



MEMORANDUM

TO: Robert Williams, Mayor
Town Council Members

FROM: Stevie Cox, Town Administrator

VIA: Marge Wiecek, Finance Officer
Tracy Sullivan, Town Clerk

CC: Brian Pridgen, Town Attorney

DATE: July 30, 2021

REF: Award of the Town Auditor Contract

Summary:

This memo is a review of Request for Proposals for a new Town Auditor.

Background:

In May 2021, the Town Council instructed the Town Administrator to move forward with preparing and releasing a Request for Proposals (RFP) for a new Town Auditor. On June 10, 2021, the RFP was released and published for review and submittals. The deadline for questions on the RFP was June 18, 2021. The deadline for RFP submissions was June 25, 2021 at 1 PM. Six (6) firms submitted RFPs to become the Town's next Auditor.

The following firms submitted Requests for Proposals to become the Town's next Auditor:

- Thompson, Price, Scott, Adams – Whiteville, North Carolina
- Debora Wentz, CPA – Newton, North Carolina
- Joyce & Company – Cary, North Carolina
- Preston Douglas – Lumberton, North Carolina
- Gibson & Company, PA – Winston-Salem, NC
- Nunn, Brashear & Uzzell, PA – Goldsboro, North Carolina

The table listed below is the timeline for the release of the RFP and the submission deadline.

Time Schedule for Awarding the Contract

RFP Release Date	<i>June 10, 2021</i>
Deadline for RFP Questions *	<i>June 18, 2021 by 5:00 pm</i>
Questions to be Answered No Later Than	<i>June 22, 2021 by 5pm</i>
Deadline for Receipt of Proposals **	<i>June 25, 2021 by 1:00 pm</i> Town of Sharpsburg, Attn: Stevie Cox, Town Administrator Address of unit P.O. Box 1759 110 Railroad Street, Sharpsburg, NC 27878 townadministrator@Sharpsburgnc.com
Notice of Recommended Firm	
Council Approval ***	<i>August 3, 2021</i>

Staff has conducted a review of the submittals and has prepared an overview of each firm's ability to deliver what was requested in the Request for Proposals. (See attached.) This is a brief overview of each firm.

Thompson, Price, Scott, Adams is an accounting firm based in Whiteville, North Carolina. They have extensive work experience with local government audits. They are able to provide a single audit, yellow book, financial statements and bookkeeping services.

Debora Wentz, CPA is an accounting firm based in Newton, North Carolina. This firm has experience with local government audits. They are able to provide a single audit, financial statements, MD&A and bookkeeping services.

Joyce & Company is an accounting firm based in Cary, North Carolina. This firm has local government auditing experience. Furthermore, they are able to provide a single audit and bookkeeping services.

Preston Douglas is an accounting firm based in Lumberton, North Carolina. They extensive work experience with local government audits. They are able to provide a single audit, financial statements, MD&A and bookkeeping services.

Gibson & Company is an accounting firm based in Winston-Salem, North Carolina. They have work experience with local government audits. They are able to provide a single audit, financial statements, AFIR and bookkeeping services.

Nunn, Brashear & Uzzell, PA firm is an accounting firm based in Goldsboro, North Carolina. They have limited government experience. They are able to provide a single audit, financial statements, MD&A and bookkeeping services.

The table below provide an overview of each firm’s fee for conducting the auditor for the next three years.

Accounting Firm Name	FY 2020 - 2021	FY 2021 – 2022	FY 2022 -2023
Thompson, Price, Scott, Adams	\$18,500	\$18,500	\$18,500
Debora Wentz, CPA	\$15,700	\$16,100	\$16,600
Joyce & Company	\$18,750	\$19,250	\$19,750
Preston Douglas	\$25,000	\$25,475	\$25,950
Gibson & Company	\$22,500	\$23,175	\$23,870
Nunn, Brashear & Uzzell, PA	\$15,500	\$16,250	\$16,250

Based on our review, Staff would recommend that Nunn, Brashear & Uzzell be eliminated for consideration based on their limited local government auditing experience. The Town Administrator has worked with Thompson, Price, Scott Adams and Preston Douglas as Town Auditors for the Town of Chadbourn and Columbus County. Therefore, the Town Administrator can speak directly to their quality of work.

Recommendation:

The Town Administrator recommends that the Town Council move forward with awarding the contract for the Town Auditor to the most qualified firm.

Attachment:

Request for Proposal for Town Auditor
 Auditor Request for Proposal Submittal Review Sheet
 Auditor Request for Proposal Submittals



Town of Sharpsburg's Request for Proposal (RFP) To Provide Audit Services

Responses Due: June 25, 2021

Town's Contact information:

Name: Stevie Cox

Title: Town Administrator, Town of Sharpsburg

Address: P. O. Box 1759, 110 Railroad Street, Sharpsburg, NC 27878

Phone: (252) 446-9441

Fax: (252) 977-7488

Email: townadministrator@Sharpsburgnc.com

Request for Proposal

The Town Council of Town of Sharpsburg, North Carolina (hereinafter called the “Town”) 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 Town of Sharpsburg 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 Town of Sharpsburg. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Nash County, North Carolina.

Type of Audit

1. The audit shall be performed in accordance with the laws and regulations of the State of North Carolina, which include requirements for the minimum scope of the Town’s audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; Government Auditing Standards, July 2018 revisions; the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Implementation Act; and all other applicable laws and regulations.
2. The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of proposal submission. This includes, but is not limited to Governmental Accounting Standards Board statements and Government Auditing Standards. Although some pronouncements will not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during that contract period. The audit firm will be expected to advise appropriate Town staff on the applicability of accounting and reporting standards as they become effective.
3. The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, each major fund and the remaining fund information, which collectively constitutes the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, 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 auditor shall express an opinion on the budgetary comparison information for the General Fund, the major funds and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

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

2. The audit will also include the following:
 - a. Pre-planning conference with Finance staff in April/May timeframe where both the auditor and Finance staff discuss their expectations of the audit.
 - b. Interim audit work prior to June 30th and/or prior to final close.

- c. Attendance at Town Council meeting in late October for presentation of the financial statements by Manager or Partner of the Audit Staff with comments and potential questions from Council as requested.
3. The audit should encompass all funds and entity-wide activities as reported in the Town's Audit report at June 30, 2021 and any additional funds or entity-wide activities that may be added subsequent to that date.
4. If required, the audit firm will issue a management letter to the Town Council after completion of the audit and assist management in implementing recommendations, as is practical. Town staff also request that an informal letter be addressed to the Finance Director with any efficiency, internal control or accounting improvements that could be made based on the audit staff's observation during their fieldwork. All content must be discussed with the Finance Director prior to issuance. The audit firm is encouraged to discuss the content while the management letter is in draft form to ensure that all parties fully understand the circumstances that lead to auditor comments.
5. The Town staff may require the auditor's guidance or input on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process as well as inclusion in the Town's financial statements. Guidance may be required for new note disclosures, all outstanding and effective authoritative standards and other reporting requirements at June 30 year-end. Cost for providing these services should be included in the auditor's base fee quote and will not be considered extra for additional billings. In cases, where services requested would require a more in-depth scope and require work significantly above the original fee quote, such additional fees must be negotiated prior to commencement of work.

Auditor Requirements

The audit firm is considered an independent contractor, shall be wholly responsible for the services and the supervision of its own employees, and permitted sub-contractors.

A planning meeting will be held each year to determine schedules that the Town will be responsible for preparing. Estimated timeframes will be established and interim audit work will be planned. Adequate notification will be given prior to any changes in estimated times.

If the Town of Sharpsburg audit engagement is subject to the standards for audit as defined in Government Auditing Standards, 2018 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. **The Auditor must provide a copy of their most recent peer review report with their proposal.**

The Town staff will prepare all standard year-end accruals and other adjusting journal entries. The Auditor will prepare the government wide year-end adjusting journal entries as well as any necessary entries to allocate the state pension balances. The Town does have Other Post- Employment Benefits; therefore, OPEB entries will be necessary. The Town shall designate an individual, such as the Finance Director, with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. The Town management will ultimately be responsible for the preparation and fair presentation of the financial statements, which includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements.

The Town will need the assistance of the Auditor for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information and compliance reports. The Town of Sharpsburg's Finance Director with Auditor assistance will prepare the MD&A. A preliminary draft of the audit and required adjusting journal entries must be submitted to the Finance Director by October 1 for proofing and reconciliation

to the Town's records to allow ample time for review and corrections before it is sent to the Local Government Commission. The Town of Sharpsburg's Finance Director will return the draft to the Financial Statement Preparer with proposed revisions within ten (10) working days. The financial statement preparer will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and all applicable compliance reports.

Meeting LGC deadlines is a high priority for the Town. Therefore, the Town of Sharpsburg prefers interim fieldwork be completed in early June. Year-end fieldwork should begin by or before mid-August and be completed by late September. While many documents can be shared electronically, the Town expects that the audit firm staff will be onsite for fieldwork, including manager and partner level staff for at least a portion of the onsite work. **An agreed upon post-closing trial balance must exist by September 30.** The Finance 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 prior to the completion of fieldwork.

The timing of the draft and review should insure final completion of the Financial Statements by the annual October 31 deadline or no later than the annual grace period of December 1. For every week the audit is late due to no fault of the Town of Sharpsburg, there will be a reduction in the audit fee of \$100.00.

Ten copies of each Audit report, management letter, and other applicable reports must be supplied to the Finance Director within the timeframe cited above. In addition, the auditor is responsible for complying with the requirements of the LGC for submitting the audit, data input sheet, and all associated documents and forms as required for the year under audit when (or prior to) submitting the final invoice for audit services rendered to the Commission.

