2510. Please bring a copy of the RFP with you at that time. All interested Companies should return a completed Request For Proposals Acknowledgement Form (see Section 7, Form 1) by the date stated in the schedule in Section 2.1 of this RFP.

An electronic copy of the RFP in Microsoft Word format may be obtained by contacting Shaunne N. Thomas at shaunne.thomas@charlottenc.gov.

All Proposals are due to the Management and Financial Services, Procurement Management Division, 9th Floor, CMGC 600 East Fourth Street, Charlotte, North Carolina 28202, no later than March 20, 2018 at 2:00 p.m.

One (1) electronic copy of the Proposal on a CD or flash drive in a searchable format such as MS Word or Adobe Acrobat and one (1) original Proposal signed in ink by a company official authorized to make a legal and binding offer must be submitted in a sealed box or opaque envelope plainly marked with the Proposal number and service description as follows:

Request for Proposals
Attention: Shaunne N. Thomas
[Name of Company Submitting Proposal]
Financial Auditing Services
RFP # 269-2018-043

RFP questions must be directed to Shaunne N. Thomas, Management and Financial Services, Procurement Management Division, per the enclosed instructions in Section 2.3. The City is an equal opportunity purchaser.

Sincerely,

Kay Elmore
Chief Procurement Officer

cc: RFP Project Team
    RFP file
Checklist for submitting a Proposal:

Step 1-Read the document fully.

Step 2-If you plan on submitting a Proposal then fax Form 1 in Section 7 to the number listed on the sheet.

Steps 3-If you have any questions send them before the deadline listed in Section 2.3.

If you plan to submit a Proposal you must follow this checklist, and must include everything detailed below.

Proposal Copies - Please provide the specified number for each format

- 1 Copy on a flash drive
- 1 Copy marked “Original”
- 1 Copy marked “Copy”

Proposal Format - Proposals should be formatted as follows:

- Cover Letter per Section 4.1.1
- Executive Summary per Section 4.1.2
- Background and Experience per Section 5
- Financial Information per Section 5
- Section 7, Form 2, Addenda Receipt Confirmation
- Section 7, Form 3, Proposal Submission
- Section 7, Form 4, Pricing Worksheet
- Section 7, Form 5, MWSBE Utilization
- Section 7, Form 6, References
- Exceptions to any part of the RFP (If you take any exceptions to anything in this document list it in a category in your Proposal called “Exceptions” and offer an alternative solution).

The above items constitute all that must be included in the Proposal. If awarded a contract, you will be required to provide an insurance certificate that meets or exceeds the requirements set forth in Exhibit A, Section 13.

It is the Company’s responsibility to check www.ips.state.nc.us for any addenda or changes to this Project. Search for bid # 269-2018-043 to find if any documents or changes have been posted.
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1. INTRODUCTION.

1.1. Objective.
The objective of this RFP is to solicit Proposals that will enable the City to determine which Company and Proposed Solution will best meet the City’s needs for Financial Auditing Services.

1.2. Definitions.
As used in this RFP, the following terms shall have the meanings set forth below:

- **Acceptance:** Refers to receipt and approval by the City of a Deliverable or Service in accordance with the acceptance process and criteria in the Contract.

- **Affiliates:** Refers to all departments or units of the City and all other governmental units, boards, committees or municipalities for which the City processes data or performs services.

- **CAFR:** Refers to the City’s Comprehensive Annual Financial Report and the Charlotte Firefighters’ Retirement System Comprehensive Annual Financial Report.

- **Charlotte Business Inclusion (CBI):** Refers to the Charlotte Business Inclusion office of the City of Charlotte.

- **Charlotte Combined Statistical Area (CSA):** Refers to the Charlotte-Gastonia-Salisbury Combined Statistical Area consisting of; (a) the North Carolina counties of Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union; and (b) the South Carolina counties of Chester, Lancaster, and York; a criteria used by Charlotte Business INClusion to determine eligibility to participate in the program.

- **CFRS:** Refers to the Charlotte Firefighters’ Retirement System, a Component Unit of the City of Charlotte, NC.

- **Chief Financial Officer:** Refers to the Management and Financial Services Department Director of the City Charlotte.

- **City:** Refers to the City of Charlotte, North Carolina.

- **City Project Manager:** Refers to a specified City employee representing the City’s best interests in this Project.

- **Component Unit:** See Affiliates.

- **Company:** During the solicitation process, refers to a company that has interest in providing the Services. After the solicitation process, refers to a company that has been selected by the City to provide the Services.

- **Company Project Manager:** Refers to a specified Company employee representing the best interests of the Company for this Project.

- **Contract:** Refers to a written agreement executed by the City and Company for all or part of the Services.

- **CPA:** Refers to a Certified Public Accountant.

- **CPI:** Refers to the Consumer Price Index.
Section 1
Introduction and General Information

**Deliverables:** Refers to all tasks, reports, information, designs, plans, and other items that the Company is required to deliver to the City in connection with the Contract.

**Department:** Refers to a department within the City.

**Documentation:** Refers to all written, electronic, or recorded works that describe the use, functions, features, or purpose of the Deliverables or Services or any component thereof, and which are provided to the City by the Company or its subcontractors, including without limitation all end user manuals, training manuals, guides, program listings, data models, flow charts, and logic diagrams.

**Evaluation Committee:** Refers to a City appointed committee that will evaluate Proposals and identify the Company best meeting the needs of the City.

**GASB:** Refers to the Governmental Accounting Standards Board.

**GFOA:** Refers to the Government Finance Officers Association.

**IRS:** Refers to the Internal Revenue Service.

**LGC:** Refers to the North Carolina Local Government Commission.

**Milestones:** Refers to an identified deadline for the completion of specific Services and/or the Acceptance of identified Deliverables, as specified in this RFP.

**Minority Business Enterprise/MBE:** Refers to a business enterprise that: (a) is certified by the State of North Carolina as a Historically Underutilized Business (HUB) within the meaning of N.C. Gen. Stat. § 143-128.4; (b) is at least fifty-one percent (51%) owned by one or more persons who are members of one of the following groups: African American or Black, Hispanic, Asian, Native American or American Indian; and (c) is headquartered in the Charlotte Combined Statistical Area.

**MWSBE:** Refers to SBES, MBEs and WBEs, collectively.

**MWSBE Goal:** If an RFP or Contract has separate Subcontracting Goals for MBEs, WBEs, and/or SBEs, the term MWSBE is a shorthand way to refer collectively to all MBE, WBE, and SBE Goals set for the RFP. In some instances, the City may set one combined goal for MBEs, WBEs, and/or SBEs, in which event the term MWSBE Goal refers to that one, combined goal. In the latter instance, calculated as a percentage, the MWSBE Goal represents the total dollars spent with MBEs, WBEs, and SBES as a portion of the total Proposal amount, including any contingency.

**OMB:** Refers to Office of Management and Budget.

**Plan:** Refers to the Charlotte Firefighters’ Retirement System, a qualified defined benefit pension plan under IRS Code 401(a), which provides retirement, disability and survivor benefits to the uniformed employees of the Fire Department of the City of Charlotte.

**Plan Management:** Refers to the Plan Administrator and Board of Trustees for the Charlotte Firefighters’ Retirement System.

**Project:** Refers to the City’s need for a Company to provide Financial Auditing Services for the City and the Charlotte Firefighters’ Retirement System.

**Project Plan:** Refers to the detailed plan for delivery of the Services as described in Section 3, in the form accepted in writing by the City in accordance with the terms of this RFP and resultant Contract.
Section 1
Introduction and General Information

Proposal: Refers to the proposal submitted by a Company for the Services as outlined in this RFP.

Services: Refers to the Financial Auditing Services as requested in this RFP.

Small Business Enterprise/SBE: Refers to a business enterprise that is certified by the City of Charlotte under Part E of the CBI Policy as meeting all of the requirements for SBE certification.

Specifications and Requirements: Refers to all definitions, descriptions, requirements, criteria, warranties and performance standards relating to the Deliverables and Services that are set forth or referenced in: (i) this RFP, including any exhibits and addenda; (ii) the Documentation; and (iii) any functional and/or technical specifications that are published or provided by the Company or its licensors or suppliers from time to time with respect to all or any part of the Deliverables or Services.

Subcontracting Goals: Refers to the SBE, MBE, WBE, and MWSBE Goals established by the City for an RFP and resulting Contract.

Women Business Enterprise (WBE): Refers to a business enterprise that: (a) is certified by the State of North Carolina as a Historically Underutilized Business (HUB) within the meaning of N.C. Gen. Stat. § 143-128.4; (b) is at least fifty-one percent (51%) owned by one or more persons who are female; and (c) is headquartered in the Charlotte Combined Statistical Area.

Work Product: Refers to the Deliverables and all other programs, algorithms, reports, information, designs, plans and other items developed by the Company in connection with this RFP, and all partial, intermediate or preliminary versions of any of the foregoing.

1.3. Accuracy of RFP and Related Documents.
Each Company must independently evaluate all information provided by the City. The City makes no representations or warranties regarding any information presented in this RFP, or otherwise made available during this procurement process, and assumes no responsibility for conclusions or interpretations derived from such information. In addition, the City will not be bound by or be responsible for any explanation or conclusions regarding this RFP or any related documents other than those provided by an addendum issued by the City. Companies may not rely on any oral statement by the City or its agents, advisors, or consultants.

If a Company identifies potential errors or omissions in this RFP or any other related documents, the Company should immediately notify the City of such potential discrepancy in writing. The City may issue a written addendum if the City determines clarification necessary. Each Company requesting an interpretation will be responsible for delivering such requests to the City's designated representative as directed in RFP Section 2.

1.4. City’s Rights and Options.
The City reserves the right, at the City’s sole discretion, to take any action affecting this RFP, this RFP process, or the Services or facilities subject to this RFP that would be in the best interests of the City, including:

1.4.1. To supplement, amend, substitute, or otherwise modify this RFP, including the schedule, or to cancel this RFP, at any time;

1.4.2. To require any Companies to supplement or clarify its Proposal or provide additional information relating to its Proposals;
Section 1
Introduction and General Information

1.4.3. To investigate the qualifications, experience, capabilities, and financial standing of each Company submitting a Proposal;

1.4.4. To waive any defect or irregularity in any Proposal received;

1.4.5. To reject any or all Proposals;

1.4.6. To share the Proposals with City employees and contractors in addition to the Evaluation Committee as deemed necessary by the City;

1.4.7. To award all, none, or any part of the Services and enter into Contracts with one or more of the responding Companies deemed by the City to be in the best interest of the City, which may be done with or without re-solicitation;

1.4.8. To discuss and negotiate with any Company(-ies) their Proposal terms and conditions, including but not limited to financial terms; and

1.4.9. To terminate discussions and negotiations with any Company at any time and for any reason.

1.5. Expense of Submittal Preparation.
The City accepts no liability, and Companies will have no actionable claims, for reimbursement of any costs or expenses incurred in participating in this solicitation process. This includes expenses and costs related to Proposal submission, submission of written questions, attendance at pre-proposal meetings or evaluation interviews, contract negotiations, or activities required for contract execution.

1.6. Proposal Conditions.
The following terms are applicable to this RFP and the Company’s Proposal.

1.6.1. RFP Not An Offer.
This RFP does not constitute an offer by the City. No binding contract, obligation to negotiate, or any other obligation shall be created on the part of the City unless the City and the Company execute a Contract. No recommendations or conclusions from this RFP process concerning the Company shall constitute a right (property or otherwise) under the Constitution of the United States or under the Constitution, case law, or statutory law of North Carolina.

1.6.2. Trade Secrets and Personal Identification Information /Confidentiality.
Upon receipt at the Procurement Management Division, all materials submitted by a Company (including the Proposal) are considered public records except for (1) material that qualifies as “trade secret” information under N.C. Gen. Stat. § 66-152 et seq. (“Trade Secrets”) or (2) “personal identification information” protected by state or federal law, to include, but not be limited to, social security numbers, bank account numbers, and driver’s license numbers (“Personal Identification Information” or “PII”). After the Proposal due date, the Evaluation Committee, other City staff, and members of the general public who submit public records requests may review the Proposal.

The public disclosure of the contents of a Proposal or other materials submitted by a Company is governed by N.C. Gen. Stat. §§ 132 and 66-152 et seq.. If any Proposal contains Trade Secrets or PII, such Trade Secrets and PII must be specifically and clearly identified in accordance with this Section 1.6.2.

Any Trade Secrets or PII submitted by a Company must be clearly segregated from the rest of the Proposal. For hard copy Proposals, it must be submitted in a separate, sealed envelope, marked either “Personal Identification Information – Confidential” or “Trade Secret—Confidential and Proprietary Information.” For electronic submissions it must also be submitted on a separate CD or flash drive. In both hard copy or electronic format, the confidentiality caption stated above must appear on each page of the Trade Secret or PII materials.
Section 1
Introduction and General Information

By submitting a Proposal, each Company agrees that the City may reveal any Trade Secret materials and PII contained therein to all City staff and City officials involved in the selection process, and to any outside consultant or other third parties who serve on the Evaluation Committee or who are hired or appointed by the City to assist in the evaluation process.

