



**TOWN OF HILTON HEAD ISLAND
AND
THE HILTON HEAD ISLAND RECREATION ASSOCIATION**

**REQUEST FOR PROPOSALS
RFP 2014-0007
FINANCIAL AUDIT SERVICES**

The Town of Hilton Head Island (the "Town") in conjunction with the Hilton Head Island Recreation Association, Inc. (the "Island Recreation") are soliciting sealed proposals from qualified audit firms for financial auditing services for the fiscal periods ending June 30, 2014, 2015, 2016 and 2017.

Audit firms responding to this RFP must meet the following minimum qualifications to be considered:

The Audit firm is independent and licensed to practice in the State of South Carolina.

The Audit firm has no conflict of interest with regard to any other work performed by the firm for the Town or Island Recreation.

Sealed proposals are due by **1:00 PM, June 27, 2014**. Sealed proposals should be hand carried or delivered by traceable means to the Town Receptionist at One Town Center Court, Hilton Head Island SC 29928. All proposals should be clearly marked "RFP 2014-0007 Financial Audit Services." Proposals must address all the issues reflected in the attached requirements document/questionnaire and the proposal price summary attachment to be considered responsive.

The proposal evaluation process will be completed within sixty days of receipt of proposals, and the prospective provider of this service will be identified. The pricing data reflected in your proposal must be good through **August 29, 2014**.

All offerors may submit questions or requests for clarification in writing by no later than **June 13, 2014**. After that date, no more questions or requests will be accepted.

The Town and Island Recreation reserve the right to accept or reject any or all proposals received as a result of this request for proposals or to negotiate with all qualified offerors, or to cancel, in part or in its entirety, this request for proposals if it is in the Town and Island Recreation's best interest to do so.

This solicitation does not commit the Town or Island Recreation to award a contract or to pay for any costs incurred in the preparation of your proposal or to procure or contract for any goods or services.

Your proposal must be signed by an official of your company authorized to commit to and enter into a formal contract for goods and services.

The Town and Island Recreation do not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or in the provision of goods and services.

1.0 SPECIAL INSTRUCTIONS TO OFFERORS:

1.1 Purpose of RFP

This request solicits proposals to provide the Town of Hilton Head Island, South Carolina, hereinafter referred to as the "Town", auditing services for fiscal periods ending June 30, 2014, 2015, 2016 and 2017.

This request also solicits proposals to provide the Hilton Head Island Recreation Association, Inc., hereinafter referred to as "Island Recreation", auditing and review services for four fiscal periods:

<u>Year Ended June 30</u>	<u>Type of Attestation Service</u>
2014	Audit
2015	Review
2016	Review
2017	Audit

RFP requirements, selection criteria and auditing service data can be found in Section 4.0 of this document.

1.2 General Information about the Town of Hilton Head Island

The Town of Hilton Head Island is a barrier island on the Atlantic coast of South Carolina. The island is located about 30 miles from Savannah, Georgia, and about 90 miles from Charleston, South Carolina. More information about the Town can be found on the website at www.hiltonheadislandsc.gov.

The Finance Department is divided into the following core services:

Financial Administration

The Financial Administration Division provides strong financial leadership in all areas of activity undertaken by the Town. It promotes the use of technology to ensure the proficient use of the Town's resources. It develops and manages the Town's financial policies and exercises budgetary control over all expenditures. It provides effective cash and debt management for the Town and ensures that strong bond ratings are maintained. Financial Administration oversees the compilation of accurate comprehensive annual financial reports and budgets in compliance with government standards, practices and recommendations. It ensures the Department's commitment to providing the highest quality customer service.

Accounting Services

The Accounting Services Division provides administration to the Town's general ledger, payroll, accounts payable, financial audits, State reporting and grants. It provides accounting functions for the Hilton Head Island Recreation Association and the Coastal Discovery Museum. Accounting Services is responsible for maintaining the following funds: General, Tax Increment Financing, Local Accommodations Tax, State Accommodations Tax, Hospitality Tax, Beach Preservation Fees, Real Estate Transfer Fees, Electric Franchise Fees, Debt Service, Capital Projects and Stormwater Utility. It

also provides effective accounting support to staff and committees. The Division compiles accurate monthly and comprehensive annual financial reports in compliance with governmental standards, practices and recommendations to be published on the Town's external website and submitted to the Government Finance Officers Association. The Town has been awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for twenty-five consecutive years.

