

TECHNICAL MEMORANDUM

NC Board of Chiropractic Examiners Audit 2021

SELECTION OF THE INDEPENDENT AUDITOR

TWO PART REQUEST FOR PROPOSAL FOR AUDITING SERVICES

BY

NORTH CAROLINA STATE BOARD

OF

CHIROPRACTIC EXAMINERS

REQUEST FOR PROPOSAL

The North Carolina State Board of Chiropractic Examiners (hereinafter called the “Board”) 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 Board 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 Board. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Wake County, North Carolina.

Type of Audit

The audit will encompass a financial examination of the Board’s basic financial statements, footnotes, and supplementary information 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 statements will be audited in accordance with auditing standards generally accepted in the United States of America.

Period

The Board intends to continue the relationship with the auditor for no less than three years on the basis of annual review and renewal after the completion of the first year contract. Each subsequent year renewal will be subject to the original contract documenting the terms of the audit. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board review and approval. The Board 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, 2020 to June 30, 2021

July 1, 2021 to June 30, 2022

July 1, 2022 to June 30, 2023

Requirements

The audit must be conducted in accordance with auditing standards generally accepted in the United States. The financial statements will be prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) establishes standards of financial accounting and reporting for state and local governmental entities.

The Board is reported as a nonmajor enterprise fund since State law requires that occupational boards recover their costs of providing services, including capital costs, through fees and charges rather than taxes or similar revenues (GASB Statement #34, paragraph 67b). Statewide accounting policies are established by the North Carolina Office of the State Controller, and thus, apply to the Board.

The required financial statements of the Board are:

- Statement(s) of Net Position
- Statement(s) of Revenues, Expenses, and Changes in Net Position
- Statement(s) of Cash Flows

The financial statements of the Board are presented using the economic resources measurement focus and the accrual basis of accounting. The financial statements include all relevant GAAP financial statements, note disclosures, and required supplementary information, including management's discussions and analysis (MD&A). The MD&A discusses all topics required by GAAP.

It should be noted that FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* (FAS-116, *Accounting for Contributions Received and Contributions Made*) and ASC 958-205, *Not-for-Profit Entities: Presentation of Financial Statements* (FAS-117, *Financial Statements of Not-for-Profit Organizations*) are not applicable to governmental organizations, and are therefore not appropriate accounting standards for occupational boards.

The audit report must be submitted to the Board's oversight State entities within four months following the June 30 fiscal year end. As such, the audit report must be finalized, presented, and approved by the Board not later than the July meeting such that the Board can comply with its statewide financial reporting requirements.

Based on the above requirements, the Board requests that all fieldwork be completed in sufficient time that proper reviews can occur by both the Board staff and Treasurer prior to presentation to the full Board; however, the Board will work with the auditor to establish an adequate time frame for the audit to occur. The Board Executive Director will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences

during the conduct of the audit, as well as an exit conference at the completion of fieldwork.

The auditor will submit a draft of the audit report to be reviewed in detail by the Board Executive Director and the Board's Treasurer. This draft should be submitted to the Board in time to allow ample review and clarifications. The timing of this should ensure final completion of the audit report no later than the Board established October 31st deadline.

In accordance with North Carolina General Statute 147-64.6D, "Each audit report prepared for a State agency by a Certified Public Accountant shall itemize the number of hours used in conducting the audit and in preparation of the audit report and the total cost of conducting the audit and preparing the audit."

The auditor should provide ten (10) copies of the audit report, management letter, and other applicable reports to the Board Executive Director within the timeframe cited above. In addition, the auditor shall provide the Board with an electronic copy of the report for distribution purposes. Electronic copies are required for submission to the Office of the State Auditor, the Office of the State Controller, and other applicable state oversight entities.

The financial audit opinion will cover the basic financial statements. The supplemental information will be subjected to the tests and other auditing procedures applied in the audit of the basic 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 basic financial statements taken as a whole.

The working papers shall be retained and made available upon request for no less than five years from the date of the audit report. The Office of State Auditor will be permitted to review the audit documentation for the engagement upon request.

Audit Contract & Payment of Audit Fees

The audit contract must be approved by the Board. Invoices are subject to approval by the Board Executive Director. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the Board and its 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 Board Executive Director and the Treasurer. The Board Executive Director will return the draft with proposed revisions within 5 working days.

Description of Selection Process

Two (2) 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 (2) sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Board Executive Director will initially evaluate the auditor/firm on educational and technical qualifications and provide summary information to the Treasurer. The top three (3) firms from the first section will have their second section opened and evaluated. The firm best meeting the Board expectations for experience, audit approach, and cost requirements will be selected.

Please keep in mind that cost, while an important factor, will not be a sole determining factor. The first priority in evaluating proposals will be for obtaining a quality audit. Unusually low bids that are out of line with other bidders or bids that are significantly lower than our current fees might raise concerns. The lowest bid will not automatically be awarded preferential consideration.