Furthermore, each Company agrees to indemnify and hold harmless the City and each of its officers, employees, and agents from all costs, damages, and expenses incurred in connection with refusing to disclose any material that the Company has designated as a trade secret. The City may disqualify any Company that designates its entire Proposal as a trade secret, or any portion thereof that clearly does not qualify under applicable law as a Trade Secret.

1.6.3. Amendments to RFP.
If the City amends this RFP, addenda will be posted to the IPS website at www.ips.state.nc.us, bid# 269-2018-043. Companies are required to acknowledge receipt of each addendum by including the Addenda Receipt Confirmation Form (Section 7, Form 2) with their Proposals.

1.6.4. Proposal Terms Firm and Irreversible.
The signed Proposal shall be considered a firm offer on the part of the Company. The City reserves the right to negotiate price and other terms. All Proposal elements (including all statements, claims, declarations, prices, and specifications) shall be considered firm and irrevocable for purposes of future Contract negotiations unless specifically waived in writing by the City. The Company chosen for award should be prepared to have its Proposal and any relevant correspondence incorporated into the Contract, either in part or in its entirety, at the City's election.

1.6.5. Proposal Binding for 180 Days.
Section 7, Form 3 contains a statement to the effect that the Proposal is a firm offer for one-hundred-eights (180) calendar day period from the date of the opening. This statement must be signed by an individual authorized to bind the Company. All prices quoted shall be firm and fixed for the full Contract period. The City shall have the option to accept subject to exception by Contract.

1.6.6. Charlotte Business INClusion Program.
Pursuant to Charlotte City Council’s adoption of the Charlotte Business INClusion (CBI) Policy, the CBI program promotes diversity, inclusion, and local business opportunities in the City's contracting and procurement process for Minority, Women, and Small Business Enterprises (MWSBEs) with a significant presence in the Charlotte Combined Statistical Area (CSA). The CBI Policy is posted at: www.charlottebusinessinclusion.com.

The City is committed to promoting opportunities for maximum participation of certified MWSBEs on City funded contracts at both the Prime and Subcontract level. For MWSBE participation to count towards a Goal, MWSBEs must meet both the certification and geographic requirements as detailed throughout this solicitation and in the CBI Policy.

The City intends to negotiate utilization of MWSBE(s). The Company is required to submit Section 7, Form 5 attached herein. Failure to submit this form with the Proposal shall render the Proposal non-responsive.

1.6.7. Subcontracting.
The Company given contract award shall be the prime contractor and shall be solely responsible for contractual performance. In the event of a subcontracting relationship, the Company shall remain the prime contractor and will assume all responsibility for the performance of the Services that are supplied by all subcontractors. The City retains the right to approve all subcontractors.
The City has an equal opportunity purchasing policy. The City seeks to ensure that all segments of the business community have access to supplying the goods and services needed by City programs. The City provides equal opportunity for all businesses and does not discriminate against any Companies regardless of race, color, religion, age, sex, and national origin or disability.

1.6.9. Use of City’s Name.  
No advertising, sales promotion, or other materials of the Company or its agents or representatives may identify or reference the City in any manner absent the prior written consent of the City.

1.6.10. Withdrawal for Modification of Proposals.  
Companies may change or withdraw a previously-submitted Proposal at any time prior to the Proposal due date. Only formal written requests addressed in the same manner as the Proposal and received by the City prior to the Proposal due date will be accepted. The request must be in a sealed envelope that is plainly marked “Modifications to Proposal.” No oral modifications will be allowed. If the Company complies with this Section, after the Proposal due date, the Proposal, will be withdrawn or corrected in accordance with the written request(s).

1.6.11. No Bribery.  
In submitting a response to this RFP, each Company certifies that neither it, any of its affiliates or subcontractors, nor any employees of any of the foregoing has bribed, or attempted to bribe, an officer or employee of the City in connection with the Contract.

1.6.12. Exceptions to the RFP.  
Other than exceptions that are stated in compliance with this Section and Section 3.7, each Proposal shall be deemed to agree to comply with all terms, conditions, specifications, and requirements of this RFP including the Sample Contract language included in Exhibit A. An “exception” is defined as the Company’s inability or unwillingness to meet a term, condition, specification, or requirement in the manner specified in the RFP including the Sample Contract language included as in Exhibit A. All exceptions taken must be identified and explained in writing in your Proposal and must specifically reference the relevant section(s) of this RFP. If the Company provides an alternate solution when taking an exception to a requirement, the benefits of this alternative solution and impact, if any, on any part of the remainder of the Company’s solution, must be described in detail.

1.6.13. Fair Trade Certifications.  
By submitting a Proposal, the Company certifies that:

- The prices in its Proposal have been arrived at independently, without consultation, communication, or agreement with anyone, as to any matter relating to such prices for the purpose of restricting competition;
- Unless otherwise required by law, the prices quoted in its Proposal have not been knowingly disclosed by the Company and will not knowingly be so disclosed prior to the Proposal due date; and
- No attempt has been made or will be made by the Company to induce any other person or firm to submit or not to submit a Proposal for the purpose of restricting competition.

Companies or their authorized representatives must fully inform themselves as to all conditions, requirements, and specifications of this RFP before submitting Proposals. Failure to do so will be at the Company’s own risk.

1.6.15. Environmentally Preferable Purchasing.  
The City promotes the practice of Environmentally Preferable Purchasing (EPP) in acquiring products or services.
2. PROCUREMENT PROCESS.
   This Section 2 contains information about the procurement process for this Project.

   The following chart shows the schedule of events for the conduct of this RFP. The key events and deadlines for this process are as follows, some of which are set forth in more detail in the Sections that follow:

<table>
<thead>
<tr>
<th>DATE</th>
<th>EVENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 13, 2018</td>
<td>Issuance of RFP. The City issues this RFP.</td>
</tr>
<tr>
<td>February 20, 2018</td>
<td>Request for Proposals Acknowledgement. Companies that intend to submit a Proposal shall submit the RFP Acknowledgement Form on this date to the email or fax number listed in Section 2.2.</td>
</tr>
<tr>
<td>February 20, 2018</td>
<td>Submission of Written Questions Prior to Pre-Proposal Conference. Companies are permitted to submit written questions, for purposes of clarifying this RFP. All submissions must be pursuant to the instructions in Section 2.3 by 10:00 a.m.</td>
</tr>
<tr>
<td>February 27, 2018</td>
<td>Non-Mandatory Pre-Proposal Conference to be held at the location indicated in Section 2.4 at 2:00 p.m.</td>
</tr>
<tr>
<td>March 5, 2018</td>
<td>Submission of Written Questions After the Pre-Proposal Conference. Questions are due by 10:00 a.m.</td>
</tr>
<tr>
<td>March 20, 2018</td>
<td>Proposal Submission. Proposals are due by 2:00 p.m. at the Procurement Management Division, CMGC 9th Floor.</td>
</tr>
<tr>
<td>March 20, 2018 – April 9, 2018</td>
<td>Evaluation. The Evaluation Committee will assess each Proposal and conduct evaluation activities with Companies.</td>
</tr>
<tr>
<td>April 9, 2018</td>
<td>Contract Award by Council.</td>
</tr>
<tr>
<td>May 1, 2018</td>
<td>Services commence. Company begins providing the Services.</td>
</tr>
</tbody>
</table>

2.2. Intent to Propose.
   Please acknowledge receipt of this RFP via email or facsimile by February 20, 2018 using the Request for Proposals Acknowledgement Form located in Section 7, Form 1. Complete the form in its entirety advising the City of your firm’s intention to submit or not submit a Proposal. Email or fax a copy of the completed and signed form to the email address or number below. The City strongly encourages Companies to submit this form prior to the Pre-Proposal conference but Companies shall not be precluded from submitting a Proposal if they fail to submit this form.

2.3. Interpretations and Addenda.
   There are two (2) ways to ask questions about this RFP: (1) submit a question in writing to the Procurement Officer at the e-mail address listed below; or (2) ask a question at the Pre-Proposal Conference. Other than these permitted methods, Companies should refrain from contacting City staff prior to the Proposal deadline.
The City is not bound by any statements, representations or clarifications regarding this RFP other than those provided in writing by the Procurement Officer.

Shaunne N. Thomas  
City of Charlotte  
Procurement Management Division  
600 East 4th Street, CMGC 9th Floor  
Charlotte, NC 28202  
RFP # 269-2018-043  
Fax: 704-632-8541  
E-mail: shaunne.thomas@charlottenc.gov

When submitting questions, please reference the RFP page and topic number. In order for questions to be addressed at the Pre-Proposal Conference, they must be submitted by **10:00 a.m. on February 20, 2018**.

After the Pre-Proposal Conference, questions must be submitted in writing by the deadline stated in Section 2.1. In the case of questions not submitted by the deadline, the Procurement Officer will, based on the availability of time to research and communicate an answer, decide whether an answer can be given before the Proposal deadline.

When responding to Company questions or issuing addenda to the RFP, the City will post the answer or information to the Internet at [http://charlottenc.gov/DoingBusiness/pages/ContractOpportunities.aspx](http://charlottenc.gov/DoingBusiness/pages/ContractOpportunities.aspx) and [www.ips.state.nc.us](http://www.ips.state.nc.us), referencing solicitation # 269-2018-043. Companies are required to acknowledge their receipt of each addendum by including in the Proposal a completed Addenda Receipt Confirmation Form (Section 7, Form 2).

### 2.4. Pre-Proposal Conference.

A Non-Mandatory Pre-Proposal Conference will be conducted on **February 27, 2018 at 2:00 p.m.** The meeting will be held at the Charlotte-Mecklenburg Government Center (CMGC), 600 East Fourth Street, Charlotte, North Carolina 28202, 9th Floor Large Conference Room 986 or via teleconference by calling 704-336-2510.

While attendance at the Pre-Proposal Conference is not mandatory, all interested Companies are encouraged to attend. If special accommodations are required for attendance, please notify Shaunne N. Thomas in advance of the conference date and time identifying the special accommodations required.

### 2.5. Submission of Proposals.

Proposals must be in the format specified in Section 4 of this RFP. One (1) electronic copy on a CD or flash drive in a searchable format such as MS Word or Adobe Acrobat and one (1) original Proposal signed in ink and one (1) copy by a company official authorized to make a legal and binding offer shall be submitted to the address listed in Section 2.3 above by **March 20, 2018 on or before but no later than 2:00 p.m.** The original Proposal shall be complete and unabridged, and shall not refer to any other copy of the signed and sealed original for any references, clarifications, or additional information.

When received, all Proposals and supporting materials, as well as correspondence relating to this RFP, shall become the property of the City. **Proposals sent by fax or email will not be accepted.**

Due to security measures at the Charlotte-Mecklenburg Government Center (CMGC), your sealed box(es), including any portions marked as Confidential/Trade Secret, may be searched and thoroughly inspected prior to admittance. Please allow time for this search to take place and to re-seal the box if delivering your Proposal in person to the CMGC.

Do not arrive at the Procurement Management Division on the Proposal due date for the purposes of reviewing your competitors’ Proposals. The Proposals will not be read aloud or made available to inspect or copy until any trade secret issues have been resolved. All Proposals will be time-stamped upon receipt and held in a secure place until opening.
2.6. **Correction of Errors.**
The person signing the Proposal must initial erasures or other corrections in the Proposal. The Company further agrees that in the event of any obvious errors, the City reserves the right to waive such errors in its sole discretion. The City, however, has no obligation under any circumstances to waive such errors.

2.7. **Evaluation.**
As part of the evaluation process, the Evaluation Committee may engage in discussions with one or more Companies. Discussions might be held with individual Companies to determine in greater detail the Company’s qualifications, to explore with the Company the scope and nature of the required contractual Services, to learn the Company’s proposed method of performance and the relative utility of alternative methods, and to facilitate arriving at a Contract that will be satisfactory to the City.

The City may in its discretion require one (1) or more Companies to make presentations to the Evaluation Committee or appear before the City and/or its representatives for an interview. During such interview, the Company may be required to orally and otherwise present its Proposal and to respond in detail to any questions posed. Additional meetings may be held to clarify issues or to address comments, as the City deems appropriate. Companies will be notified in advance of the time and format of such meetings.

Since the City may choose to award a Contract without engaging in discussions or negotiations, the Proposals submitted shall state the Company's best offer for performing the Services described in this RFP.

2.8. **Contract Award by Council.**
As soon as practical after opening the Proposals, the name of the apparent successful Company will be submitted to the Council for final approval of award and the Procurement Officer will provide Contract documents to the Company. In the event the Council approval is not received within one hundred eighty (180) calendar days after opening of the Proposals, the Company may request that it be released from the Proposal.

