REQUEST FOR PROPOSAL

The Kannapolis City Board of Education (hereinafter called the "unit") invites qualified independent auditors (hereinafter called "auditor") having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Kannapolis City Board of Education to reimburse firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the unit. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Cabarrus County, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the unit's basic financial statements, supplementary information and compliance reports in accordance with all applicable federal and State of North Carolina laws and regulations.

The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS); Government Auditing Standards (Yellow Book), as currently issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200 (Uniform Guidance); the North Carolina State Single Audit Implementation Act; and all other applicable laws and regulations.

Period

The unit intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after completion of the first-year contract. Since one governing board may not obligate future governing boards, remaining years are subject to annual governing board approval.

Prepare proposals for the following fiscal years:

July 1, 2026 to June 30, 2027 (binding)
July 1, 2027 to June 30, 2028 (estimated)
July 1, 2028 to June 30, 2029 (estimated)

Requirements

The Auditor may propose year-end adjusting journal entries for management review and approval. Management retains responsibility for all accounting records, financial statements, and journal entries.

The Auditor shall be responsible for preparation of the basic financial statements, required supplementary information, and compliance reports. The Finance Officer will be actively involved in preparation and review of the MD&A and other required schedules.

The Auditor shall demonstrate familiarity with recently implemented and upcoming GASB pronouncements applicable to North Carolina school districts and identify potential impacts during audit planning.

Fieldwork and Timeline

- Interim fieldwork: mid–late May
- Year-end fieldwork: begin by mid-August; complete by September 15
- Agreed-upon post-closing trial balance: by September 30
- Preliminary draft audit and proposed journal entries: by October 1
- Final audited financial statements: no later than October 31

Failure to meet agreed-upon milestones without prior written approval may be considered in future contract renewals and fee negotiations.

Reports and Deliverables

One (1) electronic copy and up to five (5) hard copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above. The auditor remains responsible for required submissions Local Government Commission (LGC).

LGC Compliance Acknowledgement

By submitting a proposal, the firm acknowledges familiarity with an agreement to comply with all requirements of the North Carolina Local Government Commission (LGC), including audit contract approval, engagement letter restrictions, invoice approval, billing limitations, and audit submission deadlines.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement

of the work and an amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

Audit Contract & Payment of Audit Fees

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the school unit. If grant funds will be used to pay for the audit, the grant agreement may require the Grantor Agency's approval before the invoice may be paid. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

Other Services

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

Description of Selection Process

Five (5) copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract."

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The review committee will evaluate the auditor/firm on educational and technical qualifications. The top three (3) firms from the first section will have their second section opened and evaluated. The firm best meeting the Kannapolis City Board of Education's expectations for experience, audit approach, and cost requirements will be selected.

Evaluation criteria will include but are not limited to: demonstrated experience with North Carolina LEAs; audit approach and staffing continuity; communication and responsiveness; demonstrated GASB expertise; and cost. Cost will not be the sole determining factor.

The Kannapolis City Board of Education requests that no Kannapolis City Board of Education officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

The school unit reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further, specifically reserve the right to make the award in the best interest of the school unit.

Failure to respond to any requirements outlined in the RFP or failure to enclose copies of the

required documents may disqualify the bid.

First Section

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

1. Indicate the number of people (by level) located within the local office that will conduct the audit.

2. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed, and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.

3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.

4. Describe your audit organization's participation in American Institute of Certified Public Accountants (AICPA)-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.

5. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new reporting model should be clearly communicated.

6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.

7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities, solid waste, transit, airports, or health authorities and school systems).

8. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.

9. Provide a minimum of three (3) references from North Carolina public school local education agencies (LEAs) for which the firm has performed annual financial statement audits within the past five (5) years. For each reference, include the LEA name, name/title of the Finance Officer, mailing and email addresses, and telephone number. Also include for each reference the

number of years the firm has provided audit services, type of audit services performed, and the name of the engagement partner and/or audit manager responsible for the engagement. At least two (2) references should be from current clients, if applicable, and should reflect the experience of the local office proposed for the Kannapolis City Schools engagement.

10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), January 2011 Revision. Provide a copy of the firm's Statement of Policy and Procedures.

11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.

