

NEW HANOVER COUNTY AIRPORT AUTHORITY
REQUEST FOR PROPOSAL
FOR AUDIT SERVICES

1. GENERAL INFORMATION AND REQUIREMENTS

Release Date	<i>Monday, January 7, 2019</i>
Deadline for Questions	<i>Monday, February 4, 2019 by 5:00 PM</i>
Questions to be Answered No Later Than	<i>Monday, February 11, 2019</i>
Deadline for Receipt of Proposals	<i>Monday, February 18, 2019 by 5:00 PM</i> Wilmington International Airport 1740 Airport Boulevard, Suite 12 Wilmington, NC 28405
Notice of Recommended Firm	Wednesday, February 27, 2019
Authority Approval	Wednesday, March 6, 2019

1.1 Invitation to Bid

The New Hanover County Airport Authority (hereinafter called the “Authority”) invites qualified independent Firms (hereinafter called “Firm”) having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

Submit your proposal using the format as specified in Sections 4 & 5 of this RFP no later than **5:00 PM Monday, February 18, 2019** to the following address:

Wilmington International Airport
Attn: Robert Campbell, Finance Director
1740 Airport Boulevard, Suite 12
Wilmington, NC 28405

OR

Submit your proposal by email to: rcampbell@flyilm.com

OR

FAX your proposal to: (910) 341-4365

Proposals will be evaluated and Firms will be notified by **February 27, 2019** of the staff’s recommendation of award. It is anticipated that award of contract will be made at the New Hanover County Airport Authority meeting scheduled for **March 6, 2019**.

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1.2 Scope of Work

The audit will encompass a financial and compliance examination of the Authority's financial statements, supplementary information and compliance reports, in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover all revenue sources and related expenses in accordance with generally accepted auditing standards; Government Auditing Standards; the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the State Single Audit Implementation Act; 14 Code of Federal Regulations Part 158, "Passenger Facility Charges;" and all other applicable laws and regulations.

1.3 Contract Period

The Authority intends to continue the relationship with the Firm for no less than five (5) years on the basis of annual negotiation after the completion of the first year contract. The remaining years of the agreement are subject to annual Authority approval. Each year after negotiation has taken place, an annual agreement letter documenting the terms of the audit will be signed. The Authority reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with Year one being the only obligated year:

July 1, 2018 to June 30, 2019
July 1, 2019 to June 30, 2020
July 1, 2020 to June 30, 2021
July 1, 2021 to June 30, 2022
July 1, 2022 to June 30, 2023

1.4 Proposals

Any proposals received after the scheduled time for receipt of proposals will not be accepted or considered. The Authority reserves the right to accept or reject any or all proposals and to make the award which will be in the best interest of the Authority.

Requirements

Audit the Authority's financial statements as of and for the year ending June 30, 2019 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the State Single Audit Implementation Act, and 14 Code of Federal

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Regulations Part 158, "Passenger Facility Charges;" apply limited procedures to the Authority's required supplementary information in accordance with auditing standards generally accepted in the United States of America and report on the Authority's required supplementary and other supplementary information which are included with the financial statements; perform compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

For a copy of the Authority's financial statements and compliance reporting for the year ended June 30, 2018, visit our website at <https://www.flyilm.com/airport-documents>.

The audit must be conducted in a timely manner such that all necessary financial and compliance information (adjusting entries, final audit report, report to governing Authority, etc.) are completed and presented to the Authority no later than the 15th of October each year, to enable the County to include applicable information in their comprehensive annual financial report.

1.5 Submission of Questions Concerning RFP

After the proposal issue date, all communications between the Authority and prospective Bidders regarding this RFP shall be in writing. Any inquires, requests for interpretation, technical questions, clarification, or additional information shall be directed to **Robert Campbell, Finance Director** by emailing rcampbell@flyilm.com or faxing (910) 341-4365. All questions concerning this RFP shall reference the section number and paragraph. Questions and responses affecting the scope of the services will be provided to Bidders by issuance of an Addendum which will be posted to the Wilmington International Airport's website on behalf of the Authority at <https://www.flyilm.com/airport-documents/>. This information will also be emailed to all firms who have submitted their intent to bid and contact information. **All questions shall be received no later than 5:00 P.M., EST, Monday, February 4, 2019.**

Bidders may not have communications, verbal or otherwise, concerning this RFP with any personnel from the Authority, other than the person listed in this section. If any Bidder attempts or completes any unauthorized communication, the Authority will reject the Bidder's proposal.

All firms who intend to submit a proposal for this request should send an email to rcampbell@flyilm.com including pertinent contact information. This will ensure that you receive all addenda issued for this RFP.