The Board requests that no Board officials be contacted during this process. The Board Executive Director may be contacted only to clarify questions concerning the RFP.

The Board 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 Board.

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. Provide a listing of key personnel who will be performing the audit and their qualifications. This should include a description of the professional experience of individuals assigned to the audit. This could include continuing professional education courses attended in the past three years, particularly those related to governmental accounting and auditing.
2. Provide the anticipated staff hours to be used in conducting the audit. If possible, staffing hours should be identified by the various levels of staffing that will be assigned to the audit.
3. Provide a list of similar current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Provide names, addresses, and telephone numbers of personnel of those current and prior governmental audit clients who may be contracted for a reference.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's most recent peer review.

5. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
6. You may provide a brief description of your firm's anticipated audit process and any expectations of the Board staff in the performance of the audit services.

Second Section

Proposals should include a completed audit cost proposal and any other necessary cost information in a separate, sealed envelope marked – “Audit Cost Proposal.” The Board plans to evaluate the qualifications of all firms submitting proposals before considering the Audit Cost Proposals.

Specify costs using the format provided within this RFP for the audit year July 1, 2020 to June 30, 2021. For the two audit years that follow, please list the proposed costs. The cost for the audit year ending June 30, 2021 is binding, while the second and third years are proposed costs subject to approval and continuation of the audit contract by the Board.

Time Schedule for Awarding the Contract

Request for proposal packages will be available on the Board's website as of **January 31, 2021**. Proposal packages will be mailed to previous respondents on file with the Board's office.

Any questions about the RFP should be directed to Dr. Joe Siragusa, Board Executive Director, at (919) 793-1342 ext 1004 or dr.joe@ncchiroboard.com. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal.

Proposals signed by authorized officials will be received by Dr. Joe Siragusa, Board Executive Director at the address listed below until **February 28, 2021** at **2:00 p.m.** Envelopes containing proposals should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES” and the two proposal sections appropriately identified (second section sealed). The Board Executive Director will review the proposals and provide copies of the proposals and summary information to the Treasurer by **March 10, 2021**. The Audit Committee will make its recommendation to the full Board at its **April 23, 2021** regularly scheduled Board meeting. A contract will be awarded to the approved auditor.

Contact information:

Name: Joe Siragusa, D.C., M.Ed., CAE
Title: Executive Director
Address: North Carolina Board of Chiropractic Examiners
9121 Anson Way, Suite 200 Raleigh, NC 27615

Phone: (919) 793-1342 ext. 1004
Fax: (919) 793-1385
Email: dr.joe@ncchiroboard.com

Description of the Board and Its Accounting System

Entity

The North Carolina State Board of Chiropractic Examiners (Board) is an independent State agency. It is an occupational licensing board authorized by Chapters 90 of the North Carolina General Statutes. The Board is composed of eight members: six persons who are holders of valid licenses to practice chiropractic in NC, and two persons who are not chiropractors and represent the public at large.

The Board's primary responsibilities are to administer the examine and license Doctors of Chiropractic for initial licensure, to monitor and renew those licenses, to certify chiropractic assistants, and to adopt and enforce all statutes and rules of North Carolina General Statutes Chapter 90 and the North Carolina Administrative Code, Title 21, Chapter 10.

The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's *Comprehensive Annual Financial Report* (CAFR). The Board's financial statements are separate and apart from those of the State of North Carolina and do not present the financial position of the State.

Budgets and Report Preparation

The Board prepares an annual budget, with budgeted revenues and expenses of \$750,000 estimated for the year ended June 30, 2021. The Board prepares monthly budget-to-actual statements to monitor its budgeted activities which are provided to its members. Schedules of Budget and Actual are included in the Board's annual audit report as supplementary information.

A copy of the Board's most recent audit report can be found here: <https://ncchiroboard.com/annual-financial-reports/>

Accounting Records

The Board uses QuickBooks as its accounting software.

Assistance Available to Auditor

The Board will make available to the auditor sufficient help to pull and re-file records, and assist with obtaining all necessary confirmations. The Executive Director will provide the auditor with an audit package to include the draft financial statements. The board bookkeeper will assist in assembling the information needed to complete the audit. The auditor may also obtain a copy of the Board QuickBooks electronic file if necessary.

The books of account will be fully balanced.

All bank account reconciliations for each month will be completed.

AUDIT COST PROPOSAL

Proposed Audit Fee:

Inclusive pricing including personnel costs, travel, and all other costs related to finalizing the audit

July 1, 2020 to June 30, 2021	\$ _____
July 1 , 2021 to June, 2022	\$ _____
July 1, 2022 to June 30, 2023	\$ _____