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.

Either the manager or partner of the audit staff is required to present and attend the Town Council's meeting in which the Audit report is presented. Required communications to the Council can be delivered at this point, as well as general comments regarding the audit process and the results of the audit. Finance staff will coordinate this presentation and determine the date and time of the meeting, typically held in late October following the audit completion.

Audit Contract: Period & Payment of Audit Fees

The Town intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after the completion of the first year contract. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The Town of Sharpsburg reserves the right to request proposals at any time following the first year of this contract. It is requested that proposals be prepared 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

The required current revision of the form "Contract to Audit Accounts" (form LGC-205) is required to be executed as the contract document; however, the auditor and the Town may also execute an engagement letter and/or a Town contract to include additional terms not addressed in the LGC-205. The staff of the Local

Government Commission must approve the entire audit contract package. Invoices are subject to approval by the LGC prior to payment by the Town. Interim or progress billings for services rendered marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the final audited financial statements to the staff of the Local Government Commission. The final 25% of the Audit fees (final invoice) will be paid when the financial statements, single audit (if applicable), management letter and amended contract (if applicable) have been reviewed or approved by the LGC.

The LGC only approves invoices for audit related work. Requests for payment related to any additional agreed upon procedures or AFIR work do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed and deemed satisfactory by Town staff.

Description of Selection Process

The Town requests that no Town officials be contacted during this proposal process. Submit questions regarding the RFP in writing via email to the Finance Officer mwiecek@sharpsburgnc.com. Any additional information disclosed to participating audit firms prior to bid submission will be shared with all interested parties

Proposals will be submitted in two sections and must be physically signed by an authorized representative of the Audit firm. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The second section will consist of completed cost estimate sheets. The Finance Office staff and Management will evaluate the auditor/firm on educational and technical qualifications. The firm best meeting the Town's 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. Unusually low bids that are obviously out of line with other bidders or are significantly lower than out current fees will raise concern. The lowest bid will not automatically be awarded preferential consideration.

The Town 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 Town.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. Firms must be registered with the North Carolina State Board of CPA Examiners.

Section 1 - Profile of the Firm

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 Audit firm's North Carolina office location(s) that will handle the audit.
2. Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit.
3. Provide a list of the audit firms' local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.
4. 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.

5. Describe your audit organization's participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
6. 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. Relevant experience and education with the new GASBS reporting requirements should be clearly communicated.
7. 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.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., Water/Sewer, Electric service function).
9. 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.
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
13. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University Of North Carolina School of Government in Chapel Hill.

Section 2 – Audit Approach

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate, sealed envelope marked – “Cost Estimate.” The Town will evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of automated processes and internal control testing methods.
4. Use of computer audit specialists.
5. Organization of the audit team and the approximate percentage of time spent on the audit by each member.

6. Information that will be contained in the management letter.
7. Assistance expected from the government's staff, if other than outlined in the RFP.
8. Tentative schedule for completing the audit within the specified deadlines of the RFP.
9. Specify costs using the format below for the audit year July 1, 2020 to June 30, 2021. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2021 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. Audit firm 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: please 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.
 - 1) If applicable, note your method of determining increases in audit costs on a year to year basis
10. Please list any other information the firm may wish to provide.
11. Please include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

RFP Release Date	<i>June 10, 2021</i>
Deadline for RFP Questions *	<i>June 18, 2021 by 5:00 pm</i>
Questions to be Answered No Later Than	<i>June 22, 2021 by 5pm</i>
Deadline for Receipt of Proposals **	<i>June 25, 2021 by 1:00 pm</i> Town of Sharpsburg, Attn: Stevie Cox, Town Administrator Address of unit P.O. Box 1759 110 Railroad Street, Sharpsburg, NC 27878 townadministrator@Sharpsburgnc.com
Notice of Recommended Firm	<i>June 9, 2021 ??</i>
Council Approval ***	<i>August 3, 2021</i>

- Any questions should be directed to Margaret Wiecek, Finance Director, at (252) 446-9441 or mwiecek@Sharpsburgnc.com. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal.
- Proposals can either be submitted electronically (email) to townadministrator@Sharpsburgnc.com or on paper by June 22, 2021. Envelopes containing proposals on paper should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES".
 - Please note your email should include two separate pdf attachments for sections 1 and 2
 - Envelopes should include Three copies of the proposal (clearly separating section 1 and 2) should be delivered to: Town of Sharpsburg, Attn: Stevie Cox, Town Administrator P.O. Box 1759, 110 Railroad Street, Sharpsburg, NC 27878
 - Each submittal should include three (3) paper copies and one (1) electronic copy.
- The Finance Staff and Management will review the proposals and make a recommendation to the Board of Commissioners on August 3, 2021 at which time the contract will be awarded.

Description of the Governmental Entity and Its Accounting System

Reference should be made to the most recent Audit report for a general overview of the Town. A PDF copy of the most recent Audit report will be included in the email with the RFP.

Grants, Entitlements, and Shared Revenues

A copy of the Schedule of Federal and State Expenditures and a Summary of Auditor's Results showing the major programs for the year ended June 30, 2020 can be found in the AUDIT REPORT, which is included with the RFP.

Budgets

The Town's annual budget is adopted for the General fund, and the Enterprise (Electric and Water) Fund. Multi Year project ordinances are prepared for Capital Project funds.

All budgets are prepared using the modified accrual basis of accounting. All appropriations are made at the departmental level. The Town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide comparison with actual expenditures.

Accounting Records

The Town maintains all its accounting records at the Finance Office located at 110 W. Railroad Street, Sharpsburg, NC 27878. All accounting journals and subsidiary ledgers are maintained on Edmunds – MCSJ Local Government software.

Assistance Available to Auditor

The Town has designated the Finance Director and Town Clerk/Deputy Finance Director as persons with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. The Town will make available to the auditor sufficient help to pull and re-file records, and prepare necessary confirmations. An electronic version of the trial balance with budgeted amounts will be made available in late August or early September. The following accounting procedures will be completed, and documents prepared by the Town's staff no later than September 30.

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 Town's personnel will prepare the following items:

General

1. Working Balance Sheet for each fund.
2. Working Statement of Revenues, Expenditures, and Transfers for each fund.
3. General Ledger transaction detail report for each account.
4. A copy of the original budget, all amendments, and the final budget as of June 30, 2021.
5. A copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of board policies, including travel policies, investment policies, debt policies, fund balance policies and purchasing policies including how the pre-audit process is performed.
7. Copies of all signed Board meeting minutes.

8. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, letters regarding the audited financial statements and compliance reports for the previous year.
9. Required supplementary information, e.g. actuarial information for the Law Enforcement Directors' Separation Allowance.

Cash and Investments

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end.

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

1. Schedule of insurance coverage.

Capital Assets

1. Listing of all capital assets
2. Printout of all capital asset acquisitions made during the audit year.
3. Printout of all capital asset dispositions made during the audit year.
4. Printout of depreciation expense posted for the audit year.

Current Liabilities

1. Schedule of accounts payable including batch printouts.

Long-Term Debt

1. Computation of vested vacation payable as of the audit date.
2. Debt Schedule for each debt issue and related payments.

Grants

The following will be compiled for each grant:

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

Size and Complexity of Town

Personnel/Payroll

Number of employees

****22 FT; ** 3 PT, 6 Council**

Frequency of payroll

Bi-weekly

Number of payroll direct deposit advises monthly

56-60 monthly

Property Tax collected by the Counties

Total dollar amount of most recent year's collections

\$ 364,355

Total dollar amount of levy

\$ 379,134

Purchasing

Number of purchase orders issued (FY 2021)

****1274 so far**

Bank Accounts

Number of bank accounts

8

Number of investment accounts

(NC Cash Management Trust Government Portfolio)

* 7

Number of deposits: Central Depository

1496

Number of checks: Central Depository

1037

The following financial applications are on the computer system:

General Ledger
Accounts Payable

Payroll
Accounts Receivable
Cash Receipts

Purchase Order

SUMMARY OF AUDIT COSTS SHEET

- 1. Base Audit
Includes Personnel costs, travel, and on-site work \$ _____

- 2. Extra Audit Services
\$ _____ Per hour \$ _____

- 3. Other (explain)
_____ \$ _____

- 4. Other (explain)
_____ \$ _____

- TOTAL** \$ _____

FIRM:	Primary Contact:
Address:	Telephone:
	Fax:
	E-mail:
	Date:

PROPOSAL CERTIFICATION

Proposers

Signature _____ **Date** _____

By Signing above I Certify that I have carefully read and fully understand the information contained in this RFP; and that I have the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted and have the authority to sign Proposal on behalf of my organization.