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1.6 Authorized Signature

Please be advised that the person signing the proposal must be authorized by the organization to contractually bind the firm with regard to prices and related contractual obligations for the performance of the requested services. **PROPOSALS NOT SIGNED WILL BE REJECTED.**

1.7 Cost of Preparation

Costs incurred by the firm in preparation of the response to this Request for Proposals are the responsibility of the responding firm and will not be reimbursed by the Authority.

1.8 Award of RFP

The Authority's finance committee will evaluate proposals and recommend award to the firm which, in the opinion of the committee best meets the experience, audit approach, and cost requirements. The Authority reserves the right to accept or reject any or all proposals, to waive any non-material irregularities or informalities in any RFP, to accept or reject any item or combination of items, and to make the award which will be in the best interest of the Authority.

1.9 Contract Document

The required current revision of the form "Contract to Audit Accounts" (form LGC-205) will serve as the contract document with the RFP package and the successful Firm's proposal being incorporated by reference in item 16 of the form.

1.10 Indemnity

Firm shall indemnify and hold the Authority, its officers, officials, agents, and employees harmless against any and all claims, demands, causes of action or other liability, including attorney fees, on account of Contract, or personal injuries, or death, or on account of property damages arising out of or relating to the work or services to be performed by Firm hereunder, resulting from the negligence of or the willful act or omission of Firm, its agents, employees and subcontractors.

1.11 Default and Termination

If Firm fails to prosecute the work or services with such diligence as will insure its completion within the Contract time, or if Firm breaches any of the terms or conditions contained in this Contract and fails to cure said breach within two (2) days of Authority's mailing of Notice of Default, or otherwise fails to perform the work or services hereunder to the Authority's reasonable satisfaction, Authority may terminate this Contract forthwith. Upon termination, Authority may, without

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prejudice to an action for damages or any other remedy, take the prosecution of the work or services out of the hands of Contractor. Authority may enter into another Contract for the completion of the Contract, or use such other methods as may be required for the completion of the Contract. Authority may deduct all costs of completing the Contract from any monies due or which may become due to Firm. In the event this Contract is terminated prior to completion of the services by the Firm, the Firm shall be paid for work or services performed to the date of termination. In no event will the amount due Firm in the event of termination exceed that amount set forth in this Contract. Nothing contained herein shall prevent the Authority from pursuing any other remedy, which it may have against Firm, including claims for damages.

1.12 Non-Waiver of Rights

The parties mutually agree that either party's failure to insist upon the strict performance of any provision of this Contract or to exercise any right based upon a breach thereof, or the acceptance of any performance during such breach, shall not constitute a waiver of any rights under this Contract.

1.13 Assignment

The parties mutually agree that this contract is not assignable and shall not be assigned by either party without the written consent of the other party and the surety to this contract.

1.14 Non-Discrimination

Firm will take affirmative action not to discriminate against any employee or applicant for employment or otherwise illegally deny any person participation in or the benefits of the project which is the subject of this contract because of age, race, creed, color, sex, age, disability or national origin. To the extent applicable, Firm will comply with all provisions of Executive Order No. 11246, the Civil Rights Acts of 1964 (P.L. 88-352) and 1968 (P.L. 90-284), and all applicable Federal, State and local laws, ordinances, rules, regulations, orders, instructions, designations and other directives promulgated to prohibit discriminations. Violation of this provision, after notice, shall be a material breach of this agreement and may result, at Authority's option, in a termination or suspension of this agreement in whole or in part.

1.15 Familiarity with Laws

The Firm specifically acknowledges that he has made himself familiar with all Federal, State and local laws, ordinances, rules and regulations, including all Federal and State Occupational Safety and Health Act (OSHA) requirements, which may in any manner affect those engaged or employed in the work of the

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project, or the materials or equipment in or about such work, or in any way affect the conduct of such work and agrees that he, his employees, subcontractors and suppliers will, at all times, comply with same. If the Firm shall discover any provisions in the Contract Documents which are contrary to or inconsistent with any such law ordinance, rule or regulation, he shall immediately give notice thereof to the Authority in writing, identifying any items of work affected and he shall not proceed until he has received written direction from the Authority with respect to these items. If the Firm performs contrary to or inconsistently with any such law ordinance rule or regulation without giving such notice, he shall bear all costs which are a consequence of such performance.

1.16 Independent Contractor

It is mutually understood and agreed that Firm is an independent contractor and not an agent of Authority, and as such, Firm, his or her agents and employees shall not be entitled to any Authority employment benefits, such as, but not limited to, vacation, sick leave, insurance, worker's compensation, or pension or retirement benefits.