2.9. **Vendor Inclusion.**
The City’s vendor management philosophy supports a fair, open, and inclusive process that offers the same access and information to all Companies. Although Companies are not required to be registered in the City’s vendor registration system prior to submitting a Proposal, in order to execute a contract with the City and receive payment from the City, all Companies must register with the City’s vendor registration system.

Your registration provides the City with baseline information for your company including location, contact and demographic information, as well as your areas of expertise with specific commodity and/or service descriptions. You will also have the opportunity to complete any applicable certifications if your company desires to establish itself as an SBE, MBE, or WBE. The link below will provide you with the opportunity to complete your registration on-line with the City.

[http://charlottenc.gov/vendors](http://charlottenc.gov/vendors)
### Section 3
Scope of Services

#### 3. SCOPE OF FINANCIAL AUDITING SERVICES.

**3.1. General Scope.**

The City is requesting proposals from qualified independent auditors having sufficient governmental accounting and auditing experience to perform an audit in accordance with the specifications outlined in this RFP. While the City is flexible with respect to certain elements of its proposed relationship with the Services Provider, the City does have certain preferences for that relationship and has developed the following proposed model for that relationship.

**3.2. Scope of Auditing Services.**

The scope of the audit will include financial and compliance examinations and issuance of appropriate audit reports for the fiscal year ending June 30, 2018 for the following:

**3.2.1.** City’s Comprehensive Annual Financial Report (CAFR), which includes the basic, combining and individual fund statements and schedules. This examination must be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States of America.

The financial audit opinions will cover the financial statements for the governmental activities, the business-type activities, each major fund, a discretely presented component unit and the remaining fund information that collectively constitutes the basic financial statements.

The combining and individual fund statements and schedules and related information will be presented in the CAFR as additional analytical data. This supplemental information will be subjected to the tests and other auditing procedures applied in the audit of the 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 financial statements taken as a whole.

The auditor shall also express an opinion on the budgetary comparison information for the General Fund. The City still maintains all the funds included in its 2017 CAFR, which can be found at [www.charlottenc.gov/mfs/finance/Pages/publications.aspx](http://www.charlottenc.gov/mfs/finance/Pages/publications.aspx).

**3.2.2.** The City’s Single Audit (as described below) for Federal and State funding sources. This examination must be conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States of America; Office of Management and Budget (OMB) Circular A-133 Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), *Audits of States, Local Governments and Non-Profit Organizations*; the State Single Audit Implementation Act; and other applicable laws and regulations. The grants, entitlements and shared revenues received by the City for fiscal year 2017 are listed in the CAFR. The individual grant programs and amounts will vary from year to year; however, the overall volume and scope should not change significantly.

**3.2.3.** Additional special audit requirements as outlined in Exhibit D and Exhibit E.

**3.2.4.** Additional special audit requirements for the Charlotte Firefighters’ Retirement System as outlined in Exhibit E.

**3.2.5.** Subsequent to the audit, a management letter will be prepared and forwarded to the Chief Financial Officer presenting an evaluation of internal controls with recommendations for improvements.

**3.2.6.** The Company’s working papers shall be retained for no less than five (5) years. In the final year audit services are provided, working papers will be made available to the successor Company in accordance with the customary practice in the auditing profession.
3.3. **Accounting Systems, Policies and Records.**
The City’s automated financial systems include general ledger, project ledger, budgetary, accounts payable, purchasing, capital assets, accounts receivable and payroll. The specific financial system varies depending on the activity.

The accounting policies of the City are based on the accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

The City’s accounting records are maintained by the Financial Reporting Division of the City of Charlotte’s Department of Finance, located at the Charlotte-Mecklenburg Government Center, 10th Floor, 600 East Fourth Street.

3.4. **Assistance Available to Company.**
The City staff will prepare the basic financial statements, notes to the financial statements, combining and individual fund statements and schedules, supplemental information and the single audit schedule included in the CAFR. Computer generated financial records are maintained in electronic format.

Working papers that are customarily available from the previous company will be made available to the successor Company.

3.5. **Audit Time Schedule.**
The audit may begin at the discretion of the selected Company. The City desires to issue its CAFR as early as possible after June 30, 2018. In order to meet this objective, the audit must be completed and the Company’s opinions rendered no later than October 31, 2018. The additional special audit requirements as outlined in Exhibit D and Exhibit E will have varied due dates, depending on the requirement.

3.6. **Audit Contract and Payment for Service.**
The City Council will award a one (1) year contract with the option for up to four (4) one (1) year renewal terms. This action must be approved by City Council prior to June 30, 2018. In addition, the audit contract must be approved by the N.C. Local Government Commission (LGC). The City shall have an option to renew for four (4) additional consecutive one- (1) year terms thereafter with the successful Company. The City reserves the right to discontinue annual renewal of a contract prior to the end of the five (5) year period.

Interim or progress billings will be accepted. All payment requests must be approved by the LGC. Final payment will not be made until all the requirements specified in the Scope of Audit Section including any Exhibits have been completed.

3.7. **Contract Requirements.**
The successful Company shall sign the Contract to Audit Accounts (LGC-205 (Rev. 2012 or later, if available) (provided as Attachment 1 to Exhibit A in Section 8) and provide an engagement letter. The most recent Contract to Audit Accounts may also be found on the North Carolina Department of State Treasurer’s website. The engagement letter shall conform to the terms and conditions set forth in the City’s additional contract terms that appear in Exhibit A.

3.8. **Pricing.**
The City expects to establish a long-term relationship with its Company in order to permit costs and fees to be distributed properly over a sufficient time period. For purposes of this RFP and the Company’s Proposal, assume an initial term of one (1) year, with the City having an option to renew for four (4) additional consecutive one- (1) year terms thereafter.

Regardless of exceptions taken, the Company shall provide pricing based on the requirements and terms set forth in this RFP. Pricing must be all-inclusive and cover every aspect of the Project. Cost must be in United States dollars rounded to the nearest quarter of a dollar. A pricing worksheet is provided in Section 7, Form 4 to assist you.
The fee quoted by the successful Company will be for the initial audit year, which is fiscal year 2018. Audit fees for subsequent years will be negotiated in March of each year and will be limited to the increase in the Consumer Price Index (CPI) for the previous calendar year. Regardless of the change in the CPI, the maximum increase in fees for the Scope of Audit defined in the RFP shall be five percent. Any additional charges resulting from any increase in the scope of the current audit, as required by the City or request for additional audit services will be negotiated outside the scope of these parameters.

The fee proposed for the 2018 audit shall represent the total fees due to the Company for the following:

1. Estimated hours for on-site interim work, on-site year-end work, and work performed in the Company’s office.
2. Estimated hours for examination of the financial statements and supplemental information included in the CAFR, hours required to perform an examination of the Single Audit as described in Section 3.2.2 and hours required to perform the Other Special Audit Requirements identified in Exhibit D and Exhibit E.
3. Estimated hours and billing rates for all applicable classifications of personnel assigned to the audit.
4. Separate fee schedule related to Exhibit D and Exhibit E should be clearly indicated in the fee proposal.

In addition, please describe the method the Company would use to charge for additional services or an increase in the current audit scope.

3.9. **Customer Service.**

The City is very focused on Customer Service with a philosophy to provide all customers with quality services in a manner that is courteous, responsive, accessible, and seamless. The Services will be delivered with patience, understanding, good will, and without regard to our own convenience. The selected Company will be expected to use these guidelines in developing the Proposed Solution:

- Accessible, courteous, responsive and seamless customer service is of highest priority for the City.
- Accessible service means that citizens have easy access to the organization.
- Seamless customer service means that a customer gets good service no matter who is responsible.
- Responsible customer service means that our employees know what they are doing; that information they give is accurate; that they have a good understanding of how to get problems and decisions made; that they are trained and evaluated for the jobs they are doing.
- Customer Service goals must be measurable and regularly evaluated.
- Continuous improvements in customer service must be made in order to make City services accessible, responsive and as seamless as possible.

3.10. **Representations and Warranties.**

The Company represents, warrants and covenants that:

3.14.1 The Services shall satisfy all requirements set forth in the Agreement, including but not limited to the attached Exhibits;

3.14.2 All work performed by the Company and/or its subcontractors pursuant to the Agreement shall meet highest industry standards, and shall be performed in a professional and workmanlike manner by staff with the necessary skills, experience and knowledge;

3.14.3 Neither the Services, nor any Software provided by the Company under the Agreement will infringe or misappropriate any patent, copyright, trademark or trade secret rights of any third party;
3.14.4 The Company has taken and will continue to take precautions sufficient to ensure that it will not be prevented from performing all or part of its obligations under the Agreement by virtue of interruptions in the computer systems used by the Company; and

3.14.5 In accordance with the North Carolina electronic data-processing records law N.C.G.S. §132-6-1:

All software and documentation provided by the Company or its subcontractors will have sufficient information and capabilities to enable the City to permit the public inspection and examination and to provide electronic copies of public records stored, manipulated or retrieved by the System.

All software and documentation provided by the Company or its subcontractors will have sufficient information to enable the City to create an index containing the following information with respect to each database used by the System without extraordinary commitments of staff or resources: (i) annotated list of data fields: name, description, and restricted field indicator; (ii) description of the format or record layout; (iii) frequency with which the database is updated; (iv) list of any data fields to which public access is restricted; (v) description of each form in which the database can be copied or reproduced; (vi) title of the database; (vii) owner of the data; (viii) narrative description of the database; (ix) person creating the index; and (x) purpose of the database. The Company agrees that the information set forth in the preceding sentence constitutes a public record and may be disclosed by the City without the Company’s consent.
4. PROPOSAL CONTENT AND FORMAT.

The City desires all Proposals to be identical in format in order to facilitate comparison. While the City’s format may represent departure from the Company’s preference, the City requires strict adherence to the format. The Proposal will be in the format described below:

a. Cover letter;
b. Executive Summary;
c. Questions as requested in Section 4.1.4.;
d. Background and Experience as requested in Section 5;
e. Financial Information as requested in Section 5;
f. The “Addenda Receipt Confirmation” set forth in Section 7, Form 2;
g. The “Proposal Submission” set forth in Section 7, Form 3;
h. The “Pricing Worksheet” set forth in Section 7, Form 4;
i. The “MWSBE Utilization” form set forth in Section 7, Form 5;
j. The “References” set forth in Section 7, Form 6;
k. Exceptions to the Remainder of the RFP, including the Sample Contract in Exhibit A.

The City encourages Proposals to be compatible with the City’s waste reduction goals and policies. Therefore, it is desired that all responses meet the following requirements:

- All Proposals be printed 8 1/2" x 11" format with all standard text no smaller than eleven (11) points;
- All copies be printed double-sided;
- All copies be printed on recycled paper (at least 30% post-consumer recovered material and at least 30% total recovered material);
- Unless necessary, all Proposal originals and copies should minimize or eliminate use of non-recyclable or non-reusable materials such as 3-ring binders, plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Glued materials, paper clips, and staples are acceptable; and
- Materials must be submitted in a format that allows for easy removal and recycling.

Proposals must also include a flash drive including the entire Proposal in a searchable format such as MS Word or Adobe Acrobat.

Companies are required to organize the information requested in this RFP in accordance with the format and instructions outlined above and detailed below. Failure to do so may result in the City, at its sole discretion, deeming the Proposal non-responsive. The Company, however, may reduce the repetition of identical information within several sections of the Proposal by making the appropriate cross-references to other sections of the Proposal. Appendices for certain technical or financial information may be used to facilitate Proposal preparation.

4.1. Proposal Content.

4.1.1. Cover Letter.

The Proposal must include a letter of transmittal attesting to its accuracy, signed by an individual authorized to execute binding legal documents. The cover letter shall provide the name, address, telephone and facsimile numbers of the Company along with the name, title, address, email address, telephone and facsimile numbers of the executive that has the authority to contract with the City. The cover letter shall present the Company's understanding of the Project and a summary of the approach to perform the Services.

4.1.2. Executive Summary.

The Company shall submit an executive summary, which outlines its Proposal, including the proposed general management philosophy. The executive summary shall, at a minimum, include an
identification of the proposed project team, responsibilities of the project team, and a summary of the proposed Services. This section should highlight aspects of this Proposal, which make it superior or unique in addressing the needs of the City.

4.1.3. Background and Experience.
The Company shall provide a concise description of the company, including origin, state of incorporation, background, and current size as requested in Section 5. Include information concerning general organization and staffing as well as experience with similar Financial Auditing Services projects as described in Section 3.

4.1.4. Questions.
Given the purpose of this project and the City's goals as stated in this RFP, provide answers to the questions listed below. Please address the following as completely as possible. **If you wish to add supplemental information, it shall be labeled “Supplemental Information.”**

**4.1.4.1. Process.**
- What steps will your organization take to ensure that the provision of Services runs smoothly?
- Describe the Company’s approach to the audit, including the use of specialized governmental audit programs.
- Include a statement of Company’s understanding of the work to be performed, including a commitment and tentative schedule for completing the audit within the time periods contained in this RFP.