BY (Printed):

TITLE:

COMPANY:

ADDRESS:

TELEPHONE:

EMAIL:

Auditor RFP Submittals

Thompson, Price, Scott, Adams – Whiteville, NC

Cost: Year 1 \$18,500
Year 2 \$18,500
Year 3 \$18,500

Experience: Government, Single Audit, Yellow Book, Financial Statements and Bookkeeping services

Debora Wentz, CPA – Newton, NC

Cost: Year 1 \$15,700
Year 2 \$16,100
Year 3 \$16,600

Experience: Government, Single Audit, Financial Statements, MD&A and Bookkeeping services

Joyce & Company – Cary, NC

Cost: Year 1 \$18,750
Year 2 \$19,250
Year 3 \$19,750

Experience: Government, Single Audit and Book Keeping services

Preston Douglas – Lumberton, NC

Cost: Year 1 \$25,000
Year 2 \$25,475
Year 3 \$25,950

Experience: Government, Single Audit, Financial Statements, MD&A and Bookkeeping services

Gibson & Company, PA – Winston-Salem, NC

Cost: Year 1 \$22,500
Year 2 \$23,175
Year 3 \$23,870

Experience: Government, Single Audit, Financial Statements, AFIR and Bookkeeping services

Nunn, Brashear & Uzzell, PA – Goldsboro, NC

Cost: Year 1 \$15,500
Year 2 \$16,250
Year 3 \$16,250

Experience: (Limited) Government, Single Audit, Financial Statements, MD&A and Bookkeeping services



*Enjoy the
Simple Things.*

PROPOSAL FOR PROVIDING AUDITING SERVICES

**Town of
Sharpsburg**

Section I ; Profile of the Firm

Due: June 25, 2021 1:00 PM

**PRESENTED BY
THOMPSON, PRICE, SCOTT, ADAMS & CO., P.A.**

PROPOSAL CERTIFICATION

Proposers

Signature



Date 6/23/2021

By Signing above I Certify that I have carefully read and fully understand the information contained in this RFP; and that I have the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted and have the authority to sign Proposal on behalf of my organization.

BY (Printed):

Alan Thompson

TITLE:

Managing Partner

COMPANY:

Thompson, Price, Scott, Adams & Co., P.A.

ADDRESS:

PO Box 398, Whiteville, NC 28472

TELEPHONE:

910-642-2109

EMAIL:

alanthompson@tpsacpas.com

**TOWN OF SHARPSBURG
North Carolina**

**Proposal to Provide Audit Services
For the Years Ending June 30, 2021 Through 2023**

**Section I:
Profile of the Firm**

SUBMITTED BY:

Thompson, Price, Scott, Adams & Co., P.A.

**PO Box 398
1626 S. Madison St.
Whiteville, NC 28472
910-642-2109**

CONTACT PERSON:

(The individual authorized to conduct negotiations and discuss the proposal)

Alan W. Thompson, Partner

DUE DATE: June 25, 2021 1:00 PM



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Thompson, Price, Scott, Adams & Co. P.A.

P.O. Box 398
1626 S Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958

Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA

June 23, 2021

Town of Sharpsburg
Attn.: Stevie Cox, Town Administrator
110 Railroad St.
Sharpsburg, NC 27878

Re: Request for Proposal for Audit Services for Town of Sharpsburg

Dear Mr. Cox:

Thompson, Price, Scott, Adams & Co, P.A., hereinafter called the “Auditor” is pleased to submit this proposal to provide financial and compliance auditing services for the Town of Sharpsburg, hereinafter called the “Town”. It is our understanding that the Town is requesting proposals from qualified firms of certified public accountants to establish a contract for the financial and compliance audit of the Town, beginning with the fiscal year ended June 30, 2021 and ending with the fiscal year ended June 30, 2023, based on annual negotiation after the first year is complete. We have read the RFP and fully understand its intent and contents. We understand the time frame for performance of the annual financial audit as stipulated by the Town, and fully intend to satisfy all objectives. As professionals serving the public sector, our objective is to ensure that accurate information is reported to the Town. Given the complexities of financial operations and the ongoing significant changes in accounting standards, we feel that it is extremely important that you select an auditor that is focused and extremely experienced in the governmental industry to serve you, and we believe we are qualified to do so with superior resources and service at a competitive and fair price.

Our responsibility will be to conduct a financial and compliance examination of the Town’s basic financial statements, supplementary information and compliance reports in accordance with laws and/or regulations of the State of North Carolina, which includes requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; Government Auditing Standards, July 2018 revisions; the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Implementation Act; and all other applicable laws and regulations.

While there are many reasons for the Town to choose Thompson, Price, Scott, Adams & Co., P. A. as auditor for this examination, we feel some of the most compelling reasons for us to serve the Town are:

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms



*Town of Sharpsburg
Proposal to Provide Auditing Services*

Experience. Our professionals are thoroughly versed in the complex governmental arena, and have consistently provided the highest quality of service to our government clients. Our knowledge of the operations and financial activities of towns will be used on a proactive basis to work with the Town in identifying potential issues and concerns before they become serious problems. This will be very important to the Town as future GASB statements are required to be implemented. We are committed to providing on-site service and will be a valuable technical resource to the Town on a regular basis.

Dedicated Team. The Auditor has a dedicated group of audit professionals focused on providing the highest quality professional services possible. The goal of our staff is to help the Town improve their financial processes and strategies so that they can continue to achieve their goal of being highly successful.

Responsiveness. We pride ourselves in responding to our clients' needs and meeting their deadlines. The open communications and good working relationship we have with our clients enhances our ability to be responsive. We have the flexibility to meet your needs and to perform our services in an efficient and effective manner.

Alan W. Thompson, partner, is authorized to bind, and make representation for the Auditor. Mr. Thompson will be the ultimate party responsible for the quality of the report and working papers. He can be contacted at 910-642-2109, alanthompson@tpsacpas.com, or PO Box 398, Whiteville, NC 28472, if you have any questions regarding our proposal or any related matters.

We are very grateful for the opportunity to submit our proposal and we would be honored to serve the Town of Sharpsburg.

Respectfully,

Alan Thompson, Partner

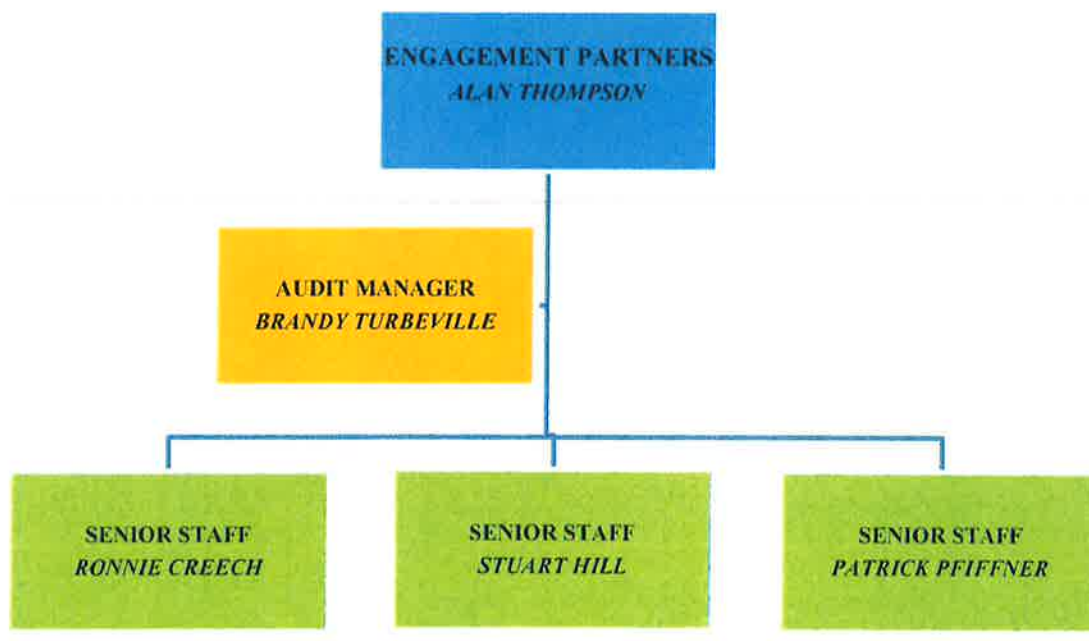


1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit.

This audit would be conducted from the Whiteville office. The partner in the Wilmington office and, his staff will be available if necessary.

2. Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit.

AUDIT TEAM



Alan Thompson., CPA,	Engagement Partner
Greg Adams, CPA	Partner – (available if needed)
Brandy Turbeville, CPA	Audit Manager- oversees both financial and compliance audits
Ronnie Creech	Senior Staff- assists in financial audit testing
Stuart Hill	Senior Staff –assists in financial audit testing
Patrick Pfiffner, CPA	Senior Staff– compliance auditor



3. Provide a list of the audit firm's local office's current and prior government audit clients, indicating the type(s) of services performed, and the number of years served for each.

Current and Prior Audit Clients

ENTITY	TYPE OF ENGAGEMENT	YEAR(S) OF ENGAGEMENT
Columbus County Schools	Single Audit	Prior to 2003, Since June 30, 2007
Chesterfield County Schools	Single Audit	June 30, 2009 thru June 30, 2012
Edgecombe County Schools	Single Audit	Since June 30, 2012
Hertford County Schools	Single Audit	Since June 30, 2009
Pender County Schools	Single Audit	Since June 30, 2009
Thomas Academy	Yellow Book Audit	Since June 30, 2014
Whiteville City Schools	Single Audit	Prior to 2003, Since June 30, 2006
Caswell County	Single Audit	Since June 30, 2017
Columbus County	Single Audit	Since June 30, 1995
Hertford County	Single Audit	Since June 30, 2017
Hyde County	Single Audit	Since June 30, 2015
Johnston County	Single Audit	Since June 30, 2003
Lee County	Single Audit	Since June 30, 2015
Nash County	Single Audit	Since June 30, 2017
Richmond County	Single Audit	Since June 30, 1999
Stanly County	Single Audit	Since June 30, 2017
Vance County	Single Audit	Since June 30, 2017
Town of Caswell Beach	Yellow Book Audit	June 30, 1999 thru June 30, 2006, and since June 30, 2010
Town of Cerro Gordo	Yellow Book Audit	Since June 30, 2001
Town of East Arcadia	Yellow Book Audit	Since June 30, 1997
Town of Hope Mills	Yellow Book Audit	Since June 30, 2013
Town of Lake Waccamaw	Yellow Book Audit	Since June 30, 2003
Town of Leland	Yellow Book Audit	Since June 30, 2015
Town of Red Springs	Yellow Book Audit	Since June 30, 1999
Town of Smithfield	Yellow Book Audit	Since June 30, 2017
City of Whiteville	Yellow Book Audit	Since June 30, 2010



Current and Prior Audit Clients cont.

