

REQUEST FOR PROPOSAL
Financial and Compliance Audit
Metropolitan Lynchburg Moore County Utility
May 8, 2024

Purpose

Metropolitan Lynchburg Moore County Utility has issued this request for proposals from interested auditors, who are qualified under state law and regulations, for the performance of financial compliance audit of the utility in accordance with the requirements of the laws and/or requirements of the State of Tennessee. This audit shall be for the period beginning July 1, 2023, and ending June 30, 2024.

Scope

The auditor shall perform a financial compliance audit of the financial statements of all funds and grant contracts of the local government.

Type of Audit

The auditor shall conduct the audit in accordance with *Government Auditing Standards* and requirements prescribed by the Comptroller of the Treasury, State of Tennessee. If applicable, the audit should be conducted in accordance with the provisions of the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and any applicable federal management circulars.

General Requirements

1. The auditor shall, as part of the written audit report, submit to the organization's governing body a report containing an expression of an opinion that the financial statements are fairly presented, or an opinion qualified as to certain funds or items in the financial statements, a disclaimer of opinions and the reasons therefore, or an adverse opinion, and shall explain in every detail any unusual items or circumstances under which the auditor was unable to reach a conclusion. This report shall state that generally accepted government auditing standards have been followed in the audit.
2. The auditor's opinion shall be expressed on the opinion units identified in the AICPA Audit and Accounting Guide: *State and Local Government*, as well as the additional requirements in the State of Tennessee Department of Audit *Audit Manual*.
3. The auditor shall furnish copies of the report to the governing body. The auditor shall file copies of said report with the Comptroller of the Treasury, and with the appropriate officials of the granting agencies listed below:

State of TN Revolving Fund Loan

4. If a management letter or any other reports or correspondence relating to findings or recommendations are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no matters not also required by GAS or the comptroller's additional requirement to be disclosed in the finding found in the published audit report).
5. The audit shall begin prior to October 15, 2024, and the reports shall be submitted prior to December 31, 2024, but in no case shall be filed later than six (6) months after the fiscal year-end.
6. Pertinent data from the working papers shall be available for five years for reference if requested by the local government.
7. Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts including, but not limited to, theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in Tennessee Code Annotated, §39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management and those charged with governance and the auditor for such additional investigation.
8. An audit exit conference with those charged with governance will be conducted by the auditor in charge. At this time, the findings and recommendations regarding compliance and internal control shall be discussed. Those charged with governance shall have the opportunity to respond in writing to the findings. Responses shall be included in the audit report.

9. The records of the local government will not be removed from government offices except with express written permission of the local government.
10. The audit firm shall state its willingness to enter into a contract for one year, renewable annually for each of the next two years by the local government.
11. All adjusting entries will be submitted to the local government in writing with sufficient explanation so that they can be easily understood and properly posted to the financial records. Example: listing of invoices charged to accounts payable supporting any adjusting entries.

General Information

The local government shall have closed and balanced all accounts and shall have prepared financial statements for all funds to be examined by the auditor. Page 12 presents an example that should be expanded to provide the auditor with details of the local government's accounting system.

If additional information is required prior to submitted a proposal, inquiries should be directed to Brooke Fanning at bfanning.h2omc@gmail.com or by telephone at 931-759-4297.

Proposal Format

The proposal shall be styled at the discretion of the submitter; however, at a minimum it must address these areas:

1. Nature and extent of the firm's governmental auditing experience.
2. A copy of the audit firm's most recent external quality control review report should be provided to the local government.
3. Organization size and structure of the firm.
4. Qualifications of staff to be assigned to the work. Education, position in firm, and years and types of experience will be considered.
5. Availability of the auditor to the local government for specialized consultation and support assistance on sensitive or highly specialized issues.
6. Type and level of training provided to the firm's staff. Assurance that all audit staff assigned to the audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*.
7. The audit fee must be quoted either as a fixed amount or rate per hour, with total estimated hours. If the latter method is used, a maximum amount must be stated for budgetary purposes. Also, estimated incidental expenses, such as travel and supplies, will be included.

Submittal Information

Proposals shall be submitted no later than June 10, 2024, to:

P.O. Box 503

Lynchburg, TN 37352 or
705 Fayetteville Hwy.
Lynchburg, TN 37352

Opening of Proposals

All proposals will be opened and reviewed at reviewed at the regular meeting of those charged with governance to be held on June 11, 2024 at 6:00 p.m.

Reservation of Right

The local government reserves the right to reject any or all proposals, to waive technicalities or informalities, and to accept any proposal deemed to be in the best interest of the local government.