12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

Second Section

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

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

1. Type of audit program used (tailor-made, standard government, or standard commercial).

2. Use of statistical sampling.

3. Use of computer audit specialists.

4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.

5. Information that will be contained in the management letter.

6. Assistance expected from the unit's staff, if other than outlined in the RFP.

7. Tentative schedule for completing the audit within the specified deadlines of the RFP.

8. Specify costs using the format below for the audit year July 1, 2026, to June 30, 2027. For the following two audit years, list the estimated costs. The cost for the audit year ending June 30, 2027, is binding, while the second and third years are estimated costs.

Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount.

A. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.

1) Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor's office.

2) Rate per hour.

3) Total cost for each category of personnel and for all personnel costs in total.

B. Travel – itemize transportation and other travel costs separately.

C. Cost of supplies and materials – itemize.

D. Other costs – completely identify and itemize.

E. If applicable, note your method of determining increases in audit costs on a year-to-year basis

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

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

Time Schedule for Awarding the Contract

Request for proposal packages will be released by ***November 6, 2026***.

Please acknowledge the receipt of this request for proposal and your intent to respond with a proposal by ***November 20, 2026.*** This acknowledgment can be emailed to Ashley Forrest, Finance Officer, at ashley.forrest@kcs.k12.nc.us.

Proposals signed by authorized officials will be received by Ashley Forrest, Finance Officer, at Kannapolis City Schools, 100 Denver Street, Kannapolis, NC 28083, until ***January 8, 2027,*** at ***4:00PM***. Envelopes containing proposals should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES". The review committee will review the proposals and make a recommendation to the Board of Education on ***February 8, 2027,*** at which time the contract will be awarded.

Any questions should be directed to Ashley Forrest, Finance Officer, at 704-938-1131, extension 11204 or ashley.forrest@kcs.k12.nc.us.

Description of the Governmental Entity and Its Accounting System

Entity

Kannapolis City Board of Education is a public school system in North Carolina with approximately 5,000 students and 650 employees. The Kannapolis City Board of Education operates ten public schools, a School Nutrition food service program and a Head Start program.

Funds

The Kannapolis City Board of Education maintains the following funds:

Governmental Funds

- General Fund
- State Public School Fund
- Individual Schools Fund
- Capital Outlay Fund
- Other Special Revenue Fund
- Federal Grants Fund

Proprietary Funds

- School Food Service Fund

Budgets

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

Accounting Records

The Kannapolis Board of Education maintains all of its accounting records at the finance office located at 100 Denver Street, Kannapolis, NC 28083. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on an offsite server managed by Cabarrus County Government. The software is LINQ by Education Management Systems.

Assistance Available to Auditor

The unit will make available to the auditor sufficient help to pull and re-file records and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available. The following accounting procedures will be completed, and documents prepared by the unit's staff:

- The books of account will be fully balanced.
- All subsidiary ledgers will be reconciled to control accounts.
- All bank account reconciliations for each month will be completed.

The unit's personnel will prepare the following items:

General

1. Working balance sheet for each fund
2. A copy of the original budget, all amendments & the final budget as of June 30, 2027
3. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash & Investment Reports (LGC-203), unit letters, faxes regarding the audited financial statements & compliance reports for the previous year
4. Management's Discussion & Analysis (from draft provided by audit team)

Cash and Investments

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount
3. List of all investments for all funds at the audit date

Receivables

1. Listing of outstanding receivables by account as of the fiscal year end
2. Listing of outstanding receivables in detail as of the fiscal year end
3. Schedule of miscellaneous receivables booked as of the fiscal year end

Other Assets

Schedule of insurance coverage

Current Liabilities

Listing of accounts payables as of the fiscal year end

Grants

The following will be compiled for each grant:

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

Contact information:

Ashley Forrest, Finance Officer
Kannapolis City Board of Education
100 Denver Street
Kannapolis, NC 28083
Phone: 704-938-1131 extension 11204
Fax: 704-938-1137
Email: ashley.forrest@kcs.k12.nc.us

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit $_____
   (Includes personnel costs, travel & on-site work)

2. Financial Statement Preparation $_____

3. Extra Audit Service ($_____ per hour) $_____

4. Other (explain) $_____

TOTAL **$_____**