ENTITY	TYPE OF ENGAGEMENT	YEAR(S) OF ENGAGEMENT
Southeast Brunswick Sanitary District	Yellow Book Audit	Since June 30, 1999
Albemarle Commission	Single Audit	Since June 30, 2009
High Country COG	Single Audit	Since June 30, 2015
Mid-Carolina COG	Single Audit	Since June 30, 2003
Upper Coastal Plain COG	Single Audit	Since June 30, 2015

Our audit team consists of personnel with a wide variety of experience. The staff members have several years of governmental accounting experience, ranging from serving as auditors for 10 - 30 years, to managing the day to day operations of a finance department. We feel that this variety of experience makes our team very effective in covering all areas of the audit.

The Auditor monitors compliance with CPE requirements for Yellow Book as part of our annual inspection and peer review process. We have a quality control partner and senior staff person who oversee this in addition to being monitored by the managing partner.

The Auditor has had significant experience with GASB 68, GASB 73, GASB 75 and GASB 88.

Our entire staff receives forty hours a year of continuing education in governmental auditing. This extensive training allows our staff to be highly educated with regards to all new pronouncements



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

Additional Services Provided

Brunswick ABC Board	Bookkeeping & Payroll	10+ years
West Columbus ABC Board	Bookkeeping & Payroll	5 years
Town of Fair Bluff	Bookkeeping & Payroll	7 years
Town of Brunswick	Bookkeeping	10+ years
Town of Tabor City	Bookkeeping	10+ years
Town of Boardman	Bookkeeping	10+ years
Town of Sandyfield	Bookkeeping	10+ years
Town of Bolton	Bookkeeping	5 years



5. Describe your audit organization's participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.

Quality Control Program

Quality Control comprises the methods used to make sure that the firm meets its professional responsibilities to clients. Thompson, Price, Scott, Adams & Co., P.A. has created these methods to be completed during and at the end of each engagement. The most significant step is our review process, which consists of:

- Engagement Review
- Partner Review
- Independent Staff Review
- Peer Review (Every Three Years)

Engagement Review

This review is conducted by the in-charge accountant. Its objective is to assure that all audit programs are supported by evidential matter and that proper audit documentation is in place.

Partner Review

The primary purpose of this review is to determine that the financial statements are fairly presented and all compliance issues have been addressed based on the type of engagement.

Independent Staff Review

Before issuance of the audit report, an independent firm member reviews the work papers and financial statements to determine if any material errors have been made.

Monitoring

For the two years between peer review years, we perform in-house monitoring, which is structured similar to peer review. Our offices select engagements to review, and we use the AICPA Peer Review checklist to assist in reviewing the engagements. Any findings or recommendations are discussed with personnel.

Peer Review

Every three years we are required to allow an outside Certified Public Accountant or Firm to review our quality control procedures and to actually review selected work papers and issued financial statements. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Thompson, Price, Scott, Adams & Co, P.A.'s most recent peer review report was for the year ending December 2019. The firm received a Pass. (Copy of report follows).



Report on the Firm's System of Quality Control

June 19, 2020

To the Partners of Thompson, Price, Scott, Adams & Co, P.A.
and the Peer Review Committee of the North Carolina
Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Thompson, Price, Scott, Adams & Co, P.A. (the firm) in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

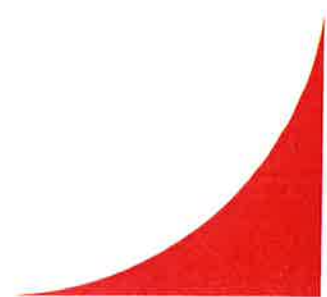
As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Thompson, Price, Scott, Adams & Co, P.A. in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Thompson, Price, Scott, Adams & Co, P.A. has received a peer review rating of *pass*.

Bernard Robinson & Company, L.L.P.

BERNARD ROBINSON & COMPANY, L.L.P.





6. Describe the professional experience in government 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. Relevant experience and education with the new GASBS reporting requirements should be clearly communicated.

Normally the engagement partner and/or audit manager will be on site 75% of the time required to complete fieldwork. The remainder of listed staff will be there 100% of the time required to complete fieldwork. We hope to receive as much information as possible electronically. However, we understand that some time will have to be spent onsite during fieldwork.

ALAN W. THOMPSON, CPA – ENGAGEMENT PARTNER – AUDITS PERFORMED

<u>Government Audits</u>	<u>Years</u>	<u>Position</u>
Johnston County	17 Years	Engagement Partner
Pender County	22 Years	Engagement Partner
Columbus County	22 Years	Engagement Partner
Richmond County	21 Years	Engagement Partner
Town of Lake Waccamaw	17 Years	Engagement Partner
Whiteville City Schools	20 Years	Engagement Partner
Columbus County BOE	23 Years	Engagement Partner
Pender County BOE	11 Years	Engagement Partner
Hertford County BOE	11 Years	Engagement Partner
Chesterfield County School District	4 Years	Engagement Partner
Mid-Carolina Council of Government	14 Years	Engagement Partner
Albemarle Commission	11 Years	Engagement Partner
Southeast Brunswick Sanitary District	21 Years	Engagement Partner
Edgecombe County Schools	9 Years	Engagement Partner
Camden County Schools	3 Years	Engagement Partner
Waccamaw Regional COG	3 Years	
Lee County	5 Years	Engagement Partner
Upper Coastal Plain COG	5 Years	Engagement Partner



GREG S. ADAMS, CPA –PARTNER – (AVAILABLE IF NEEDED) AUDITS PERFORMED

<u>Government Audits</u>	<u>Years</u>	<u>Position</u>
Town of Burgaw	10 Years	Engagement Partner
Town of Ocean Isle Beach	19 Years	Engagement Partner
Columbus County	12 Years	Engagement Partner
Pender County	9 Years	Engagement Partner
Town of Chadbourn	13 Years	Engagement Partner
Bladen County	12 Years	Engagement Partner
Pasquotank County	7 Years	Engagement Partner
Camden County	10 Years	Engagement Partner



BRANDY TURBEVILLE, CPA – AUDIT MANAGER – AUDITS PERFORMED

<u>Government Audits</u>	<u>Years</u>	<u>Position</u>
Anson County	4 Years	Audit Manager/Lead Auditor
Beaufort county	1 Year	Audit Manager/Lead Auditor
Caswell County	3 Years	Audit Manager/Lead Auditor
Cleveland County	2 Years	Audit Manager/Lead Auditor
Columbus County	15 Years	Audit Manager/Lead Auditor
Hertford County	3 Years	Audit Manager/Lead Auditor
Hyde County	5 Years	Audit Manager/Lead Auditor
Johnston County	15 Years	Audit Manager/Lead Auditor
Lee County	5 Years	Audit Manager/Lead Auditor
Nash County	3 Years	Audit Manager/Lead Auditor
Northampton County	4 Years	Audit Manager/Lead Auditor
Richmond County	15 Years	Audit Manager/Lead Auditor
Stanly County	3 Years	Audit Manager/Lead Auditor
Vance County	3 Years	Audit Manager/Lead Auditor
Washington County	1 Year	Audit Manager/Lead Auditor
Yadkin County	2 Years	Audit Manager/Lead Auditor
Edgecombe County Schools	8 Years	Audit Manager/Lead Auditor
Hertford County Schools	10 Years	Audit Manager/Lead Auditor
Pender County Schools	10 Years	Audit Manager/Lead Auditor
Thomas Academy	6 Years	Audit Manager/Lead Auditor
Whiteville City Schools	15 Years	Audit Manager/Lead Auditor
Town of Caswell Beach	10 Years	Audit Manager/Lead Auditor
Town of Hope Mills	7 Years	Audit Manager/Lead Auditor
Town of Leland	5 Years	Audit Manager/Lead Auditor
Town of Smithfield	3 Years	Audit Manager/Lead Auditor
City of Henderson	2 Years	Audit Manager/Lead Auditor
City of Whiteville	10 Years	Audit Manager/Lead Auditor
Albemarle Commission	10 Years	Audit Manager/Lead Auditor
High Country COG	5 Years	Audit Manager/Lead Auditor
Mid-Carolina COG	14 Years	Audit Manager/Lead Auditor
Upper Coastal Plain COG	5 Years	Audit Manager/Lead Auditor
Appalachian District Health Dept.	2 Years	Audit Manager/Lead Auditor
Albemarle Commission	7 Years	Audit Manager/Lead Auditor
Boys and Girls Homes of NC	15 Years	Audit Manager/Lead Auditor



STUART HILL, CPA – SENIOR STAFF – AUDITS PERFORMED

<u>Government Audits</u>	<u>Years</u>	<u>Position</u>
Anson County	2 Years	Financial Auditor
Caswell County	3 Years	Financial Auditor
Columbus County	6 Years	Financial Auditor
Hyde County	4 Years	Financial Auditor
Johnston County	6 Years	Financial Auditor
Lee County	4 Years	Financial Auditor
Nash County	2 Years	Financial Auditor
Pender County	3 Years	Financial Auditor
Richmond County	6 Years	Financial Auditor
Stanly County	2 Years	Financial Auditor
Vance County	3 Years	Financial Auditor
Yadkin County	1 Year	Financial Auditor
Town of Hope Mills	6 Years	Financial Auditor
Town of Leland	4 Years	Financial Auditor
Town of Red Springs	6 Years	Financial Auditor
Town of Smithfield	3 Years	Financial Auditor
City of Henderson	1 Year	Financial Auditor
Mid-Carolina COG	1 Year	Financial Auditor