1.17 Insurance

Before commencing any work or services, Contractor shall procure insurance in Contractor's name and maintain all insurance policies for the duration of the Contract of the types and in the amounts listed in this Contract. The insurance shall provide coverage against claims for injuries to persons or damages to property which may arise from operations or in connection with the performance of the work hereunder by Contractor, its agents, representatives, employees, or subcontractors, whether such operations by itself or anyone directly or indirectly employed by it.

A. Commercial General Liability

1. Firm shall maintain Commercial General Liability and if necessary, Commercial Umbrella Liability insurance with a total limit of not less than \$1,000,000 each occurrence for bodily injury and property damage. If such CGL insurance contains a general aggregate limit, it shall apply separately to this project/location or the general aggregate shall be twice the required limit.
2. CGL insurance shall be written on Insurance Services Office (ISO) "occurrence" form CG 00 01 covering Commercial General Liability or its equivalent and shall cover the liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

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3. The Authority, its officers, officials, agents, and employees are to be covered as additional insureds under the CGL by endorsement CG 20 26 or an endorsement providing equivalent coverage as respects to liability arising out of activities performed by or on behalf of the vendor and under the commercial umbrella, if any. The coverage shall contain no special limitations on the scope of protection afforded to the Authority, its officers, officials, agents, and employees.
4. The firm's Commercial General Liability insurance shall be primary as the Authority, its officers, officials, agents, and employees. Any other insurance or self-insurance maintained by the Authority, its officers, officials, and employees shall be excess of and not contribute with the vendor's insurance.

B. Workers' Compensation and Employer's Liability

1. Firm shall maintain Workers' Compensation as required by the general statutes of the State of North Carolina and Employer's Liability Insurance.
2. The Employer's Liability, and if necessary, Commercial Umbrella Liability insurance shall not be less than \$500,000 each accident for bodily injury by accident, \$500,000 each employee for bodily injury by disease, and \$500,000 policy limit.
3. The insurer shall agree to waive all rights of subrogation against the Authority, its officers, officials, and employees for losses arising from work performed by the contractor for the Authority.

C. Business Auto Liability

1. Firm shall maintain Business Auto Liability and, if necessary, Commercial Umbrella Liability insurance with a limit of not less than \$1,000,000 each accident.
2. Such insurance shall cover liability arising out of any auto, including owned, hired, and non-owned autos.
3. Business Auto coverage shall be written on ISO form CA 00 01, or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage equivalent to that provided in ISO form CA 00 01.
4. The firm's Business Auto Liability insurance shall be primary as the Authority, its officers, officials, agents, and employees. Any other insurance or self-insurance maintained by the Authority, its officers,

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officials, and employees shall be excess of and not contribute with the vendor's insurance.

D. Professional Liability Insurance

1. Firm shall maintain in force for the duration of this contract professional liability or errors and omissions liability insurance appropriate to the contractor's profession. Coverage as required in this paragraph shall apply to liability for a professional error, act, or omission arising out of the scope of the contractor's services as defined in this contract. Coverage shall be written subject to limits of not less than \$ 1,000,000 per loss.
2. If coverage required in paragraph 1 above is written on a claims-made basis, the firm warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this contract; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of 2 years beginning from the time that work under the contract is complete.

E. Fidelity and/or Employee Dishonesty

Firm shall maintain Fidelity Coverage providing employee dishonesty, forgery or alteration, theft, disappearance, destruction, and computer fraud coverage covering firm, employees, officials, and agents for fidelity in the amount of \$100,000. This requirement may be met with Commercial Crime insurance or a Fidelity Bond.

2. AUTHORITY INFORMATION

2.1 Financial Statements

For a copy of the Authority's financial statements and compliance reporting for the year ended June 30, 2018, visit our website at <https://www.flyilm.com/airport-documents>.

2.2 Location of Accounting Records

The Authority maintains all its accounting records at the Wilmington International Airport complex located at 1740 Airport Boulevard, Suite 12, Wilmington, NC 28405.

2.3 Type of Financial Accounting System

All accounting journals and subsidiary ledgers are maintained on Total FBO financial software.

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3. AUDIT REQUIREMENTS

- 3.1 The audit must be conducted in accordance with generally accepted auditing standards, Government Auditing Standards, July 2011 revisions issued by the Comptroller General of the United States; Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, including revisions published in Federal Register June 27, 2003 and June 26, 2007; the State Single Audit Implementation Act of 1996, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.
- 3.2 As iterated above, The audit must be conducted in a timely manner such that all necessary financial and compliance information (adjusting entries, final audit report, report to governing Authority, etc.) are completed and presented to the New Hanover County Government not later than the 15th of October each year, to enable the County to include applicable information in their comprehensive annual financial report.
- 3.3 Copies of each management letter and other applicable reports must be supplied to the Authority within the time frame cited above.
- 3.4 The financial audit opinion will cover the general purpose financial statements taken as a whole. The combining, individual fund and account group statements are schedules shown as supplementary information are not necessary for fair presentation, but will be presented as additional analytical data. Such information will be subjected to the tests and other auditing procedures applied in the audit of the general purpose financial statements, and an opinion will be given as to whether such information is fairly stated in all material respects in relation to the financial statements taken as a whole.
- 3.5 The Firm will review and approve a draft of the financial statements and compliance reports and provide proposed changes for the Authority. The Firm will also provide printed and bound copies of the final approved financial statements and compliance reports.
- 3.6 The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.
- 3.7 In the event that circumstances arise during the audit that requires work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work.