**4.1.4.2. Client Relationship Management.**
Describe the communications scheme that your organization will use to keep the City informed about the progress of the Project.

**4.1.4.3. Risk Management.**
Describe the risks associated with this Contract. What contingencies have been built in to mitigate those risks?

**4.1.5. Required Forms.**
To be deemed responsive to this RFP, Companies must complete, in detail, all Proposal Forms listed in this Section 4, items numbered c through j.

**4.1.6. Exceptions to the RFP.**
Exceptions must be submitted in accordance with Section 1.6.12 of this RFP. If exceptions are not identified in your Proposal they may not be considered during Contract negotiation and could result in Proposal being rejected from further consideration. If legal counsel needs to review the Sample City Contract prior to signature, reviews must be completed before your Proposal is submitted.

The City intends to enter into a City-drafted Contract with the successful Company that contains the terms and conditions set forth in Exhibit A (“Sample Terms”). The number and extent of any exceptions and proposed additions to the Sample Terms will be one of the City’s evaluation criteria.

Accordingly, each Company must state specifically in its Proposal any exceptions to the Sample Terms, or any such exceptions will be waived. Any Company-proposed additional terms or conditions must also be included in the Proposal, and the City reserves the right to refuse consideration of any terms not so included. Any proposed changes to the Sample Terms after tentative contract award may constitute a material change to the Company’s Proposal and be grounds for revoking the award. Notwithstanding the foregoing, the City reserves the right to
modify the Sample Terms prior to or during contract negotiations if it is in the City’s best interest to do so.

Please note: absolutely no exceptions may be taken to the Contract to Audit Accounts terms and conditions referenced in Section 3 and provided in Exhibit A. These terms and conditions are mandated by the State of North Carolina and the City of Charlotte does not have the authority to negotiate exceptions into the Contract.
5. BACKGROUND AND EXPERIENCE.

Please answer the following questions as completely as possible, placing your answer immediately after the question to which it applies. If you wish to add supplemental information, it shall be labeled “supplemental information.”

5.1. Official Name.

Provide the legal name and address of the company and state of incorporation submitting the proposal. Also identify all subcontractors or joint venture partners.

5.2. Company Background.

a. Provide an overview and history of your company. How long has the company been providing Services to local governments? Describe the organization and ownership. Include an organization chart.

b. Provide a list of the office’s current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.

c. Information as to the Company’s background and experience in preparing single audits in accordance with the requirements specified in the Scope of Audit Services section including the Special Audit Requirements in Exhibit D and Exhibit E.

d. Indicate the number of people (by level) that will handle the audit. Describe the relevant educational background and professional experience in auditing similar organizations of each person to be assigned to the audit.

e. Describe the qualifications of each senior and higher-level person assigned to the audit, indicating their position, total years with the firm, governmental audit experience (including number of years), and any specialized skills or participation in relevant professional organizations. Indicate the percentages of time each senior and higher-level personnel will be on site.

f. Comment on the Company’s ability to assist City personnel in continuing to receive the GFOA Certificate of Achievement for Excellence in Financial Reporting.

g. Confirmation the Company has met the requirements for a peer review and continuing education as specified in the Government Auditing Standards. Provide a copy of the Company’s most recent external quality control review report as required by the Government Auditing Standards and the reviewing Company’s letter of comments, if applicable.

h. Describe any regulatory action taken by any oversight body against the proposing Company.

i. Include the extent to which the Company would make available your Charlotte office in-house CPE programs to eight to ten City staff CPA’s.

5.3. Proposing Organization’s Structure.

a. Describe your total organization, including any parent companies, subsidiaries, affiliates, and other related entities; and

b. Describe the ownership structure of your organization, including any significant or controlling equity holders.

5.4. Analytical Approach (no response required).

The evaluation of financial viability of the Company was developed with one primary goal in mind: to protect the City from risk of default by a selected Company due to financial instability. Various analytical techniques will be used to assess the financial strength and stability of each Company, focusing on profitability, solvency, and efficiency. The analysis will include an evaluation of specific financial indices and ratios in an effort to maximize objectivity and provide measures that are more directly comparable among Companies.

Other factors which may impact the financial position of a Company, or which provide additional evidence of the financial strength of a Company, will also be assessed. These factors include years of experience in
providing similar Services, and demonstration of the ability to obtain sufficient levels of liability and property damage insurance.

Relevant information regarding recent litigation and bankruptcy filings, which may materially affect a Company’s financial position, will be examined. In addition to credit ratings and credit reports, bank and vendor references will be used to evaluate the credit worthiness of each Company.

5.5. **Guarantor.**

The nature of the relationship between the Company and its guarantor is crucial to protect the City in the event that the contracting Company defaults on its obligations. If the parent company of a proposing Company is serving as the guarantor, then the parent company **must indicate in a letter its willingness to guarantee all contractual obligations of the Company.** If the Company that is serving as guarantor has a relationship with the Company other than a parent/subsidiary relationship, then a detailed explanation of all past and present relationships between the Company and its guarantor must be provided, in addition to a letter from the guarantor indicating its willingness to guarantee all contractual obligations of the Company.

Any financial information requested of the Company in the following section must similarly be provided for the guarantor. In the event of a joint submission or Proposal, all proposing entities must provide statements specifying the extent to which each entity will act as guarantor and provide all relevant financial documents for all entities involved in the joint venture. Additionally, if there is more than one (1) guarantor, then the guarantors must be jointly and separately obligated.

5.6. **Requests for Financial Information.**

The Company must have the financial information requested in this Section 5.6 readily available and have the ability to provide it to the City, **without exception, within twenty-four (24) hours** upon the City’s request during the Proposal evaluation process.

**DO NOT INCLUDE THE FINANCIAL INFORMATION REQUESTED IN THIS SECTION WITH YOUR PROPOSAL SUBMISSION.**

If the Company does not have the audited financial statements requested, it is the responsibility of the Company to provide the City with information of sufficient quantity and with verifiable sources to ascertain that the Company is financially capable of performing the Services described in this RFP. Failure to provide adequate financial information may result in the exclusion of your Proposal from the procurement process.

Upon request, please furnish the following financial information for the proposing Company(s), guarantor(s), and any sub-contractor included as having a significant role (defined as providing more than fifteen percent (15%) of the services) in providing Services to the City:

a. Include in the statement of guarantor(s), as described in Section 5.5 (Guarantor), evidence of the ability of the guarantor to meet the short-term funding needs of this project;

b. Evidence that demonstrates the ability to obtain the insurance as required in the special provisions in the Contract to Audit Accounts (Item 15). Such insurance should provide coverage in the stated amount for each occurrence of bodily injury and for each occurrence of property damage with coverage for products/completed operations, personal injury liability, and contractual liability;

c. Annual audited financial reports for each of the past five (5) fiscal years, prepared in accordance with Generally Accepted Accounting Principles (GAAP), and all relevant notes;

d. The most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission (SEC); or, if the contractor is not regulated by the SEC, then the most recent quarterly financial report.

e. Description of any material adverse changes in financial position within the past five (5) years; any material changes in the mode of conducting business; any bankruptcy proceedings, mergers, acquisitions, takeovers, joint ventures, and/or divestitures within the past five (5) years. In addition, provide a clear and definitive statement of the following:
Section 5
Background and Experience

- Years of providing similar Services by the Company and/or predecessor organization;
- Whether or not the Company (and/or predecessor, guarantor or subcontractor) has declared bankruptcy within the last five (5) years;
- Description of the financial impact of any past or pending legal proceedings and judgments, as identified in Section 5.7 that could materially affect the Company’s financial position or ability to provide Services to the City. This information will be reviewed and assessed in accordance with the information provided by the Company, in the above referenced Section;
- All credit reports, credit bulletins, and any other published statements by the most recognized agencies (Standard & Poors Rating Group, Moody, Investor Services, Dun & Bradstreet, and Value Line) that have been issued or published about the entity within the past five (5) years;
- The prospectus or offering statement for the entity’s latest security or equity offering;
- The company name, contact person, telephone number, and fax number of at least two (2) references from bank or institutional lenders which have extended credit to the entity in the past five (5) years; or if the entity has not applied for credit in the past five (5) years, the contact person’s name, telephone number, and fax number of at least two (2) references from banks with which the entity conducts business;
- The company name, contact person, telephone number, and fax number of at least two (2) credit references from suppliers/vendors; and
- Any additional information, which the Company believes, is appropriate to fully reflect the financial strength of the entity.

Failure to provide such information is cause for rejection of the Company’s Proposal at the sole discretion of the City. For any subcontractor providing more than fifteen percent (15%) of the Services, the City reserves the right, at its sole discretion, to reject the subcontractor if it fails to meet minimum financial requirements. In the event the City’s Evaluation Committee rejects the subcontractor, the Contractor must assume the responsibilities of the subcontractor or find a replacement satisfactory to the Evaluation Committee.

5.7. Past or Pending Judgments.
For purposes of this Section, the term “Related Entity” means any parent, subsidiary, affiliate or guarantor of the Company. For all matters involving the Company providing products or services to local, state or federal government, submit declarations of the current status of any past or pending criminal, civil, or administrative litigation against the Company or any Related Entity. For all matters involving the Company providing products or services to local, state or federal government, in addition, submit declarations of the current status of all pending criminal, civil or administrative litigation that commenced within the past five (5) years in North America, whether or not it involves local governments, against the Company or Related Entity. (For the purpose of the declarations, current officer, shall be defined to include those individuals who are presently serving or who have served within the past two (2) years as an officer of the company.) State whether there are any cases pending against the Company, a Related Entity, officer of either, that, if adversely resolved, would pose a material risk of insolvency to either the Company or Guarantor or materially affect the Company’s or Guarantor’s ability to perform their obligations.

The respondent may choose not to submit records for matters that were resolved prior to the time that the subsidiary or affiliate became associated with the parent company, as long as that subsidiary or affiliate will not be involved in the provision of Services to the City. All records for subsidiaries or affiliates of the parent company that may be involved in the provision of Services to the City must be included.

The City reserves the right to request additional information to explain any of the above citations/violations.
Section 5
Background and Experience

5.8. Financial and Legal Considerations.
The Company must have the financial information requested in this Section 5.8 readily available and have the ability to provide it to the City, without exception, within twenty-four (24) hours upon the City’s request during the Proposal evaluation process.

DO NOT INCLUDE THE FINANCIAL INFORMATION REQUESTED IN THIS SECTION WITH YOUR PROPOSAL SUBMISSION.

If the audited financial statements requested in this section are not available, it is the responsibility of the Company to provide the City with information of sufficient quantity and with verifiable sources to ascertain that each entity identified is financially capable of performing the Services required by the Company in performance of the Services described in this RFP. Failure to provide adequate financial information may result in the exclusion of your Proposal from the procurement process.

a. For each entity identified in Section 5.3a, specify the entity’s total revenue, number of employees, products and services, affiliated companies, and other descriptive information;

b. For each entity identified in Section 5.3a, provide relevant documents that describe the entity’s financial status, such as audited financial statements, annual reports, or 10-K reports, and the DUNS number; and

c. If your Company does not have the audited financial statements requested above, it is the responsibility of the Company to provide the City with information of sufficient quantity and with verifiable sources to ascertain that the Company is financially capable of performing the Services described in this RFP. Failure to provide adequate financial information may result in the exclusion of your Proposal from the procurement process.

5.9. Management Approach.

a. Describe your organization’s customer service philosophy and describe how it is communicated and reinforced throughout the organization;

b. Describe your organization’s approach to total quality management, and describe your organization’s total quality plan; and

c. Describe your organization’s continuous improvement program and how your current customers benefit from your service improvements.
6. PROPOSAL EVALUATION CRITERIA.

Proposals will be evaluated based on the Company's ability to meet the performance requirements of this RFP. This section provides a description of the evaluation criteria that will be used to evaluate the Proposals. To be deemed responsive, it is important for the Company to provide appropriate detail to demonstrate satisfaction of each criterion and compliance with the performance provisions outlined in this RFP. The Company’s Proposal will be the primary source of information used in the evaluation process. Proposals must contain information specifically related to the proposed Services and requested herein. Failure of any Company to submit information requested may result in the elimination of the Proposal from further evaluation.

Proposals will be assessed to determine the most comprehensive, competitive and best value solution for the City based on, but not limited to, the criteria below. The City reserves the right to modify the evaluation criteria or waive portions thereof. Proposals will be evaluated on the following major categories:

a. Qualifications and Experience;

b. Financial Qualifications;

c. Cost Effectiveness and Value;

d. MWSBE inclusion efforts; and

e. Acceptance of the Terms of the Contract

6.1. Qualifications and Experience

Companies will be evaluated based upon their understanding, experience and qualifications in performing the same or substantially similar Services, as reflected by its experience in performing such Services. The evaluation will include references regarding work for organizations with needs similar to the City's, and the feasibility of the Company’s approach for the provision of the Services. Companies will also be evaluated on the background and experience information provided in Section 5.