RONNIE CREECH – SENIOR STAFF - AUDITS PERFORMED

<u>Government Audits</u>	<u>Years</u>	<u>Position</u>
Caswell County	3 Years	Financial Auditor
Columbus County	20 Years	Financial Auditor
Hyde County	4 Years	Financial Auditor
Johnston County	10 Years	Financial Auditor
Nash County	2 Years	Financial Auditor
Yancey County	1 Year	Financial Auditor
Richmond County	20 Years	Financial Auditor
Stanly County	2 Years	Financial Auditor
Vance County	2 Years	Financial Auditor
Yadkin County	1 Year	Financial Auditor
Town of Hope Mills	5 Years	Financial Auditor
Town of Leland	4 Years	Financial Auditor
Town of Red Springs	20 Years	Financial Auditor
Town of Smithfield	2 Years	Financial Auditor
City of Henderson	1 Year	Financial Auditor



PATRICK PFIFFNER, CPA – SENIOR STAFF – AUDITS PERFORMED

<u>Government Audits</u>	<u>Years</u>	<u>Position</u>
Anson County	1 Year	Compliance Auditor
Beaufort County	1 Year	Compliance Auditor
Caswell County	1 Year	Compliance Auditor
Cleveland County	1 Year	Compliance Auditor
Columbus County	1 Year	Compliance Auditor
Craven County	1 Year	Compliance Auditor
Edgecombe County	1 Year	Compliance Auditor
Granville County	1 Year	Compliance Auditor
Hertford County	1 Year	Compliance Auditor
Hyde County	1 Year	Compliance Auditor
Johnston County	1 Year	Compliance Auditor
Nash County	1 Year	Compliance Auditor
Northampton County	1 Year	Compliance Auditor
Richmond County	1 Year	Compliance Auditor
Stanly County	1 Year	Compliance Auditor
Vance County	1 Year	Compliance Auditor
Washington County	1 Year	Compliance Auditor
Yadkin County	1 Year	Compliance Auditor
Georgetown County - SC	1 Year	Compliance Auditor

. *** This will be second year with our company. Performed various audits with former employee.



RESOLUTION OF THE TOWN BOARD

*Town of Sharpsburg
Proposal to Provide Auditing Services*

7. 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.

Included in the answer under #9.

8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions. (e.g., Water/Sewer, Electric service function).

The Auditor provides auditing, accounting and management advisory services to all types of municipalities, including municipalities with the following features: solid waste operations, water and sewer operations, electric utility systems, internal service functions, and single audit programs. We feel confident that we can provide exceptional service to the Town as well.

9. 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.

Resume follow – pages 16-25.

ALAN W. THOMPSON

CPA, PFS

Managing Partner

EXECUTIVE SUMMARY:

- Certification Issued July 17, 1989
- Practice Since February 1985
- Member of AICPA, NCACPA's, SCACPA's and TSCPA's
- Graduate of UNC-Pembroke with a
- B.S. in Accounting
- Licensed to practice in NC, SC, GA and TN
- Certificate of Educational Achievement
- of Government and Non-Profit Accounting
- Conduct financial, compliance, governmental, non-profit and operational audits.
- Supervise staff auditors on audit engagements.
- Hire and supervise staff.
- Developed an internal audit training program to train staff.
- Prepare individual, partnership, and corporate tax returns.
- Work on compilations, reviews and audits of businesses, governments, and charitable organizations.

SUMMARY

Over thirty years of experience in public accounting. Experienced in hiring, training, and supervising staff, budgeting, scheduling, performing risk analyzes, directing multiple on-going complex audits and facilitating the inclusion of proper internal controls as part of the system's development process.

PROFESSIONAL EXPERIENCE

Partner

Thompson, Price, Scott, Adams & Co., P.A.
(June 1, 1993 to Present)

Staff Accountant

Moore & Price CPAs

(February 1985 to June 1993)

- Prepared individual, partnership and corporate tax returns.
- Worked on compliance, reviews, and audits of businesses, governments, and charitable organizations.
- Developed audit plans and schedules.
- Suprvised staff auditors on audit engagements.

ALAN W. THOMPSON

CPA, PFS

Managing Partner

CONTINUING EDUCATION IN GOVERNMENT/NON-PROFIT CPE AREA:

- NC County Single Audit Bootcamp 2019
- Professional Ethics and Conduct 2019
- Data Collection Form - Do your Submissions Pass the Test 2019
- Common Questions Posed on Pensions & OPEB 2019
- Major Program Determination 2019
- Sampling - How May Do I Test 2019
- GASB Leases Part1- Understanding Statement 87 2019
- GASB Leases Part 2 - How to Apply It 2019
- Evaluating & Reporting Findings in A Single Audit 2019
- CAFR Goofs 2019
- What is Happening with GASB Financial Reporting Model 2019
- GASB Implementation Guides-What Good Are They? 2019
- Auditing Developments 2019
- Review of Recent Tax Legislation & IRA Tax Relief Due to Covid 19 2020
- In House CPE 2020
- Not-For-Profit Accounting Conference 2020
- Governmental & Not-For-Profit Conference 2020
- LGC Conference 2020
- AICPA - Estate Planning, Taxes 2020
- AICPA - Grantor Trust, Cares Act 2020
- AICPA - NFP Update 2020
- AICPA - Life Insurance Panel 2020
- AICPA - Audit Strategies for Better Efficiency 2020
- AICPA - Remote Auditing - Best Practices 2020
- AICPA - How to Build & Grow a Profitable Nich 2020
- AICPA - Best Tax Ideas Panel 2020

ALAN W. THOMPSON

CPA, PFS

Managing Partner

- **Federal Tax Update 2020**
 - **Beyond the Code - The Science of Ethics 2020**
 - **Financial Reporting for NFP 2020**
 - **Business Valuation School 2020**
 - **The New Coronavirus Stimulus Package: Update & Analysis of Individual and Business Tax Changes 2020**
-

GREGORY S. ADAMS CPA

Partner

EXECUTIVE SUMMARY:

- Certification Issued September 16, 1996
- Practice Since July 1994
- Member of AICPA, NCACPA's
- Graduate of UNC-Wilmington with a B.S. in Accounting
- Conduct financial, compliance, governmental, non-profit and operational audits.
- Supervise staff auditors on audit engagements.
- Hire and supervise staff.

SUMMARY

Over twenty-five years of experience in public accounting. Experienced in hiring, training and supervising staff, budgeting, scheduling, performing risk analysis, directing multiple on-going complex audits and facilitating the inclusion of proper internal controls as part of the system's development process.

PROFESSIONAL EXPERIENCE

Partner
Thompson, Price, Scott, Adams & Co., P.A. ,
(January 1999 to Present)

- Developed an internal audit training program to train staff.
- Prepare individual, partnership, and corporate tax returns.
- Work on compilations, reviews and audits of businesses, governments, and charitable organizations.

Senior Accountant/Audit Manager
Thompson, Price, Scott, Adams & Co., P.A.
(June 2008-Present)

Staff Accountant
Thompson, Price, Scott, Adams & Co., P.A.
(April 2005-June 2008)

- Prepare individual, partnership, and corporate tax returns.
- Work on compilations, reviews and audits of businesses, governments, and charitable organizations.

GREGORY S. ADAMS CPA

Partner

CONTINUING EDUCATION IN GOVERNMENT/NON-PROFIT CPE AREA:

- **NC Single Audit Bootcamp 2019**
- **Ethical Considerations for the CPA 2019**
- **Complete Guide to the New Yellow Book 2019**
- **Essential Course for Performing Single Audits Under the Uniform Guidance 2019**
- **Fraud and Abuse In Not For Profit Entities and Governments 2019**
- **The Most Dangerous Elements of a GAAS Audit 2019**

BRANDY TURBEVILLE

CPA, CFE

Audit Manager

EXECUTIVE SUMMARY:

- Practice since April, 2005
- CPA Certification issued May 18, 2006
- CFE Certification issued August 18, 2014
- Member of NCACPA and AICPA, ACFE
- Graduate of UNC-Wilmington, with B.S. and M.S. in Accounting
- Licensed to Practice in NC and SC

SKILLS AND EXPERTISE:

Fifteen years experience - public accounting, one year experience as payroll clerk for County. Experienced in planning and performing audits for various governments, including school district, counties, towns, council of governments, as well as non-profits and for-profit entities. Experience in preparing tax returns for various entities, and preparing compilations and reviews.

PROFESSIONAL EXPERIENCE

- Audit Manager
- Develop audit plans and schedules
- Supervise staff auditors on audit engagements
- Write-up Audits

CONTINUING EDUCATION IN GOVERNMENT/NON-PROFIT CPE AREA:

- NC County Single Audit Bootcamp 2019
- LGC Conference 2019
- Understanding Complexities of Fraud to Mitigate Risk 2019
- Professional Ethic & Conduct 2019
- Compilation & Review Standards - SSARS 21-24 2019
- GASB Update 2019
- The New Yellow Book Audio 2019
- Recent GAAP Developments 2019
- Advanced Topics in Single Audit
- Internal & External Fraud; Understanding It & Working to Control It 2020
- Addressing Common Documentation Deficiencies 2020
- Audit Deficiencies 2020
- Government Audit Update: YB & Uniform Guidance 2020
- Combatting Internal Fraud 2020
- LGC Conference 2020
- How Fraud Can Affect Smaller Businesses 2020
- Independence Issues 2020
- Forensic Accounting - Uncovering Schemes & Scams 2020
- Consideration of Fraud 2020
- In House CPE 2020
- Review of Recent Tax Legislation & IRS Tax Relief Due to Covid 19 2020

STUART HILL CPA

Senior Auditor

EXECUTIVE SUMMARY:

- Graduate of UNC-Chapel Hill
- CPA Certification Issued 1983
- Practice Since May 1981

Chief Financial Officer (CFO)

Wayne Bailey, Inc.