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4. PROPOSAL FORMAT

The complete proposal should be submitted at the time and place indicated under the section entitled "Deadline for Receipt of Bids". Proposals will be submitted in two sections. The first section will be comprised of the firms' prior experience and qualifications of its personnel in performing governmental audits. The Authority's finance committee will evaluate the Firm on educational and technical qualifications. The firm best meeting the experience, audit approach and cost requirements will be selected.

4.1 First Section - Firm's Prior Experience and Qualifications of Personnel

The first section should address the requested information below. The corresponding responses should begin with the number of the requested information.

- 4.1.1. Indicate the number of people (by level) located within the office that will handle the audit.
- 4.1.2. Provide a list of the local office's current and prior airport authority and/or government audit clients, indicating the type(s) of services performed and the number of years served for each.
- 4.1.3. Indicate the experience of the local office in providing additional services to airport authority and/or government clients by listing the name of each airport and/or government, then type(s) of service performed, and the year(s) of engagement.
- 4.1.4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review).
- 4.1.5. Describe the professional experience in airport authority and/or government audits of each senior and higher level person assigned to the audit, including years on each job and his/her position while on each audit. Indicate the percentage of time each senior and higher level personnel will be on site.
- 4.1.6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
- 4.1.7. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in state or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
- 4.1.8. Provide names, addresses, and telephone numbers of personnel of current and prior airport authority and/or governmental audit clients who may be contacted for reference.
- 4.1.9. Describe how the firm meets professional independence standards.
- 4.1.10. Describe liability insurance coverage arrangements.
- 4.1.11. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

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4.2 Second Section - Firm's Technical Approach

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

- 4.2.1 Type of audit program used (tailor-made, standard government, or standard commercial).
- 4.2.2 Use of statistical sampling.
- 4.2.3 Use of computer audit specialists.
- 4.2.4 Organization of the audit team, and the approximate percentage of time, spent on the audit by each member.
- 4.2.5 Information that will be contained in the management letter.
- 4.2.6 Assistance expected from the Authority's staff.
- 4.2.7 Tentative schedule for completing the audit within the specified deadlines of the RFP.
- 4.2.8 Specify costs using the format below for the audit year July 1, 2018 to June 30, 2019. For the four audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2019 is binding, while the second through fifth years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount.
 - A. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
 - 1) Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the Firm's office.
 - 2) Rate per hour.
 - 3) Total cost for each category of personnel and for all personnel costs in total.
 - B. Travel – itemize transportation and other travel costs separately.
 - C. Cost of supplies and materials – itemize.
 - D. Other costs – completely identify and itemize.
 - E. If applicable, note your method of determining increases in audit costs on a year to year basis.

Please list any other information the firm may wish to provide.

Please include the Summary of Audit Costs Sheet with your proposal.

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COST PROPOSAL

Summary of Audit Costs Sheet

(Specify costs using the format below for the audit year July 1, 2018 to June 30, 2019. For the four audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2019 is binding, while the second through fifth years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount).

- | | | |
|----|---|----------|
| 1. | Base Audit
Includes Personnel costs, travel, on-site work
and 10 bound and 1 unbound Audit copies | \$ _____ |
| 2. | Extra Audit Service \$ _____ per hour | \$ _____ |
| 3. | Other (explain) _____ | \$ _____ |
| | TOTAL | \$ _____ |

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The undersigned, as bidder, hereby declares that the only person or persons interested in this proposal as principal or principals is or are named herein and that no other person than herein mentioned has any interest in this proposal or in the contract to be entered into; that this proposal is made without connection with any other person, company or parties making a bid or proposal; and that it is in all respects fair and in good faith without collusion or fraud. The bidder further declares that he/she has examined the site of the work and the contract documents relative thereto, and has read all special provisions furnished prior to the opening of bids; that he/she has satisfied himself/herself relative to the work to be performed.

Signature

Printed Name/Title

Company/Firm _____

Address _____

City, State, Zip _____

Phone Number _____

Fax Number _____

Email Address _____