Revenue and Collections

The Revenue and Collections division oversees the collection of Town-wide funds including business license fees, hospitality taxes, local accommodations taxes, beach preservation fees, franchise fees and beach passes. It performs Emergency Medical Services billing and collections. It maintains the Town's business license database, and ensures compliance with the business license ordinance through on-site inspections and audits. It compiles accurate annual financial budgets in compliance with government standards, practices and recommendations to be published on the Town's external website and submitted to the Government Finance Officers Association. The Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association for nine consecutive years.

1.3 Information about Island Recreation

The Hilton Head Island Recreation Association is a non-profit organization dedicated to improving the quality of life for all area residents by effectively managing and enhancing public recreation programs and facilities. The Association produces, provides and coordinates public recreation programs, "wellness" activities and special events. The Association commits itself to monitoring the recreation needs of the community and instituting change where appropriate.

2.0 ADMINISTRATIVE AND CONTRACTUAL INFORMATION

2.1 Inquiries

All inquiries for information regarding procurement procedures, selection criteria, proposal submission requirements, technical operating environment, or other fiscal/administrative concerns shall be directed to:

Tom Fultz, Director of Administrative Services
E-mail: tomf@hiltonheadislandsc.gov
Phone: (843) 341-4600

For business process questions relating to this RFP, please contact:

Victoria R. Shanahan, Accounting Manager
E-mail: victorias@hiltonheadislandsc.gov
Phone: (843) 341-4650

2.2 RFP Specifications

This RFP is intended to describe the Town and Island Recreation's requirements and provide a response format in sufficient detail to secure comparable proposals.

2.3 Implied Requirements

All products and services not specifically mentioned in this RFP, but which are necessary to provide the functional capabilities described by the offeror, must be included in the proposal.

2.4 Offeror-Supplied Materials

Any material submitted by a offeror shall become the property of the Town and Island Recreation unless otherwise requested at the time of submission. Any material considered confidential in nature must be so marked.

2.5 Offeror's Proposals

Offerors must submit a sealed response to this RFP in writing. The proposal must follow the format provided in Section 4 of this document. Any proposals that do not follow the format outlined in this RFP will be deemed non-responsive. Each proposal must be submitted with one (1) original and two (2) copies.

2.6 Economy of Preparation

Proposals should be prepared simply and economically. Emphasis should be placed on clarity and content. All of the questions in the requirements sections of this RFP must be completed in their entirety. Any proposal that fails to respond to all the questions will be deemed non-responsive.

2.7 Contract Information

While this RFP requests proposals for audit services for both the Town and the Island Recreation, it should be noted that a separate contract between the Town and the selected offeror will be executed for each entity.

2.8 Response Date

Sealed proposals to be considered must arrive at Town Hall on or before the date and time specified in this RFP.

Proposals not received by the Town by proposal closing time will be returned, after receipt, unopened to the vendor

3.0 RFP EVALUATION PROCESS

3.1 Review of Proposals

The review of submitted proposals will occur as soon as practical following the date they are due. The review process will involve evaluating all proposals for completeness, conformity, clarity, and compliance to the RFP requirements. Proposals not meeting minimum requirements will be considered non-responsive and excluded from further consideration.

3.2 Oral Presentation

Offerors whose proposals are responsive and considered susceptible for award may be selected to make an oral presentation. The Town and Island Recreation will select the most qualified proposals from those received and schedule on-site presentations. The Town and Island Recreation anticipate the presentations will take place on or about the week of **July 14, 2014**.

3.3 Selection Process

After the oral presentations have been completed, the offeror with the highest score utilizing the published selection criteria will be recommended for award.

The evaluation team will forward a recommendation to the Town Council outlining the final ranking of those offerors who participated in the on-site interviews and recommend the offeror most qualified to provide the Town with financial auditing services. The successful offeror will be required to accept the terms and conditions of the Town's standard contract for these services. The content of this RFP and the successful offeror's proposal will become a part of the final contract documents.