(April 1990-May 2013)

Job Duties Consisted of the following:

SKILLS AND EXPERTISE:

Over thirty years of experience in public accounting

PROFESSIONAL EXPERIENCE

CPA, Senior Staff -

Thompson, Price, Scott, Adams & Co., P.A.
(June 2013-Present).

- Prepare individual, partnership, and corporate tax returns.
- Work on compilations, reviews, and audits of businesses, governments, and charitable organizations.
- Conduct financial, compliance, governmental, non-profit, and operational audits.

- Managed Accounting Department Including:
 - Accounting Personnel
 - Human Resources (all Personnel)
 - Payroll
 - Accounts Receivable
 - Accounts Payable
 - Inventory
 - Financial Reporting
 - Analysis and Planning
 - Tax Planning and Reporting
 - Accounting Methods and Systems
 - Internal Control
 - Compliance issues, such as Payroll, Retirement Plans, Dept. of Labor, IRS, NCDR, etc.
 - Shareholder and Management Consultant/Auditor

Senior Auditor

Staff Accountant

**Pittman, Casey, Price & Co., CPA's
(May 1981-March 1990)**

- Prepared individual, partnership and corporate tax returns,.
- Worked on compliance, reviews, and audits of businesses, governments, and charitable organizations.
- Conducted financial, compliance, governmental, non-profit, and operational audits.

CONTINUING EDUCATION IN GOVERNMENT/NON-PROFIT CPE AREA:

- NC County Single Audit Bootcamp 2019
- LGC Conference 2019
- The New Yellow Book 2019
- SAS 117 Compliance Audits 2019
- Behavioral Ethics:An Overview for All Accountants 2019
- SSARS 21 - Statement on Standards for Accounting 2019
- Threats to Independence 2019
- Recent GAAP Developments Part 1 2019
- Recent GAAP Developments Part 2 2019
- In House CPE 2020
- Advanced Topics in Single Audit 2020
- LGC Conference 2020
- Performing Single Audits Under the Uniform Guidance for Federal Awards 2020
- The Most Critical Challenges in Governmental Accounting Today 2020
- The Most Critical Challenges in Not-for-Profit Governmental Accounting Today 2020

RONNIE CREECH

Senior Auditor

EXECUTIVE SUMMARY:

- Graduate of UNC-Wilmington 1985
- Practice Since 1985
- Member of NCACPA

SKILLS AND EXPERTISE:

Over thirty-five years of experience in public accounting.

PROFESSIONAL EXPERIENCE

Senior Staff

Thompson, Price, Scott, Adams & Co., P.A.
(January 1999-Present).

- Prepare individual, partnership, and corporate tax returns.
- Work on compilations, reviews, and audits of businesses, governments, and charitable organizations.
- Conduct financial, compliance, governmental, non-profit, and operational audits.

Staff Accountant

S. Preston Douglas & Associates, LLC
(1985-1998)

- Prepared individual, partnership and corporate tax returns.
- Worked on compliance, reviews, and audits of businesses, governments, and charitable organizations.
- Conducted financial, compliance, governmental, non-profit and operational audits.

CONTINUING EDUCATION IN GOVERNMENT/NON-PROFIT CPE AREA:

- NC County Single Audit Bootcamp 2019
- LGC Conference 2019
- The New Yellow Book 2019
- SAS 117 Compliance Audits 2019
- Behavioral Ethics:An Overview for All Accountants 2019
- SSARS 21 - Statement on Standards for Accounting 2019
- Recent GAAP Developments Part 1 2019
- Recent GAAP Developments Part 2 2019
- In House CPE 2020
- Advanced Topics in Single Audit 2020
- LGC Conference 2020

PATRICK PFIFFNER

CPA

Senior Auditor

EXECUTIVE SUMMARY:

- Practicing in audit since 2009
- CPA Certification Received in 2017
- Licensed in NC, TN and LA
- Member of NCACPA
- Graduate of Southeastern Louisiana University (Hammond, LA) - B.S. in Accounting

SUMMARY

Eleven years of experience in public accounting. Experienced in planning and performing financial and compliance audits, including Yellow Book and Single Audits, for various governments, including state agencies and counties, as well as non-profits, including charter schools, and for-profit organizations. Experienced in preparing compilations and reviews, risk identification, data analysis, and reviewing informational reports and presentations for legislative committees.

PROFESSIONAL EXPERIENCE

Senior Auditor

Thompson, Price, Scott, Adams & Co., P.A. ,
(June 2020 - Present)

- Performed Various County audits in NC, including: Anson, Beaufort, Caswell, Cleveland, Columbus, Craven, Edgecombe, Granville, Hertford, Hyde, Johnston, Nash, Northampton, Richmond, Stanly, Vance, Washington, and Yadkin.
- Georgetown County - SC

Senior Auditor

Cherry Bekaert - Nashville, TN
(2018-2020)

- Audited: Knowledge Academies Charter School (2 years)
- Lead Academy Charter Schools (2 years)
- Memphis Scholars Charter Schools (2 years)
- Valor Collegiate Academy charter Schools (2 years)
- Operation Stand Down Tennessee (1 year)
- Various other non-profits and quasi-public entities that receive state and/or federal grants, including churches, volunteer organizations, and advocacy associations (1-2 years)

PATRICK PFIFFNER CPA

Senior Auditor

Senior Auditor

Legislative Auditor (Baton Rouge, LA (2009-2018))

- Louisiana's Department of Labor (2 years)
- Louisiana's Department of Transportation and Development (2 years)
- Louisiana's Department of Corrections (4 years)
- Louisiana's Department of Health and Hospitals (5 years)

- LGC - Ongoing Local Government Utility Compliance with EO 124 2020
- LGC - Professional Ethics & Conduct 2020
- NC Accountancy Law: Ethics, Principles & Professional Responsibilities 2020
- Communicating IC Control Deficiencies 2020
- Auditing Not-for-Profit Entities: Superior Skills for an Effective and Efficient Audit 2020
- Fraud in Not-for-Profit Entities:and Governments: Stealing from Everyone 2020

CONTINUING EDUCATION IN GOVERNMENT/NON-PROFIT CPE AREA:

- Concern Uncertainty 2019
- GAAP & Audit Issues 2019
- Annual GAAP Update 2019
- Single Audit Update 2019
- Single Audit Bootcamp 2019
- Best Practices in Data Analytics 2019
- Required Auditor Communications 2019
- Financial Statements Audits:
Audit Planning 2020
- ASC 606 Crash Course 2020
- Global Support Services 2020
- ASC 606 Implementations 2020
- LGC - Cyber Security: Threats, Challenges,
and Opportunities 2020
- LGC - LGC Update 2020
- LGC - GASB Update 2020
- LGC - The New Yellow Book Deep Dive
2020
- LGC - Single Audit Update 2020
- LGC - GASB 87 Leases 2020
- LGC - Unconscious Bias in Audit 2020



10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.

Johnston County
Chad McLamb
PO Box 1049
Smithfield, NC 27577
Chad.mclamb@johnstonnc.com
919-989-5109

Pender County Schools
Elizabeth Chestnutt
925 Penderlea Hwy
Burgaw, NC 28425
Elizabeth.chestnutt@pender.k.12.nc.us
910-259-2187

Town of Hope Mills
Drew Holland
5770 Rockfish Rd.
Hope Mills, NC 28348
rholland@townofhopemills.com
910-426-4102

Town of Leland
Carly Hagg
102 Town Hall Drive
Leland, NC 28451
chagg@townofleland.com
910-338-9735

Lee County
Lisa Minter
PO Box 1968.
Sanford, NC 27331-1968
lminter@leecountync.gov
919-718-4600



11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book) July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.

As stated in Thompson, Price, Scott, Adams & Co., P.A.'s Quality Control Documents:

It is the policy of our firm that all professional personnel be familiar with and adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, the State of North Carolina Board of Accountancy, and the North Carolina Association of Certified Public Accountants. In this regard, any transaction, event, or circumstance that would impair the firm's independence on compilation, review, audit, forecast, projection, or attestation engagements is prohibited. Although not necessarily inclusive of all transactions or events that may impair our firm's independence, the following are considered to be prohibited transactions:

- a. Investments by any professional employee in a client's business.
- b. Investments by any professional employee with a client, or with client personnel.
- c. Borrowing from or loans to a client, or client's personnel.
- d. Accepting cash or gifts from a client (with the exception of noncash token Christmas gifts of nominal value.)
- e. Certain family relationships between professional personnel and client personnel. (Consult the managing partner for a ruling on these.)

Notwithstanding the preceding policy and list of prohibited transactions, at the managing partner's discretion, certain prohibitions can be waived if it is deemed to be in the best interest of the firm. However, in so doing, the engagement service performed for the client must be limited to that allowed by AICPA professional literature for non-independent situations.