6.2. Financial Qualifications.

This criterion includes an evaluation of the financial qualifications of the Company. The evaluation will take into account the financial strength of the Company and its ability to meet the long-term financial requirements of the Contract.

The Internal Audit Division of the City will evaluate the Proposal responses and give an opinion to the evaluation team as to the financial strength of each Company based on the financial information submitted in accordance with Section 5.

6.3. Cost Effectiveness and Value.

Under this criterion, Proposals will be compared in terms of the most reasonable and effective pricing options. The Evaluation Committee will also take into consideration any indirect costs associated with the Services and administration of the Contract.

6.4. MWSBE Subcontractor Utilization.

The City maintains a strong commitment to the inclusion of MWSBEs in the City’s contracting and procurement process. For the purposes of this RFP, the City will consider a Company’s MWSBE certification and/or MWSBE subcontracting inclusion efforts. To count towards a Department MWSBE Goal, MWSBE certified Companies and/or their MWSBE subcontractors must meet the following certification criteria prior to Proposal submission:

- Be designated as a City certified SBE; and/or
- Be designated as a City registered MBE or WBE

MWSBE utilization is only one (1) criterion considered in the totality of all criteria listed in this Section.

6.5. Acceptance of the Terms of the Contract.

The City will evaluate the Proposals for compliance with the terms, conditions, requirements, and specifications stated in this RFP including the sample contract language provided in Exhibit A. Regardless of exceptions taken, Companies shall provide pricing based on the requirements and terms set forth in this RFP. Exceptions shall be identified in accordance with Sections 1.6.12 and 4.1.6 of this RFP.

FINANCIAL AUDITING SERVICES
RFP# 269-2018-043 February 13, 2018 21
REQUIRED FORM 1 - REQUEST FOR PROPOSALS ACKNOWLEDGEMENT
RFP # 269-2018-043
Financial Auditing Services

The Company hereby certifies receipt of the Request for Proposals for the City of Charlotte, North Carolina RFP #269-2018-043, Financial Auditing Services. This form should be completed upon receipt of the City’s Request for Proposals and faxed in time for the City to receive it by or before February 20, 2018. Failure to submit this form by the designated date shall not preclude the Company from submitting a proposal. Please fax or email the completed Request for Proposals Acknowledgement Form to the attention of:

Shaunne N. Thomas
Procurement Management Division
Fax: 704-632-8541
Email: shaunne.thomas@charlottenc.gov

Date: _________________________
Authorized Signature: ____________________________________________________________

Title:________________________________________________________

Company Name: _________________________________________________________________

Contact Name: _________________________________________________________________

Contact E-mail address: ___________________________________________________________

Please check the appropriate box below and provide the requested information:

1. We plan to attend the Pre-Proposal Conference and plan on submitting a Proposal.
   Indicate number of attendees: ______

2. We plan to attend the Pre-Proposal Conference via the conference line provided in Section 2 and plan on submitting a Proposal.
   Indicate number of attendees: ______

3. We do not plan to attend the Pre-Proposal Conference but plan on submitting a Proposal.

4. We do not plan to attend the Pre-Proposal Conference and do not plan on submitting a Proposal.
   Please assist the City in understanding why your company has chosen not to participate:
   __________________________________________________________
   __________________________________________________________
REQUIRED FORM 2 - ADDENDA RECEIPT CONFIRMATION

RFP # 269-2018-043

Financial Auditing Services

Please acknowledge receipt of all addenda by including this form with your Proposal. All addenda will be posted to the NC IPS website at www.ips.state.nc.us.

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I certify that this proposal complies with the Specifications and conditions issued by the City except as clearly marked in the attached copy.

__________________________________________  ______________________
(Please Print Name)                        Date

__________________________________________
Authorized Signature

__________________________________________
Title

__________________________________________
Company Name
REQUIRED FORM 3 - PROPOSAL SUBMISSION FORM

RFP # 269-2018-043

Financial Auditing Services

This Proposal is submitted by:

Company Name: ____________________________________________________________________________

Representative (printed): ____________________________________________________________________________

Address: ____________________________________________________________________________

City/State/Zip: ____________________________________________________________________________

Email address: ____________________________________________________________________________

Telephone: ____________________________________________________________________________

Facsimile: ____________________________________________________________________________

The representative signing above hereby certifies and agrees that the following information is correct:

3. In preparing its Proposal, the Service Provider has considered all proposals submitted from qualified, potential subcontractors and suppliers; and has not engaged in or condoned prohibited discrimination.

4. For purposes of this Section, discrimination means discrimination in the solicitation, selection, or treatment of any subcontractor, vendor or supplier on the basis of race, ethnicity, gender, age or disability or any otherwise unlawful form of discrimination. Without limiting the foregoing, discrimination also includes retaliating against any person or other entity for reporting any incident of discrimination.

5. Without limiting any other provision of the solicitation for proposals on this project, it is understood and agreed that, if this certification is false, such false certification will constitute grounds for the City to reject the Proposal submitted by the Service Provider on this Project and to terminate any contract awarded based on such Proposal.

6. As a condition of contracting with the City, the Service Provider agrees to maintain documentation sufficient to demonstrate that it has not discriminated in its solicitation or selection of subcontractors. The Service Provider further agrees to promptly provide to the City all information and documentation that may be requested by the City from time to time regarding the solicitation and selection of subcontractors. Failure to maintain or failure to provide such information constitutes grounds for the City to reject the bid submitted by the Service Provider or terminate any contract awarded on such bid.

7. As part of its Proposal, the Service Provider shall provide to the City a list of all instances within the past ten years where a complaint was filed or pending against Service Provider in a legal or administrative proceeding alleging that Service Provider discriminated against its subcontractors, vendors or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.

8. The information contained in this Proposal or any part thereof, including its Exhibits, Schedules, and other documents and instruments delivered or to be delivered to the City, is true, accurate, and complete. This Proposal includes all
information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts.

9. It is understood by the Company that the City reserves the right to reject any and all Proposals, to make awards on all items or on any items according to the best interest of the City, to waive formalities, technicalities, to recover and re-bid this RFP.

10. This Proposal is valid for one hundred and eighty (180) calendar days from the Proposal due date.

I, the undersigned, hereby acknowledge that my company was given the opportunity to provide exceptions to the Sample Terms as included herein as Exhibit A Sample Contract. As such, I have elected to do the following:

☐ Include exceptions to the sample contract in the following section of my Proposal: ______________________

☐ Not include any exceptions to the Sample Terms.

Representative: ____________________________________________________________

(Authorized Signature)
REQUIRED FORM 4 - PRICING WORKSHEET  
RFP # 269-2018-043  
Financial Auditing Services

Regardless of exceptions taken, Companies shall provide pricing based on the requirements and terms set forth in this RFP. Pricing must be all-inclusive and cover every aspect of the Project. Cost must be in United States dollars rounded to the nearest quarter of a dollar. If there are additional costs associated with the Services, please add to this chart. Your Price Proposal must reflect all costs that the City will be responsible for.

The fee quoted by the successful Company will be for the initial year, which is 2018. Audit fees for subsequent years will be negotiated in March of each year and will be limited to the increase in the Consumer Price Index (CPI) for the previous calendar year. Regardless of the change in the CPI, the maximum increase in fees for the Scope of Audit defined in the RFP shall be five percent. Any increase in the scope of the current audit, as required by the City, or request for additional audit services will be negotiated outside the scope of these parameters.

<table>
<thead>
<tr>
<th>Audit Reporting Tasks</th>
<th>Fee</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Financial Audit</td>
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<tr>
<td>Compliance Audit (in accordance with OMB A-133 Uniform Guidance and State Single Audit Act)</td>
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<tr>
<td>Letter to North Carolina Department of Environmental Quality (NCDEQ)</td>
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<tr>
<td>Federal Transit Administration’s National Transit Database Report</td>
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<tr>
<td>Compliance Audit for Contract with McDonald Transit Association, Inc.</td>
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<tr>
<td>Airport Financials Audit</td>
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<tr>
<td>New Charlotte Corporation Tax Returns Audit</td>
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<td>Passenger Facility Charges Report</td>
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<tr>
<td>Optional Pricing: CATS Financials Audit</td>
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<tr>
<td>Charlotte Firefighters’ Retirement System (CFRS): Full Scope Audit of Financial Statements as reflected in Exhibit E</td>
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In addition, please describe the method Service Provider would use to charge for additional services or an increase in the current audit scope. If there are standard hourly rates, please state those rates and the percentage discount (if any) the City would receive off of those standard rates.
The City maintains a strong commitment to the inclusion of MWSBEs in the City’s contracting and procurement process. Companies responding to this RFP are required to provide an MWSBE Participation Plan along with this required Form 5. Companies must submit this form with their proposal outlining any supplies and/or services to be provided by each City certified Small Business Enterprise (SBE), and/or City registered Minority Business Enterprise (MBE) and Woman Business Enterprise (WBE) for the Contract. If the Company is a City-registered MWSBE, note that on this form.

1. Company Name:____________________________________________________________________________

2. Please indicate if your company is any of the following:

   - MBE
   - WBE
   - SBE
   - None of the above

3. Identify outreach efforts that were employed by the firm to maximize inclusion of MWSBEs to be submitted with the firm’s proposal (attach additional sheets if needed):

   ____________________________________________________________________________________________
   ____________________________________________________________________________________________
   ____________________________________________________________________________________________

4. Identify outreach efforts that will be employed by the firm to maximize inclusion during the contract period of the Project (attach additional sheets if needed):

   ____________________________________________________________________________________________
   ____________________________________________________________________________________________
   ____________________________________________________________________________________________

[Form continues on next page]
5. List information for each **MWSBE(s)** to be utilized on this project (directly or indirectly): Add rows or copy this form as needed to list all MWSBEs.

<table>
<thead>
<tr>
<th>Subcontractor Name</th>
<th>Work to be Performed</th>
<th>Dollar Amount</th>
<th>Indicate either “M”, “S”, and/or “W”</th>
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<tr>
<th>Total MBE Utilization</th>
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<td>Total WBE Utilization</td>
<td>%</td>
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<tr>
<td>Total SBE Utilization</td>
<td>%</td>
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<tr>
<td><strong>Total MWSBE Utilization</strong></td>
<td>%</td>
</tr>
</tbody>
</table>

6. Sign and date below:

________________________________________________________________________

_____

(COMPANY NAME)

________________________________________________________________________

_____

(SIGNATURE OF AUTHORIZED OFFICIAL)

________________________________________________________________________

_____

(PRINT NAME)

________________________________________________________________________

_____

(DATE)
REQUIRED FORM 6 – REFERENCES
RFP # 269-2018-043
Financial Auditing Services

Companies shall complete the form below. Provide names, emails, addresses, contact names, and contact telephone numbers of personnel of governmental audit clients who may be contacted for reference for comparable size and scope of service that your Company has been under contract with to provide Audit Services for during the past five (5) years.

REFERENCE 1:

Name of Governmental Client: ___________________________ Phone: ___________________________
Address: ___________________________________________________________
Primary Contact: ___________________________ Title: ___________________________
Address: __________________________________ E-mail address: ___________________________
Service Dates: ___________________________________________________________
Summary & Scope of Audit Services:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

REFERENCE 2:

Name of Governmental Client: ___________________________ Phone: ___________________________
Address: ___________________________________________________________
Primary Contact: ___________________________ Title: ___________________________
Address: __________________________________ E-mail address: ___________________________
Service Dates: ___________________________________________________________
Summary & Scope of Audit Services:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
REFERENCE 3:

Name of Governmental Client: ___________________________ Phone: ___________________________

Address: ____________________________________________

Primary Contact: ___________________________ Title: ___________________________

Address: ___________________________ E-mail address: ___________________________

Service Dates: ___________________________

Summary & Scope of Audit Services:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

REFERENCE 4:

Name of Governmental Client: ___________________________ Phone: ___________________________

Address: ____________________________________________

Primary Contact: ___________________________ Title: ___________________________

Address: ___________________________ E-mail address: ___________________________

Service Dates: ___________________________

Summary & Scope of Audit Services:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

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## REFERENCE 5:

<table>
<thead>
<tr>
<th>Name of Governmental Client:</th>
<th>Phone:</th>
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<tr>
<td>Address:</td>
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<tr>
<td>Primary Contact:</td>
<td>Title:</td>
</tr>
<tr>
<td>Address:</td>
<td>E-mail address:</td>
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</tbody>
</table>

**Service Dates:**

**Summary & Scope of Audit Services:**

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ATTACHMENT 1 - CONTRACT TO AUDIT ACCOUNTS

LGC-205 (Rev. 2018)

CONTRACT TO AUDIT ACCOUNTS

Of ________________________________

Primary Government Unit

_______________________________
Discretely Presented Component Unit (DPCU) if applicable

On this ____________________ day of ______________________, 20__

Auditor: ___________________________ Auditor Mailing Address: ___________________________

Hereinafter referred to as The Auditor

and _______________ (Governing Board(s)) of ________________________________ (Primary Government)

and _______________ (Discretely Presented Component Unit).

hereinafter referred to as the Governmental Unit(s), agree as follows:

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s) for the period beginning ____________________, ending ____________________, and ending ____________________. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund type).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with Government Auditing Standards if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audite. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the State Auditor (OSA) and the Local Government Commission (LGC). If the auditor and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board). County and Multi-County Health Departments: The Office of State Auditor shall require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by Office of the State Auditor (OSA) and in accordance with the instructions and timeline provided by OSA.