The evaluation team will forward a recommendation to the Island Recreation Board of Directors outlining the final ranking of those offerors who participated in the on-site interviews and recommend the offer most qualified to provide the Island Recreation with financial audit and review services. The successful offeror will be required to accept the terms and conditions of the Town's standard contract for these services. The content of this RFP and the successful offeror's proposal will become part of the final contract documents.

4.0 RFP REQUIREMENTS AND GENERAL INFORMATION

4.1 General Information

The Town operates under a Council/Manager form of government and provides the normal services including police protection, fire protection, emergency medical service, parks and street maintenance, business licenses, construction permitting and municipal court services.

The modified accrual basis of accounting is used by all governmental funds of the Town. The full accrual basis of accounting is used for the Town's enterprise fund.

The Town's accounting system is on a network server and uses the MUNIS accounting, human resources and payroll software programs. The Revenue and Collections Division uses Progressive Solutions, Inc.'s PSI QuickServe Suite software for cash receipting of the business license fee, hospitality tax, accommodations tax, beach preservation fee, and other miscellaneous fees. The Municipal Court Division receives funds and uses JEMS software. The Facilities Management Division receives parking fees and uses PSI Parking Track software. The Community Development Department collects permit fees and traffic and park impact fees and used Permits Plus software through April of 2014 and converted to EnerGov software in May of 2014.

4.2 Scope of Audit

The funds to be audited are those listed in Exhibit A of this proposal. The Town shall have closed and balanced all accounts for all funds to be examined by the auditor by **September 30** of each year.

a. Town of Hilton Head Island

REPORTS: The auditor shall assist the Town in preparing (3) bound copies and one electronic copy of the Town's Comprehensive Annual Financial Report and shall include an opinion on the General Purpose Financial Statements and "in relation to" opinion on individual funds and supplementary schedules. The financial statements shall be prepared in conformance with the generally accepted accounting principles applicable to government entities for General Purpose Financial Statements and on an individual basis for all funds and account groups as described in statements issued by the Governmental Accounting Standards Board and Auditor General and any amendments thereto with supplemental schedules for sub-funds and consistent with GFOA Certificate of Achievement Standards and Practices.

Special reports shall be prepared concurrently with the report on the General Purpose Financial Statements required above or at other times as specifically required by law, and contracts. The following reports shall be required:

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards made as part of the examination of the General Purpose Financial Statements.
- Report on compliance with laws and regulations related to major Federal financial assistance programs, if applicable.
- State of South Carolina Annual Local Government Financial Report.
- Any other required disclosures or report.

The auditor shall observe the adequacy of the system of internal control. If weaknesses are noted, appropriate recommendations should first be reviewed with the appropriate officials and included in a separate letter to the Town Council.

b. Island Recreation

Island Recreation has its own Board of Directors and management but the accounting and payroll functions are performed by the Town's Accounting Division. The Town provides significant funding to Island Recreation. The audit and review field work will be conducted at and through Town staff. However, the successful offeror will interact with the Island Recreation staff and Board of Directors as appropriate. Island Recreation also uses MUNIS accounting and payroll software which is located on the Town's servers and prepared by the Town's Accounting Division.

The auditor will be responsible for preparing a separate Annual Financial Report for Island Recreation in compliance with all applicable guidelines identified in "a" above.

The auditor will be responsible for providing (2) bound copies of the Annual Financial Report.

The auditor will provide an overview to the Island Recreation executive committee of the board of directors.

4.3 Auditing Standards

The examination shall be conducted in accordance with (a) generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants (AICPA) including the AICPA's Industry Audit Guide, Audits of State and Local Governmental Units; (b) Standards for Audit of Governmental Organizations, Programs, Activities and Functions (excluding the review of economy and efficiency of operations and program results) as published by the Comptroller General of the United States; (c) OMB Circular A-128; (d) Rules of the South Carolina State Auditor; and (e) any other applicable Federal, State, Local Regulations or Professional Guidance not specifically listed above.

4.4 Certificate of Achievement for Excellence in Financial Reporting

The auditor shall provide advice, consultation and assistance in connection with the preparation and submission of the Town's Comprehensive Annual Financial Report to the Government Finance Officers Association for that organization's review and determination of the Town's eligibility to receive a Certificate for Excellence in Financial Reporting. **This service is not intended to be construed as extra work or additional services.**

As the Island Recreation is a 501(c)3 not-for-profit organization, it does not submit its report to the Government Finance Officers Association.