The procedures listed below should be followed to ensure compliance with this policy:

1. All professional personnel are required to sign a representation letter when hired (and to be reviewed annually thereafter) that acknowledges their familiarity with the firm's independence policies and procedures.
2. All professional personnel are required to notify the managing partner of any potential violation of a prohibited transaction or independence rule as soon as they become aware of such a situation. To acknowledge that responsibility, professional personnel are



- when hired (and annually thereafter) to sign a representation letter and to list situations they know of that could impair our firm's independence.
3. All professional personnel are required to review the firm's client list annually for possible independence violations. The list of clients is maintained in the computer and each employee has a copy. Additions to the list are communicated on a timely basis by a memorandum from the managing partner. When hired (and reviewed annually thereafter) all professional personnel are required to sign a representation that confirms this responsibility.
 4. If our firm is engaged as principal auditor and another firm is engaged to examine a subsidiary, branch, division, governmental component unit, or to perform procedures on an element or account grouping within a client's financial statement, the engagement team is required to obtain a written representation regarding the other firm's independence with respect to our client. Furthermore, in a compilation, review, forecast, projection, or attestation engagement, if another firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other firm's independence is required. The PPC manuals (located in the library) contain examples of representation letters used in such situations.
 5. The Partners have the primary responsibility for determining if there are significant unpaid fees on any clients that would impair the firm's independence. The firm's client accounts receivable listing and the Partner's knowledge of any unbilled fees should be considered in making this determination.
 6. To monitor compliance with our firm's policy and procedures on independence, representation letters are obtained when a professional employee is hired, and annually thereafter, and are routed to the managing partner for his review. During our firm's annual quality control (QC) inspection program, a sample of employee personnel files will be reviewed to determine that a current independence representation is on file. Also during this inspection, a sample of engagements will be reviewed to determine compliance at the engagement level with our firm's independence procedures.

Also included in our quality controls, is for all personnel to be familiar with and adhere to the independence rules, regulations, interpretations and rulings of the American Institute of Certified Public Accountants, the North Carolina Board of Certified Public Accountants, the North Carolina Association of Certified Public Accountants and Government Auditing Standards, issued by the Comptroller General of the United States. In this regard, any transaction, event or circumstance that would impair the firm's independence on this engagement is prohibited. Thompson, Price, Scott, Adams & Co., P.A. is free from any of the above transactions, events and circumstances, and therefore is independent of all matters relating to the Town.

See Appendix A for copy of Firm's Statement of Policy and Procedures.



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

Thompson, Price, Scott, Adams & Co., P.A. maintains a three million dollar professional liability insurance policy. Each year the policy is reviewed to assure adequate coverage.

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

The Firm or local offices have had no regulatory action taken against them by any oversight body.

14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University Of North Carolina School Of Government in Chapel Hill.

The Firm has a good relationship with the NC Local Government Commission. We have been doing local government audits in North Carolina for over thirty-five years. We have had a partner teach a class at one of the conferences at the UNC School of Government in Chapel Hill.

QUALITY CONTROL DOCUMENT
THOMPSON, PRICE, SCOTT, ADAMS & CO., P.A.

REVISED 1/1/2020

QUALITY CONTROL DOCUMENT

The firm's quality control policies and procedures for the six elements of quality control are presented on the following pages. All employees and members of the firm are provided copies and are responsible for understanding, implementing, and adhering to these policies and procedures.

Any questions, concerns, or recommendations about the firm's quality control system should be communicated to the quality control manager/managing partner.

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LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

The objective of the leadership responsibilities element of a system of quality control is to promote an internal culture based on the recognition that quality is essential in performing engagements.

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the policies and procedures described below.

It is the firm's policy to promote a culture of quality that is pervasive throughout the firm's operations through the development of its system of quality control. Firm management, under the direction of the managing partner, assumes responsibility for the firm's system of quality control and designs the system to (a) emphasize the importance of performing work that complies with professional standards and regulatory and legal requirements and (b) issue reports that are appropriate in the circumstances. In maintaining a culture of quality, the firm emphasizes the importance of ethics and integrity in every decision that personnel make, particularly at the engagement level.

The firm ensures compliance with this policy by implementing the following procedures:

1. The firm dedicates sufficient and suitable resources to its quality control system and quality initiative and assigns the operational responsibility for the firm's quality control system to individuals with the experience, ability, and authority to identify, develop, and implement the necessary quality control policies and procedures. The firm appropriately communicates clear, consistent, and frequent actions and messages that emphasize the firm's quality control policies and procedures. Such actions and messages include-
 - Providing a copy of the firm's system of quality control document to all new professional employees and reviewing the document and its importance with them.
 - Reviewing the firm's quality control policies and procedures, especially in areas where questions or problems have arose, with personnel during firm training sessions.
2. The engagement partner evaluates client relationships and engagements to ensure that commercial considerations are not placed ahead of the firm's commitment to quality control. Additionally, the firm's compensation and advancement policy and procedures (covered in the human resources quality control document) do not place commercial considerations ahead of the quality of work performed.
3. The managing partner and other partners in the firm demonstrate the importance of quality by their actions. Such actions include-
 - Making decisions with a focus on the public interest and emphasizing that personnel do the same.
 - Demonstrating the importance of creating and maintaining a good public reputation.
 - Ensuring partners and staff have sufficient time and resources to solve engagement challenges.
 - Following the spirit, as well as the letter, of professional, regulatory, and legal standards.
 - Displaying enthusiasm and sincerity in communicating its commitment to a quality initiative.
 - Demonstrating consistency.
4. The engagement partner assumes responsibility for the overall quality of each engagement to which he or she is assigned and sets an appropriate example throughout their workday. The code of conduct is regularly communicated and reiterated to all employees and is posted in various common areas throughout the office.
5. The firm has established its core values that reflect the firm's quality and guides personnel to make appropriate decisions throughout their workday. The core values are regularly communicated and reiterated to all employees and are available to staff via computer.
6. The firm establishes and maintains a positive work environment by combining the firm's quality objectives with the personnel's needs to be valued and appreciated.
7. The firm hires, compensates, and promotes individuals who possess and exhibit high levels of integrity, as covered in the Human Resources QC policies and procedures.
8. The firm requires all CPA's to obtain ethics training annually, as covered in the Relevant Ethical Requirements QC policy and procedures. The CPA's are expected to set the tone for all staff personnel assisting with the firm's engagements.

9. The firm rewards personnel who demonstrate a commitment to quality through its performance evaluation, compensation, and advancement system, as covered in the Human Resources QC policies and procedures.
10. The firm does not allow unethical behavior to occur unchallenged and addresses instances of noncompliance with the firm's quality control system through swift disciplinary action or, in extreme cases, termination of the offending employee.
11. Firm personnel are encouraged to provide feedback and recommendations on the firm's quality control policies and procedures by providing recommendations to their engagement partners.
12. At least annually, the firm's leadership responsibilities policy and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring QC policies and procedures.

RELEVANT ETHICAL REQUIREMENTS

The objective of the relevant ethical requirements element of a system of quality control is to provide the firm with reasonable assurance that the firm and its personnel comply with relevant ethical requirements (in fact and in appearance) when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the following policies and procedures.

It is the policy of our firm that all professional personnel be familiar with and adhere to relevant ethical requirements of the AICPA, contained in the *Code of Professional Conduct*, the AICPA's Center for Audit Quality (CAQ), the United States Government Accountability Office (GAO), applicable State Boards of Accountancy, State CPA Societies, state statutes and other regulatory agencies where applicable. Furthermore, it is the policy of our firm that for engagements that are subject to *Government Auditing Standards* and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards and that personnel will always act in the public interest.

Additionally, when the firm and its professional personnel encounter situations that raise potential independence threats, but such situations are not specifically addressed by the independence rules of the AICPA *Code of Conduct*, the situation will be evaluated by referring to the *Conceptual Framework for AICPA Independence Standards* and applying professional judgment to determine whether an independence breach has occurred. The firm will take appropriate action to eliminate those threats or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, the firm will withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach.

The firm ensures compliance with these policies by implementing the following procedures:

1. All professional personnel are required to complete an independence questionnaire when hired (and annually thereafter) that acknowledges their familiarity with the firm's relevant ethical requirements policies and procedures, particularly with regard to independence. The representation also lists known circumstances, relationships, and gifts, if any, that may create a potential threat to independence or violate the firm's relevant ethical requirements policy. Such signed representation letters are also required from part-time, seasonal, and contract professionals and any other individuals who work on accounting and auditing engagements and are required to be independent.

Copies of all completed independence confirmations are retained in our quality control books.

2. All professional personnel consider the firm's current clients in conjunction with completing the independence questionnaire for identification of threats to, or breaches of, independence. All attest clients that require us to be independent are included in each office's time and billing database. Any new attest clients are communicated via staff meetings.
3. Ethics training is provided for professional personnel as required by the relevant State Board of Accountancy.
4. To ensure that independence is properly addressed at the engagement level, the engagement partner considers relevant information about client engagements and evaluates the overall effect, if any, on independence requirements as part of the engagement and acceptance decision. The work programs and forms in our accounting and auditing guidance materials used by the firm contain steps requiring an evaluation of independence on each new and recurring engagement. Furthermore, our accounting and auditing guidance materials contain reporting guidance for the types of engagements where a lack of independence is allowed.
5. All professional personnel are required to promptly notify the engagement partner of any circumstances or relationships that may create a potential threat to independence (such as a potential prohibited transaction) or an independence breach, so that appropriate action can be taken. To acknowledge that responsibility, all professional personnel are required when hired (and annually thereafter) to complete an independence representation and to list known circumstances and relationships that may create a potential threat to independence or violate the firm's relevant ethical requirements policies. A copy of the completed independence representation is retained in the firm's quality control notebook. Professional standards of relevant ethical requirements that govern the firm are available electronically through access to RIA

Checkpoint or Accounting Research Manager. These standards, including the AICPA's Conceptual Framework for AICPA Independence Standards and the advice of the engagement partner may be consulted if an employee is unsure if a threat to independence should be reported to firm management.