3. If an entity is determined to be a component of another government as defined by the government audit standards, the entity’s Auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 – §600.42.

4. This contract contemplates an unqualified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unqualified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in Government Auditing Standards, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. Audit report is due on:__________ If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit’s systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report shall include all matters defined as “significant deficiencies and material weaknesses” in AU-C 265 of the AICPA Professional Standards (Clarified). The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit’s records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: https://ncTreasuresLeftOpenFile.net. Subject line should read “Invoice – [Unit Name]. The PDF invoice marked “approved” with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: Fees listed on Fees Page). This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management’s Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit or required for full disclosure under the law, and (d) the Auditor’s opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the fiscal year end.

12. If the audit firm is required by the NC State Board, the NCACCPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.

13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form. These audited financial statements, excluding the Auditors’ opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit’s financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

The SLGFD’s process for submitting contracts, audit reports, and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

15. If an approved contract needs to be amended for any reason, the change shall be made in writing on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is https://nc treasurerportal.ncliea.org/nc. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.

17. Special provisions should be limited. Please list any special provisions in an attachment.

18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is https://nctreasurer.sld.raleighnc.gov. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer’s web site at https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx for the most recent instructions.

20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

22. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

SIGNATURE PAGES FOLLOW FEES PAGE
Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

FEES – PRIMARY GOVERNMENT

AUDIT: $ ____________________________

WRITING FINANCIAL STATEMENTS: $ ____________________________

ALL OTHER NON-ATTEST SERVICES: $ ____________________________

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is $ ____________________________ ** NA if there is to be no interim billing

FEES – DPCU (IF APPLICABLE)

AUDIT: $ ____________________________

WRITING FINANCIAL STATEMENTS: $ ____________________________

ALL OTHER NON-ATTEST SERVICES: $ ____________________________

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is $ ____________________________ ** NA if there is to be no interim billing
Exhibit A – Sample Contract To Audit Accounts and City Contract Terms

Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:

Name of Audit Firm
By
Authorized Audit firm representative name: Type or print name

Signature of authorized audit firm representative
Date

Email Address of Audit Firm

PREF-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)
This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By
Primary Government Unit Finance Officer:
Type or print name

Primary Government Finance Officer Signature
Date
(Pre-audit Certificate must be dated)

Governmental Unit Signatures:

Name of Primary Government
By
Mayor/Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board
Date

By
Chair of Audit Committee: Type or print name

Signature of Audit Committee Chairperson
Date

**If Governmental Unit has no audit committee, mark this section "N/A"

***Please provide us the most current email addresses available as we use this information to update our contact database***

Page 6 of 9
**Communication regarding audit contract request for modification or official approvals will be sent to the email addresses provided in the spaces below.**

**Primary Government Unit**

**Discretely Presented Component Unit (DPCU) if applicable**

**This page to only be completed by Discretely Presented Component Units If Applicable**

**PRE-AUDIT CERTIFICATE:** Required by G.S. 159-29 (a)
This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By:

**DPCU Governtmental Unit Signatures:**

Name of Discretely Presented Component Unit

By:

**DPCU Board Chairperson:** Type or print name and title

Signature of Chairperson of DPCU governing board

Date

**DPCU Finance Officer Signature**

By:

**Chair of Audit Committee:** Type or print name

Signature of Audit Committee Chairperson

Date

**If Governmental Unit has no audit committee, mark this section "N/A"**

**Email Address of Finance Officer**

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

***Please provide us the most current email addresses available as we use this information to update our contact database***
Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government’s audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.

2. Item No. 1 – Complete the period covered by the audit

3. Item No. 6 – Fill in the audit due date. For Governmental Unit(s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.

4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link: https://www.nctreasurer.com/leg/Forms-and-Resources.aspx

5. Item No. 9 – Please note that the new fee section has been moved to page 5.

6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
   a. Do the terms and fees specified in the engagement letter agree with the Audit contract? “In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence.”

   b. Does the engagement letter contain an indemnification clause? The audit contract shall not be approved if there is an indemnification clause – refer to LGM Memo # 986.

7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
   - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year’s actual approved audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our website: https://www.nctreasurer.com/leg/fin/audit_acct/Pages/default.aspx select “audit fees”
   - Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.com if you have any questions about the fees on this list.
   - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?
Contract to Audit Accounts (cont.)

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

• For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)

• If there is to be no interim billing, please indicate N/A instead of leaving the line blank.

8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a). If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.

9. Please place the date the Primary Government’s Governing Board and the DPCU’s Governing Board (if applicable) approved the audit contract in the space provided.

a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.

b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?

c. Has the name and title of the Mayor or Chairperson of the Unit’s Governing Board and the DPCU’s Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor’s signature?

10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.

11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.

12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. When submitting for approval send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report. Submit these documents using the most current submission process which can be obtained at the NC Treasurer’s web site

https://www.nctreasurer.com/12e/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf

13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.
SAMPLE CITY CONTRACT TERMS

The successful Company shall sign the Contract to Audit Accounts in substantially the same form as LGC-205 (Rev. 2018 or later). It is expected that the Company will append an engagement letter to that form contract. In addition to the terms and conditions stated in the Contract to Audit Accounts, the following Contract terms will also be incorporated into the engagement letter. Each Company must state specifically in its Proposal any exceptions to the terms and conditions included in this Exhibit, and any proposed additional terms or conditions deemed important by the Company. The City will take any such exceptions and proposed additions into account during the evaluation process. Any terms and conditions to which the Company does not specifically object will be incorporated into the resultant engagement letter.

The terms and conditions set forth are not all inclusive. The City may propose additional terms and conditions based on the responses to this RFP and the City’s analysis of the successful Company’s Proposal.

TERMS FOR INCORPORATION IN ENGAGEMENT LETTER
ATTACHMENT 1 TO THE CONTRACT TO AUDIT ACCOUNTS

This Attachment is incorporated into the Contract to Audit Accounts between the City of Charlotte (the “City”) and ______________________________ (the “Company”) and constitutes (the “Contract”) pursuant to Section 17 of the Contract. This Attachment together with the Engagement Letter shall be attached pursuant to Section 17, sets forth the nature and scope of the services the Company is to provide, the City’s required involvement and assistance in support of the Company’s services, the related fee arrangements and other terms and conditions.

As used in this Section of the RFP, the term “Contract” shall refer to the agreement entered into between the City and the Company, and the term “Company” shall refer to the vendor that has been awarded a contract.

1. EXHIBITS.
   The following Exhibits are attached to the Attachment 1 to the Contract to Audit Accounts and are incorporated into and made a part of this Attachment 1 by reference:

   1.1. EXHIBIT A: PRICING SCHEDULE
   1.2. EXHIBIT B: SCOPE OF WORK
   1.3. EXHIBIT C: CONFIDENTIALITY AGREEMENT
   1.4. EXHIBIT D: SPECIAL AUDIT REQUIREMENTS
   1.5. EXHIBIT E: SPECIAL AUDIT REQUIREMENTS: CHARLOTTE FIREFIGHTERS’ RETIREMENT SYSTEM

   Each reference to this Attachment 1 to the Contract to Audit Accounts shall be deemed to include all Exhibits. Any conflict between language in this Attachment or an Exhibit hereto and language in the main body of the Contract shall be resolved in favor of the main body of the Contract. Any conflict between the language in the main body of the Attachment and language in an Exhibit shall be resolved in favor of the main body of the Attachment. Each reference to ________________ in this Attachment and the Exhibits shall be deemed to mean the Company.

2. DEFINITIONS.
   This section may include, but not be limited to, terms defined in Section 1 of the RFP.

3. INVOICING.
   After approval of invoices for services rendered is approved by the Secretary of the Local Government Commission as stated in Section 8 of LGC-205, the Company may submit invoices using the following options:
   Email all invoices to cocapi@charlotte.nc.us
   Payment of invoices shall be due within thirty (30) days after the receipt of an undisputed properly submitted invoice by the City. Final payment will not be made until all the deliverables stated in this Contract related to the audit have been completed.
4. **TAXES AND EMPLOYEE BENEFITS.**
The Company shall pay all applicable federal, state and local taxes that may be chargeable against the performance of the Services. The Company acknowledges and agrees that its employees and subcontractors are not employees of the City. The Company represents, warrants and covenants that it will pay all withholding tax, social security, Medicare, unemployment tax, worker’s compensation and other payments and deductions which are required by law in connection with provision of the Services.

5. **REMOVAL AND PROMOTION OF COMPANY PERSONNEL.**
The City will have the right to require the removal and replacement of any Company personnel who are assigned to the Project. The City shall be entitled to exercise such right in its sole discretion by providing written notice to the Company.

The Company will replace any personnel who leave the Project with equivalently qualified persons. The Company will replace such personnel as soon as reasonably possible, and in any event within thirty days after the Company first receives notice that the person will be leaving the Project.

6. **REQUESTS FOR INFORMATION, PERSONNEL, AND EQUIPMENT.**
The Company shall identify and request in writing from the City in a timely manner all information, personnel, equipment, facilities, and resources reasonably required by the Company to perform the Services. In the event the City fails to provide any information, personnel, equipment, facility or resource that it is required to provide under this section, the Company shall notify the City in writing immediately. Failure to do so shall constitute a waiver by Company of any claim or defense it may otherwise have based on the City’s failure to provide such information, personnel, facility or resource.

7. **WORK ON CITY’S PREMISES.**
The Company will, whenever on the City's premises, obey all instructions and City policies that the Company is made aware of with respect to performing work on the City’s premises.

8. **REGENERATION OF LOST OR DAMAGED DATA.**
If the Company loses or damages any data in the City’s possession, the Company shall, at its own expense, promptly replace or regenerate such data from the City's machine-readable supporting material, or obtain, at the Company's own expense, a new machine-readable copy of lost or damaged data from the City’s data sources.

9. **TERMINATION OF CONTRACT.**

9.1. **TERM.**
This Contract shall commence on the Effective Date and shall continue in effect until the audit has been completed to the City’s satisfaction. The term shall be a one (1) year contract with the option for up to four (4) one (1) year renewal terms.

9.2. **TERMINATION BY THE CITY.**
The City may terminate this Contract at any time without cause by giving written notice to the Company. In the event the City terminates this Contract, the Company shall continue performing the Services until the termination date designated by the City in its termination notice. If the City terminates this Contract without cause, the City shall pay the Company for Services rendered through the date of termination at the rates set forth in Exhibit A.

9.3. **TERMINATION BY THE COMPANY.**
By giving written notice, the Company may terminate this Contract for cause in the event the City fails to pay an overdue invoice within thirty (30) days after receiving written notice from the Company that: (i) such invoice is overdue, and (ii) the Company intends to exercise its right to terminate this Contract pursuant to this section in the event it is not paid within said thirty (30) day period.

9.4. **OBLIGATIONS UPON EXPIRATION OR TERMINATION.**
Upon expiration or termination of this Contract, the Company shall promptly return to the City: (i) all computer programs, files, data, documentation, media, related material and any other material and equipment that is owned by the City; and (ii) a written statement describing in detail all work performed with respect to
deliverables which are in process as of the date of termination.

10. CITY RECORDS AND WORKING PAPERS.
   10.1. The Company must return client records in the Company’s possession to the City immediately after a demand is
         made for their return unless circumstances make some delay reasonable in order to retrieve a closed file or to
         extract the Company's work papers.

   10.2. The Company’s working papers shall be retained for no less than five years. In the final year audit services are
         provided, the Company will make working papers available to the successor service provider in accordance
         with the customary practice in the auditing profession.

11. BACKGROUND CHECKS.
    The Company is required to conduct a background check on each Company employee assigned to work under this
    Contract, and shall require its subcontractors (if any) to perform a background check on each of their employees
    assigned to work under this Contract (collectively, the “Background Checks”). Each Background Check must include:
    (a) the person’s criminal conviction record from the states and counties where the person lives or has lived in the past
        seven (7) years; (b) a reference check; and (c) a credit history check.