4.5 Completion of Work

The Town

The auditor must complete all audit work and provide a "Draft" Audit Report to the Town by **the second week of November**. A Final Audit Report shall be provided by December 1 and presented at the first meeting of the Town Council in December. (Note: the Town's fiscal year end is June 30.)

Island Recreation

The auditor must complete all audit and/or review work and provide a "Draft" Audit/Accountants Report to the Island Recreation Board by **the second week of November**. A Final Audit Report shall be provided by December 1. (Note: Island Recreation's fiscal year end is June 30.)

4.6 Information to be Requested from the Offeror

In order to get a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified.

1. Title Page

Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of the contact person and the date.

2. Table of Contents

Include a clear identification of the material by section and by page number.

3. Letter of Transmittal

Limit to one or two pages.

Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work within the time period. Give the names of the persons who will be authorized to make representation for the proposer, their titles, addresses and telephone numbers.

4. Profile of the Offeror

State whether the firm is local, national or international.

Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.

Describe the range of activities performed by the local office such as audit, accounting, tax service, or management services.

5. Summary of the Offeror's Qualifications (in addition to minimum qualification)

Identify the partners, managers, and supervisors who will work on the external audit, including staff from other than the local office. Resumes for each supervisory person to be assigned to the audit should be included. (The resumes may be included in the appendix.)

Describe recent local and regional office auditing experience similar to the type of audit requested and provide the list of names, telephone numbers, and the contact person of the municipalities for whom your local and regional office has performed the audit in the **last (5) years only**.

6. Fee Schedule

Clearly describe the scope of the required services to be provided.

The auditor shall familiarize themselves with and comply with the provisions of any and all federal, State and County Orders, Statutes, Ordinances, Charter, Bond Covenants, Administrative Code and Orders, Rules and Regulations which may pertain to the work required in the engagement.

7. Provide one (1) copy of the latest municipal audit performed by your firm.

8. The Audit Proposal Summary Sheet.

4.7 Evaluation of Proposals and Selection Criteria

Proposals will be evaluated to ascertain which offeror best meets the needs of the Town and Island Recreation using three sets of criteria. Vendors meeting the mandatory requirements will have their proposals further evaluated using the selection criteria reflected below:

1. Past experience and technical qualifications
 - a. The audit firm's past experience and performance on comparable government engagements of similar size and scope.
 - b. The qualifications of the audit firm's professional personnel to be assigned to the engagement and the audit firm's management support personnel available for technical consultation.
2. Audit Approach
 - a. The offeror's demonstrated understanding of the scope of work, including but not limited to audit methodology, audit coverage, adequacy of sampling techniques and sufficiency of analytical procedures.
 - b. The adequacy of the proposed staffing plan for various segments of the engagement and ability to meet the Town's schedule for these audits
3. Fee

4.8 Additional Information and Contact

1. The Town and Island Recreation will not be liable for any costs incurred in the preparation of the proposals.
2. The offeror shall furnish the Town and Island Recreation such additional information as the Town and Island Recreation may reasonably require.
3. The Town and Island Recreation will not be liable for any costs which were not included in the proposal and, subsequently, contracted for costs.
4. The Town and Island Recreation will not be liable for any costs incurred by the offeror in connection with doing an on-site presentation (i.e. travel, accommodations, etc.)
5. Offerors wishing additional information or clarification of information provided herein should contact the Accounting Manager, Victoria R. Shanahan, One Town Center, Hilton Head Island, South Carolina, 29928.