12. GOVERNING LAW, JURISDICTION AND VENUE.
    North Carolina law shall govern interpretation and enforcement of this Contract and any other matters relating to this
    Contract (all without regard to North Carolina conflicts of law principles). Any and all legal actions or proceedings
    relating to this Contract shall be brought in a state or federal court sitting in Mecklenburg County, North Carolina. By
    the execution of this Contract, the parties submit to the jurisdiction of said courts and hereby irrevocably waive any
    and all objections that they may have with respect to venue in any court sitting in Mecklenburg County, North
    Carolina. This section shall not apply to subsequent actions to enforce a judgment entered in actions heard pursuant
    to this section.

13. INSURANCE.
   13.1. TYPES OF INSURANCE.
       Company shall obtain and maintain during the life of this Contract, with an insurance Company rated not less
       than “A” by A.M. Best, authorized to do business in the State of North Carolina, acceptable to the Charlotte-
       Mecklenburg, Risk Management Division the following insurance:

       13.1.1. Automobile Liability - Bodily injury and property damage liability covering all owned, non-owned and
               hired automobiles for limits of not less than $1,000,000 bodily injury each person, each accident and
               $1,000,000 property damage, or $1,000,000 combined single limit - bodily injury and property damage.

       13.1.2. Commercial General Liability - Bodily injury and property damage liability as shall protect the
               Company and any subcontractor performing Services under this Contract, from claims of bodily injury
               or property damage which arise from performance of this Contract, whether such operations are
               performed by the Company, any subcontractor, or anyone directly or indirectly employed by either. The
               amounts of such insurance shall not be less than $500,000 bodily injury each occurrence/aggregate and
               $1,000,000 property damage each occurrence/aggregate, or $1,000,000 bodily injury and property
               damage combined single limits each occurrence/aggregate. This insurance shall include coverage for
               products, operations, personal injury liability and contractual liability, assumed under the indemnity
               provision of this Contract.

       13.1.3. Workers’ Compensation and Employers Liability - meeting the statutory requirements of the State of
               North Carolina, $100,000 per accident limit, $500,000 disease per policy limit, $100,000 disease each
               employee limit.

       13.1.4. Professional Liability as shall protect the contractor and his employees for negligent acts, errors or
               omissions in performing professional services under this contract. The amount of such insurance shall
               not be less than $1,000,000 each claim.

    The Company shall not commence any Services in connection with this Contract until it has obtained all of the
    foregoing types of insurance and such insurance has been approved by the City. The Company shall not allow any
subcontractor to commence Services on its subcontract until all similar insurance required of the subcontractor has been obtained and approved.

13.2. OTHER INSURANCE REQUIREMENTS.

13.2.1. The City shall be exempt from, and in no way liable for any sums of money, which may represent a deductible in any insurance policy. The payment of such deductible shall be the sole responsibility of the Company and/or subcontractor providing such insurance.

13.2.2. City of Charlotte shall be named as an additional insured for operations or services rendered under the general liability coverage. The Company’s insurance, except for Automobile Liability, shall be primary of any self-funding and/or insurance otherwise carried by the City for all loss or damages arising from the Company’s operations under this agreement.

13.2.3. Certificates of such insurance will be furnished to the City and shall contain the provision that the City be given thirty (30) days’ written notice of any intent to amend coverage reductions or material changes or terminate by either the insured or the insuring Company.

13.2.4. Should any or all of the required insurance coverage be self-funded/self-insured, a copy of the Certificate of Self-Insurance or other documentation from the North Carolina Department of Insurance shall be furnished to the City.

13.2.5. If any part of the Services under this Contract is sublet, the subcontractor shall be required to meet all insurance requirements as listed above. However, this will in no way relieve the Company from meeting all insurance requirements or otherwise being responsible for the subcontractor.

14. CONFIDENTIAL INFORMATION.

The parties agree to comply with the Confidentiality Agreement attached as Exhibit C with respect to all data and information exchanged under this Contract.

15. E-VERIFY.

The Company shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes, and shall require each of its subcontractors to do so as well.

16. IRAN DIVESTMENT ACT.

The Company certifies that: (i) it is not identified on the Final Divestment List or any other list of prohibited investments created by the NC State Treasurer pursuant to N.C.G.S. 147-86.58; (ii) it will not take any action causing it to appear on any such list during the term of this Contract; and (iii) it will not utilize any subcontractor that is identified on any such list to provide goods or services hereunder.
EXHIBIT B – SCOPE OF WORK
EXHIBIT C - CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality Agreement (the "Agreement") is made and entered into as of this 1st day of November, 2017 (the “Effective Date”), by and between the City of Charlotte, a North Carolina municipal corporation (the “City”), and Ciber Global LLC, a company doing business in North Carolina (the “Company”).

WHEREAS, the City and Company are contemplating or have entered into certain business relationships and have exchanged and/or may need to exchange confidential information in connection with discussions of such relationships; and

WHEREAS, the City and Company desire to stipulate and agree that any disclosure of confidential information in connection with such relationships has occurred or will occur under circumstances and conditions that will protect and preserve the confidentiality of the information.

NOW, THEREFORE, in consideration of the pursuit of current discussions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in further consideration of the covenants and representations contained herein, the parties agree as follows:

1. CONFIDENTIAL INFORMATION.

"Confidential Information" means any information, in any medium (whether written, oral or electronic), obtained from the City or the Company or any of their respective suppliers, contractors or licensors which falls within any of the following general categories:

1.1. Trade secrets. For purposes of this Agreement, trade secrets consist of information of the City or the Company or any of their respective suppliers, contractors or licensors: (a) that derives value from being secret; and (b) that the owner has taken reasonable steps to keep confidential. Examples of trade secrets include information relating to proprietary software, new technology, new products or services, flow charts or diagrams that show how things work, manuals that tell how things work and business processes and procedures.

1.2. Information marked "Confidential" or “Proprietary.”

1.3. Information relating to criminal investigations conducted by the City, and records of criminal intelligence information compiled by the City.

1.4. Any attorney / client privileged information disclosed by either party.

1.5. Information contained in the City's personnel files, as defined by N.C. Gen. Stat. 160A-168. This consists of all information gathered by the City about employees, except for that information which is a matter of public record under North Carolina law.

1.6. Personal identifying information about individuals that the City is prohibited from disclosing by law, including:

1.6.1. Social security or employer taxpayer identification numbers.
1.6.2. Drivers license (drivers license numbers are not included if the number appears on law enforcement records), State identification card, or passport numbers.
1.6.3. Checking account numbers.
1.6.4. Savings account numbers.
1.6.5. Credit card numbers.
1.6.6. Debit card numbers.
1.6.7. Personal Identification (PIN) Code as defined in G.S. 14-113.8(6).
1.6.8. Digital signatures.
1.6.9. Any other numbers or information that can be used to access a person's financial resources.
1.6.10. Biometric data.
1.6.11. Fingerprints.
1.7. The security features of the City’s electronic data processing systems, information technology systems, telecommunications networks, and electronic security systems, including passwords, security standards, security logs, procedures, processes, configurations, software and codes.

1.8. Local tax records of the City that contains information about a taxpayer's income or receipts.

1.9. Any data collected from a person applying for financial or other types of assistance, including but not limited to their income, bank accounts, savings accounts, etc.

1.10. Building plans of City-owned buildings or structures, as well as specific details of public security plans.

1.11. Billing information of customers compiled and maintained in connection with the City providing utility services.

1.12. Plans to prevent or respond to terrorist activity, including vulnerability and risk assessments, potential targets, specific tactics or specific security or emergency procedures, the disclosure of which would jeopardize the safety of government personnel or the general public or the security of any governmental facility, structure or information storage system(s).

1.13. Other information that is exempt from disclosure under the North Carolina public records laws.

The information described in Sections 1.5 through 1.13 is a subcategory of Confidential Information called "Highly Restricted Information.” Highly Restricted Information is subject to all requirements applicable to Confidential Information, but is also subject to additional restrictions as set forth in this Agreement.

The parties acknowledge that Confidential Information includes information disclosed prior to execution of this Agreement as well as information disclosed after execution.

Notwithstanding the above, contracts between the Company and the City are not Confidential Information and will be considered public records, except for attached exhibits that: (a) meet the legal requirements for trade secrets; and (b) are clearly identified as such.

2. RESTRICTIONS AND REQUIREMENTS.

Each party shall comply with the following restrictions and requirements regarding Confidential Information:

2.1. Neither party shall copy, modify, enhance, compile or assemble (or reverse compile or disassemble), or reverse engineer Confidential Information, except as authorized by written agreement of the parties or by the written consent of the other party.

2.2. Neither party shall, directly or indirectly, disclose, divulge, reveal, report or transfer Confidential Information of the other to any third party, other than an agent, subcontractor or vendor of the City or the Company who: (a) has a need to know such Confidential Information for purposes contemplated by this Agreement, and (b) has executed a confidentiality agreement incorporating substantially the form of this Agreement. Notwithstanding the foregoing, Company shall not directly or indirectly, disclose, divulge, reveal, report or transfer Highly Restricted of the other to any third party without the City's prior written consent.

2.3. Neither party shall use any Confidential Information of the other for its own benefit or for the benefit of a third party, except to the extent such use is authorized by this Agreement or other written agreements between the parties hereto, or is for the purpose for which such Confidential Information is being disclosed.

2.4. Neither party shall remove any proprietary legends or notices, including copyright notices, appearing on or in the Confidential Information of the other.

2.5. Each party shall use reasonable efforts to prohibit its employees, vendors, agents and subcontractors from using or disclosing the Confidential Information in a manner not permitted by this Agreement.

2.6. In the event that any demand is made in litigation, arbitration or any other proceeding for disclosure of Confidential Information, the party upon which the demand is made shall notify the other party of the demand, and shall cooperate with and reasonably assist the other party in seeking a protective order or other appropriate relief to prevent or restrict and protect any disclosure of Confidential Information.
2.7. All materials which constitute, reveal or derive from Confidential Information shall be kept confidential to the extent disclosure of such materials would reveal Confidential Information.

2.8. Each party shall restrict employee access to the Confidential Information of the other party to those employees having a need to know for purposes of carrying out the business relationships contemplated by this Agreement.

2.9. The Company shall comply with the City's Restricted Data Policy, a copy of which is posted on the City's website, and with any instructions or procedures issued by City key business units from time to time with respect to protecting specific types of Confidential Information.

2.10. Each party shall take reasonable measures to prevent the use or disclosure of Confidential Information by its employees in a manner not permitted by this Agreement. The Company shall have each of its employees who will have access to the Confidential Information sign a confidentiality agreement which provides the City and its vendors, licensors, subcontractors, employees and taxpayers the same level of protection as provided by this Agreement, including compliance with the City's Restricted Data Policy.

2.11. The Company shall further ensure that each person who obtains access to Confidential Information through the Company (including but not limited to Company's employees and subcontractors) has undergone training sufficient to understand his or her responsibilities with respect to this Agreement and the City's Restricted Data Policy.

3. EXCEPTIONS.

The disclosing party to this Agreement agrees that the receiving party ("Recipient") shall have no obligation with respect to any Confidential Information that the Recipient can establish:

3.1. Was already known to Recipient prior to being disclosed by the disclosing party;

3.2. Was or becomes publicly known through no wrongful act of Recipient;

3.3. Was rightfully obtained by Recipient from a third party without similar restriction and without breach hereof;

3.4. Was used or disclosed by Recipient with the prior written authorization of the other party;

3.5. Was disclosed pursuant to the requirement or request of a governmental agency, which disclosure cannot be made in confidence, provided that, in such instance, Recipient shall first give to the other party notice of such requirement or request;

3.6. Was disclosed pursuant to the order of a court of competent jurisdiction or a lawfully issued subpoena, provided that the Recipient shall take reasonable steps to obtain an agreement or protective order providing that this Agreement will be applicable to all disclosures under the court order or subpoena.

4. DATA.

The Company will treat as Confidential Information all data provided by the City or processed for the City or for citizens under this Agreement (including metadata). Such data shall remain the exclusive property of the City. The Company will not reproduce, copy, duplicate, disclose, or in any way treat the data supplied by the City in any manner except that contemplated by this Contract.

5. PUBLIC RECORDS. Notwithstanding anything contained herein to the contrary, the parties recognize and acknowledge that the City is a subdivision of the State of North Carolina and is, therefore, subject to the North Carolina Public Records Act (the "Act") at N.C. Gen. Stat. 132-1 et seq. The parties further acknowledge that any Confidential Information that is a public record under North Carolina law may be released and disclosed by the City pursuant to the Act, and that any such release or disclosure shall not in any way constitute a breach of this Agreement, nor shall the City be liable to the Company for such release or disclosure.

In the event the City receives a request for disclosure of Confidential Information which the Company has specifically marked "Confidential" or "Proprietary" the City shall give the Company written notice of such request (the "Notice of Request for Disclosure"). In the event the Company has a reasonable basis for contending that the disclosure of such Confidential Information is not required by the Act, the Company shall within ten days after receipt of the Notice of Request for Disclosure notify the City in writing of its objection to disclosure and the basis therefor. The Company
shall indemnify, defend and hold harmless the City from and against all losses, damages, liabilities, costs, obligations and expenses (including reasonable attorneys' fees) incurred by the City in connection with any refusal by the City to disclose Confidential Information after receiving an objection to disclosure from the Company. If the City receives no written objection from the Company within ten days after the Company's receipt of a Notice of Request for Disclosure, the City shall disclose the Confidential Information referenced in the Notice of Request for Disclosure.

Notwithstanding the foregoing, the parties agree that the computer database information that the City is required to disclose under N.C. Gen. Stat. §132-6.1 shall not be deemed Confidential Information, and that the City shall be entitled to disclose such information without notice to the Company.

6. REMEDIES.
Each party acknowledges that the unauthorized disclosure of the Confidential Information of the other will diminish the value of the proprietary interests therein. Accordingly, it is agreed that if a party breaches its obligations hereunder, the other party shall be entitled to equitable relief to protect its interests, including but not limited to injunctive relief, as well as monetary damages.

7. NOTICES.
Any notice, consent or other communication required or contemplated by this Agreement shall be in writing, and shall be delivered in person, by U.S. mail, by overnight courier, by electronic mail or by telefax to the intended recipient at the address set forth below:

For Company:                 For the City of Charlotte:
______________________________  Kay Elmore
______________________________  Chief Procurement Officer
______________________________  City of Charlotte
______________________________  600 East Fourth Street, 9th Floor
______________________________  Charlotte, NC 28203
PHONE: __________________     PHONE: 704.336.2524
FAX: _____________________     FAX: 704.632.8252
E-MAIL: _____________________     E-MAIL: kelmore@ci.charlotte.nc.us

Notice shall be effective upon the date of receipt by the intended recipient; provided that any notice of breach or default which is sent by telefax or electronic mail shall also be simultaneously sent by mail deposited with the U.S. Postal Service or by overnight courier. Each party may change its address for notification purposes by giving the other party written notice of the new address and the date upon which it shall become effective.

Any notice of a breach or default under this Agreement shall also be sent to:

For Company:                For the City of Charlotte:
______________________________  Cindy White
______________________________  Office of the City Attorney
______________________________  600 East Fourth Street, 15th Floor
______________________________  Charlotte, NC 28203-2841
PHONE: __________________     PHONE: 704-336-3012
E-MAIL: ____________________     E-MAIL: cwhite@ci.charlotte.nc.us
8. MISCELLANEOUS

8.1. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties with respect to protection and disclosure of the Confidential Information. There are no other representations, understandings of agreements between the parties with respect to such subject matter. On the subject matter of this Agreement, it supersedes all prior agreements, negotiations, representations and proposals, written or oral.

8.2. AMENDMENT. No amendment or change to this Agreement shall be valid unless in writing and signed by both Parties to this Agreement.

8.3. GOVERNING LAW AND JURISDICTION. North Carolina law shall govern the interpretation and enforcement of this Agreement, and all other matters relating to this Agreement (all without regard North Carolina conflicts of laws principles). Any and all legal actions or proceedings relating to this Agreement shall be brought in a state or federal court sitting in Mecklenburg County, North Carolina. By execution of this Agreement, the parties submit to the jurisdiction of said courts and hereby irrevocably waive any and all objections which they may have with respect to venue in any of the above courts.

8.4. BINDING NATURE AND ASSIGNMENT. This Agreement shall bind the parties and their successors and permitted assigns. Neither party may assign this Agreement without the prior written consent of the other. Any assignment attempted without the written consent of the other party shall be void.

8.5. SEVERABILITY. The invalidity of one or more phrases, sentences, clauses or sections contained in this Agreement shall not affect the validity of the remaining portion of the Agreement so long as the material purposes of the Agreement can be determined and effectuated. If any provision of this Agreement is held to be unenforceable, then both parties shall be relieved of all obligations arising under such provision, but only to the extent that such provision is unenforceable, and this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it enforceable while preserving its intent.

8.6. WAIVER. No delay or omission by either party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by either party of any covenant or breach of this Agreement shall not constitute or operate as a waiver of any succeeding breach of that covenant or of any other covenant. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party waiving the rights.

8.7. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between the parties.

8.8. TITLES OF SECTIONS. The section headings inserted herein are for convenience only and are not intended to be used as aids to interpretation and are not binding on the parties.

Nothing in this Agreement shall be deemed to eliminate or lessen any obligation either party may have at law with respect to protecting the confidentiality of Confidential Information, except as the provisions of this Agreement expressly authorize the release of Confidential Information.

IN WITNESS WHEREOF, and in acknowledgment that the parties hereto have read and understood each and every provision hereof, the parties have caused this Agreement to be executed on the date first written above.

: CITY OF CHARLOTTE:

BY: ________________________        BY: _____________________________
PRINT NAME: ____________________        PRINT NAME: ____________________
TITLE: ______________________        TITLE: __________________________
DATE: ______________________        DATE: __________________________

FINANCIAL AUDITING SERVICES
RFP# 269-2018-043       February 13, 2018       51
EXHIBIT D - SPECIAL AUDIT REQUIREMENTS

The Service Provider is required to provide special audit requirements referred to in the Scope of Services as outlined below:

1. Prepare a letter to the North Carolina Department of Environmental Quality to corroborate financial data submitted by the City to demonstrate financial assurance for closure and post-closure costs of hazardous waste sites. This letter must be completed prior to October 31, 2018.

2. Federal Transit Administration’s National Transit Database Report – Examine the City’s records and procedures relating to the operating of the public transit system in order to certify the National Transit Database Report as required by the Federal Transit Administration. This report must be completed prior to October 31, 2018.

3. Compliance Audit for Contract with McDonald Transit Association, Inc. (Management of CATS bus operations) – Perform audit procedures as necessary to evaluate controls of the CATS bus operations including the three following areas:
   1.1. Property
   1.2. Fuel and Parts Inventory
   1.3. Payroll Processing and Cash Accounts

   The report should enumerate the agreed upon procedures performed and identify exceptions. The Chief Financial Officer should be provided information on any items that come to your attention that you feel should be reported. Since the procedures will not be sufficient to constitute an examination made in accordance with generally accepted auditing standards, the report will not require an opinion. The report should be completed by October 31, 2018.

4. Airport – Examine the financial statements prepared for the Airport Enterprise Fund and issue an audit opinion thereon. These statements are required by the Revenue Bond Order that authorized the issuance of revenue bonds. The statements should be completed within 180 days of year end for submission to the trustee for the revenue bonds and the LGC.

5. Prepare the required Federal and State annual tax returns for the New Charlotte Corporation. The IRS has ruled the New Charlotte Corporation exempt from federal income tax under Section 501(a) of the Internal Revenue Code as a publicly supported organization described in Section 501 (c) (3). These tax returns or an application for automatic extension of time to file should be completed prior to November 15, 2018.

6. Passenger Facility Charges – Examine the City’s records and procedures relating to the Passenger Facility Charge program as required by the Federal Aviation Administration. This Report should be completed prior to October 31, 2018.

7. Optional: CATS – Examine the financial statements prepared for the CATS Enterprise Fund and issue an audit opinion thereon. These statements may be needed to demonstrate compliance with debt policies and procedures. The statements should be completed within 180 days of year end for submission to interested parties, which could include the LGC.
EXHIBIT E - SPECIAL AUDIT REQUIREMENTS
CHARLOTTE FIREFIGHTERS’ RETIREMENT SYSTEM

1. SCOPE.

The scope of the audit engagement will include financial and compliance examinations and issuance of appropriate audit reports for the Charlotte Firefighters’ Retirement System (CFRS) for the fiscal year ending June 30, 2018 for the following:

1.1. The CFRS’ Comprehensive Annual Financial Report (CAFR) including the statement of plan net assets and statement of changes in plan net position (“financial statements”) of the Plan, and render an opinion whether the financial statements present fairly, in all material respects, the financial statements in conformity with the accounting principles generally accepted in the United States of America (“GAAP”). Audit the required supplementary information, such as Management’s Discussion and Analysis (MD&A, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves. Additional information, such as the introductory, investment, actuarial, and statistical sections will not be subjected to the auditing procedures applied to the audit of the financial statements, and for which the auditor’s report will disclaim an opinion.

1.2. This examination must be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Controller of the United States of America.

Financial reporting systems and plan participant records are maintained by the Charlotte Firefighters’ Retirement System and not within the City’s financial reporting systems and records. The CFRS utilizes US Bank for custodial and benefit payment services; QuickBooks for financial record keeping; and Bank of America for depository bank.

Because of auditor’s obligation to be independent of the CFRS, no fiduciary relationship will be created by this audit engagement of the CFRS’ financial statements.

For all non-attest services the auditor performs in connection with the audit engagement, the CFRS will be responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.

2. CFRS PLAN MANAGEMENT’S RESPONSIBILITIES RELATED TO THE AUDIT.

2.1. CFRS Plan Management is responsible for:

2.1.1. Selecting the financial reporting framework and determining that it is acceptable.

2.1.2. The fair presentation of the financial statements in conformity with the acceptable financial framework.

2.1.3. The selection and application of accounting principles and the consistent application of those principles.

2.1.4. Making all financial records and related information available to the auditor.

2.1.5. Ensuring that all material information is disclosed to the auditor.

2.1.6. Granting unrestricted access to persons within the auditing firm from whom the auditor firm will determine it necessary to obtain audit evidence.

2.1.7. Identifying and ensuring that the Plan complies with the laws and regulations applicable to its activities.

2.1.8. Preparation of the supplementary information in conformity with the acceptable reporting framework. CFRS agrees to include auditor’s report on the supplementary information in any document that contains, and indicates that the auditor has reported on, the supplementary information. CFRS also agrees to include the audited financial statements with any presentation of the supplementary information that includes the audit report thereon.
2.2. Plan Management is also responsible for:
   2.2.1. Establishing and maintaining effective internal control over financial reporting,
   2.2.2. Identifying and ensuring that the Plan complies with the laws and regulations applicable to its activities, including compliance with regulations,
   2.2.3. Making all financial records and related information available to the auditor,
   2.2.4. Properly recording transactions in the accounting records,
   2.2.5. Making appropriate accounting estimates,
   2.2.6. Safeguarding assets,
   2.2.7. Adjusting the Plan financial statements to correct material misstatements,
   2.2.8. Ensuring that controls necessary to rely upon a service organization control report (previously a SAS 70 report) are in place and functioning, and
   2.2.9. Informing the auditor of events that occurred subsequent to the financial statements date until the date of the auditor's report that might affect the financial statements or related disclosures and informing auditor of any discovery of facts related to items that existed at the financial statement date that might affect the financial statements or related disclosures.

2.3. Plan Management is also responsible for adjusting the financial statements to correct material misstatements, informing the auditor of events that occurred subsequent to the balance sheet date until the date of the auditor's report that might affect the financial statements or related disclosures, and informing the auditor of any discovery of facts related to items that existed at the balance-sheet date that might affect the financial statements or related disclosures.

2.4. Plan Management is responsible for informing the auditor of its views regarding the risk of fraud at the Plan. Plan Management must inform the auditor of their knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators, or others and for informing the auditor about all known or suspected fraud affecting the Plan involving (a) Plan Management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.

2.5. Plan Management is responsible for the design, implementation, and maintenance of programs and controls over financial reporting and to prevent and detect fraud. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to identify errors and fraud or illegal acts. As a part of the audit, the auditor will consider the Plan's internal control structure, as required by GAAS, sufficient to plan the audit and to determine the nature, timing, and extent of auditing procedures necessary for expressing an audit opinion concerning the financial statements. An audit is not designed to provide any assurance on internal controls. In addition, the audit is not specifically designed and cannot be relied upon to disclose matters affecting plan qualifications or compliance with regulations and IRS requirements. As part of the auditor’s consideration of the Plan's internal control structure, the auditor will inform the CFRS Plan Management of matters that come to the auditor’s attention that represent significant deficiencies or material weaknesses in the design or operation of the internal control structure or affecting plan qualification. The SAS114 and SAS115 letter(s) will be presented to the CFRS as applicable.

2.6. At the conclusion of the engagement, Plan Management will provide the auditor a representation letter that, among other things, addresses:
   2.6.1. Plan Management's responsibilities related to the audit and confirms certain representations made to the auditor during the audit, including, Plan Management's acknowledgement of its responsibility for the design and implementation of programs and controls to prevent and detect fraud;
   2.6.2. Plan Management's responsibilities related to the monitoring of internal control over financial reporting; and
2.6.3. Plan Management's knowledge, directly or from allegations by others, of fraud or suspected fraud affecting the Plan. The representation letter will also affirm to the auditor that Plan Management believes that the effects of any uncorrected misstatements, if any, pertaining to the financial statements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Note: See Form Four for Pricing Worksheet. Charlotte Firefighters’ Retirement System should be billed separately for services rendered. Invoices should be submitted to the following:

Charlotte Firefighters’ Retirement System
428 East Fourth Street, Suite 205
Charlotte, NC 28202