**EXHIBIT A
THE TOWN OF HILTON HEAD ISLAND**

Major Governmental Funds

- General Fund
- Tax Increment Financing District
- Accommodations Tax – State
- Accommodations Tax – Local
- Hospitality Tax
- Storm water Fee
- Real Estate Transfer Fee
- Beach Preservation Fee
- Debt Service Fund
- Capital Projects Fund

Non-Major Governmental Funds

- Palmetto Electric
- Home Grant

Enterprise Fund

Stormwater Utility Fund

Agency Fund

- Firemen’s Fund

Other Information

- | | |
|-----------------------------|--------|
| • Investment Accounts | 20 |
| • Checking Accounts | 5 |
| • Number of Purchase Orders | 2,000 |
| • Number of Invoices | 10,837 |
| • Number of Checks | 6,728 |
| • Number of Receipts | 23,970 |

Payroll

- | | |
|-----------------------------------|-------|
| • Number of Town Employees (FTEs) | 249 |
| • Mayor and Council | 7 |
| • Number of Town Payroll Checks | 516 |
| • Number of Town Direct Deposits | 6,312 |

Frequency of Payroll

Town Council Stipend and Salary	monthly
Town Staff (excluding Fire and Rescue)	bi-weekly
Fire and Rescue	15 day cycle
Police Stipend (average number 28)	monthly

EXHIBIT A
HILTON HEAD ISLAND RECREATION ASSOCIATION, INC.

Bank/Investment Accounts

- Endowment Fund 2
- Reserve Account 2
- Operating and Payroll 1
- Petty Cash 1

Other Information

- Number of Invoices-Accounts Payable 1,700
- Number of Checks-Accounts Payable 1,398
- Number of Petty Cash Checks 180

Payroll

- Number of Recreation Center Employees 98
- Number of Recreation Center Payroll Checks 971

Frequency of Payroll

Recreation Center Bi-Weekly

Town of Hilton Head Island
Audit Proposal Summary Sheet

Name of the firm: _____

Address: _____

Phone number: _____

Contact person: _____

Persons responsible for audit

years with the firm

Partner: _____

Manager: _____

Auditor: _____

Other: _____

Fee

Additional hourly rate

2013-2014 _____

2014-2015 _____

2015-2016 _____

2016-2017 _____

Comments:

REFERENCES

Name	Contact Person	Phone Number #	Years of Engagement
1.			
2.			
3.			
4.			

Signature _____

Title _____

Date _____

Hilton Head Island Recreation Association, Inc.
 Audit Proposal Summary Sheet

Name of the firm: _____

Address: _____

Phone number: _____

Contact person: _____

Persons responsible for audit

years with the firm

Partner: _____

Manager: _____

Auditor: _____

Other: _____

Fee

Additional hourly rate

2013-2014 Audit _____

2014-2015 Review _____

2015-2016 Review _____

2016-2017 Audit _____

Comments:

REFERENCES

Name	Contact Person	Phone Number #	Years of Engagement
1.			
2.			
3.			
4.			

 Signature

 Title

 Date

Audit Firms:

1. Cherry Bekaert L.L.P.
2626 Glenwood Ave., Suite 200
Raleigh, NC 27608
Attn: Edward T. Burke, CPA
2. Robinson Grant & Co., P.A.
5 Belfair Village Drive
Bluffton, SC 29910
Attn: C. Thomas Dewitt, CPA
3. Lazard Dana Certified Public Accountants
PO Box 9706
Savannah, GA 31412
4. Baird & Company, CPAs, LLC
Columbia Road Professional Centre
4210 Columbia Rd., Bldg. 10
Augusta, GA 30907
5. Elliott Davis & Co LLP
340 Main St
Greenwood, SC 29646-1600
6. Greene, Finney & Horton, LLP
211 East Butler Road
Suite C6
Mauldin, SC 29662
Attn: Larry Finney, CPA
7. Bryan, Truesdale, Adkins & Williams, PA
100 South Main Street, Suite G
Summerville, SC 29483
8. Smith Sapp Bookhout Crumpler & Calliham, PA
1109 Main Street, Suite A
Conway, SC 29526
9. Scott and Company, LLP
1441 Main Street, Suite 800
Columbia, SC 29202
Attn: Don Mobley, CPA
10. Karp, Ronning & Tindol, P.C.
Certified Public Accountants
123 Abercorn Street
Savannah, Georgia 31401
11. Newsome & Company, P.C.
Certified Public Accountants
111-A Library Hill Lane
Lexington, South Carolina 29072
Attn: Tripp Newsome, CPA

12. Blair, Bohle & Whitsitt, PLLC
10815 Sikes Place, Suite 100
Charlotte, North Carolina 28277
Attn: Steve J. Johnston, CPA