6. If a potential threat to independence is identified, the engagement partner/staff accumulates and communicates relevant information to appropriate personnel so (a) firm management and the engagement partner or managing partner can determine whether they satisfy independence requirements, (b) the engagement partners can take appropriate action to address identified threats to independence, and (c) the firm can maintain current independence information. For clients of whom the firm is not independent, only compilation and preparation services are performed.
7. If performing a group audit, the firm is required to obtain a written representation regarding the component auditor's independence with respect to the client. The PPC manuals used by the firm contain examples of representation letters used in such situations. Furthermore, in a review or attestation engagement, if another firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other firm's independence is required. The engagement programs in the PPC manuals used by our firm contain steps to ensure compliance with these procedures.
8. The engagement partner has the primary responsibility to identify all nonattest services performed for an attest service client and for determining if such nonattest services impair independence with respect to that client. Reviewing nonattest services performed for attest clients includes obtaining and documenting an understanding with the client regarding the client's responsibilities for the nonattest services performed by the firm. Where applicable, this includes determining whether such nonattest (nonaudit) services impair independence under the independence rules in *Government Auditing Standards*. Firm engagement work programs for all attest engagements include steps to ensure compliance with this procedure.
9. The engagement partner has the primary responsibility for determine whether actual or threatened litigation has an effect on the firm's independence with respect to the client. The firm's independence could be impaired by litigation (a) between the client and the firm, and (b) from other third parties
10. If the firm is engaged as principal auditor to report on the basic financial statements of a financial reporting entity, all professional personnel must be independent of the financial reporting entity. If the firm is engaged as principal auditor to report on a major fund, non-major fund, internal service fund, fiduciary fund, or governmental component unit of the financial reporting entity, all professional personnel must be independent of the fund or entity the firm reports on. The engagement partner has the primary responsibility for determining whether the firm's relationship with entities in the governmental financials statements has an effect on independence.
11. If a breach of independence is identified, the firm promptly communicates the breach and the required corrective actions to (a) the engagement partner, who (along with the firm) has the responsibility to address the breach and (b) other relevant personnel in the firm and those subject to the independence requirements who need to take appropriate action. The engagement partner confirms to the firm when required corrective actions related to the breach and noncompliance with these policies and procedures has been taken.
12. The engagement partner has the primary responsibility for determining if there are unpaid fees on any of his/her clients that would impair the firm's independence. The firm's client accounts receivable listings and the engagement partner's knowledge of any unbilled fees should be considered in making this determination.
13. At least annually, the managing partner reviews the firm's ethical requirements policy and procedures to determine if they are appropriate and operating effectively. This review is performed and documented as part of our monitoring procedures. Changes, if necessary, to the system are made based on the results of that review.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

The objective of the Acceptance and Continuance of Client Relationships and Specific Engagements elements of a system of quality control is to establish criteria for deciding whether to accept or continue a client relationship and whether to perform a specific engagement for a client. Our client acceptance and continuance policies represent a key element in mitigating litigation and business risk. Accordingly, it is important that our firm be aware that the integrity and reputation of client management could reflect the reliability of the client's accounting records and financial representations and, therefore, affect the firm's reputation or involvement in litigation. Our policies and procedures related to the acceptance and continuance of client relationships and specific engagements provides us with reasonable assurance that we will undertake or continue relationships and engagements only where we:

- Have considered the integrity of the client, including the identity and business reputation of the client's principal owners, key management, related parties, and those charged with its governance, and the risks associated with providing professional services in the particular circumstances;
- Are competent to perform the engagement and have the capabilities and resources to do so;
- Can comply with legal and ethical requirements; and have reached an understanding with the client, in writing, regarding the services to be performed.

Thompson, Price, Scott, Adams & Co., P.A.

It is the policy of our firm that, for all audit, attestation, review, compilation, and preparation service engagements, the acceptability of the client and the engagement be evaluated before the firm agrees to provide professional services and that the firm will accept only engagements where it has considered the integrity of the client, and believes the engagement can be completed with professional competence after considering the risks associated with providing professional services in the particular circumstances. The procedures listed below are followed to ensure compliance with this policy:

1. For each prospective client (or existing tax or consulting client) that requests for the first time a audit, attestation, review, compilation, or preparation service, the partner making initial contact with the client is required to complete an "Engagement Acceptance Form. (The "Engagement Acceptance Form" is in the PPC subscription package that the firm uses for materials.) That form documents, among other things,
 - Background information, including financial information regarding the client and its operations
 - An assessment of the apparent integrity of management or its officers based on contacts or discussions with others
 - Possible independence problems or conflicts of interest
 - An assessment of the firm's competence, capabilities, resources, and appropriate firm and individual licensure in the stat(s) in which the client operates;
 - The results of communications with the client's prior accountants (if applicable)

The completed Engagement Acceptance/Continuance Form is included in our work papers for each individual client.

We also consider whether the client is likely to agree to our firm's standard Terms and Conditions included in our engagement letters.

2. For existing clients, the engagement partner annually reviews the firm's client list and reevaluates the acceptability of each client and engagement. Generally, reasons that might surface in either the firm-wide or individual engagement review that would cause the firm to consider discontinuing services include significant changes in the client and its operations or the existence of conditions that would have caused the firm to reject the client or engagement had such conditions existed at the time of the initial acceptance. Furthermore, the engagement work programs used by the firm (as documented in the engagement performance quality control element of the firm's quality control document) contain steps requiring the engagement team to consider whether the firm should discontinue providing all or certain services to a client.

3. The managing partner or the engagement partner documents how issues identified during the acceptance and continuance process were overcome and resolved so that the firm decided to accept or continue the client relationship or specific engagement. Such documentation includes discussion of significant issues, consultations, conclusions, and the basis for the conclusions.
4. The engagement partner is notified of any instances in which the firm should discontinue providing all or certain services to a client or should withdraw from a current engagement. The managing partner is responsible for all communications with clients regarding the discontinuance of services. Furthermore, the managing partner should consider whether outside legal counsel should be consulted in making that decision. The engagement team will be notified by the managing partner of the name of any client to which services are discontinued. Significant issues, consultations, conclusions, and the basis for the conclusions should be documented when withdrawal from an engagement or from both the engagement and the client relationship occurs.
5. The engagement partner is responsible for ensuring that an engagement letter is obtained for each project. The engagement letter should document the firm's understanding with the client regarding the nature, scope, and limitations of the services to be performed, as well as the identification of the engagement partner and his or her role.
6. For audit engagements, the engagement partner is responsible for:
 - Becoming satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed
 - Determining that the acceptance and continuance conclusions reached are appropriate.
 - When information is obtained that would have caused the firm to decline the engagement had such information been known initially, promptly communicating such information to the firm so that the firm and the engagement partner can take the necessary action.
7. If the firm discovers a potential conflict of interest during the acceptance and continuance decision, the engagement partner determines whether it is appropriate to accept or continue the engagement. If the engagement is accepted or continued, the ethical requirements under ET 1.110.010, *Conflicts of Interest*, are considered.
8. At least annually, the managing partner reviews the firm's acceptance and continuance of client relationships and specific engagement policy and procedures to determine if they are appropriate and operating effectively. This review is performed and documented as part of our monitoring procedures. Changes, if necessary, to the system are made based on the results of the review.
9. Because of the firm's significant concentration in governmental audits, engagement partners and/or managers should review the independence determination prior to the acceptance of the engagement to ensure that the firm will be in compliance with the revised Yellow Book standards. Team assignments will be made to ensure that safeguards are in place to mitigate the risk associated with any threats to independence that are identified.

HUMAN RESOURCES

The objective of the human resources element of a system of quality control is to provide the firm with reasonable assurance that it has sufficient personnel with capabilities, competence, and commitment to ethical principles necessary (a) to perform its engagements in accordance with professional standards and regulatory and legal requirements and (b) to enable the firm to issue reports that are appropriate in the circumstances.

Having effective quality control policies and procedures over the human resources element will help ensure the proficiency of its personnel. The activities of a comprehensive human resources quality control system includes-

- Recruiting and Hiring
- Determining Competencies and Capabilities
- Assignment of Engagement Teams
- Professional Development.
- Performance Evaluation, Compensation, and Advancement.

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the policies and procedures identified below. At least annually, the managing partner reviews the firm's human resources policies and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

Recruitment and Hiring

It is the firm's policy that recruitment and hiring decisions for the professional staff be based on an objective evaluation of our personnel needs, that candidates possess the appropriate characteristics to perform competently, and that new employees are adequately informed of the firm's policies and procedures. The firm ensures compliance with this policy by implementing the following procedures:

1. Annually, engagement partners assess the personnel needs of the professional staff of their group by considering, among other things, criteria such as our ability to serve current clients, anticipated growth, personnel turnover, individual advancement, current staff workload, quality of life and succession plans.
2. The firm's personnel policies and procedures relevant to applicants and new employees are communicated to them through our personnel manual, orientation programs, and our quality control document.

Determining Capabilities and Competencies

It is the firm's policy to ascertain whether individual members of the professional staff possess requisite capabilities and competencies. In making this determination, the firm primarily considers qualitative measures, as opposed to quantitative ones.

Capabilities and competence are developed through a variety of methods; for example:

- Professional education
- Continuing professional development, including training
- Work experience
- Mentoring by more experience staff; for example, other members of the engagement team

The firm ensures compliance with this policy by implementing the following procedures:

1. Periodically, the managing partner assesses the capabilities and competencies of engagement partners to help assure proper engagement performance. The following capabilities and competencies are assessed based on the characteristics of the particular client, industry, and service provided:
 - a. An understanding of the role of the firm's quality control system and the *Code of Professional Conduct*.
 - b. An understanding of the performance, supervision, and reporting aspects of the service to be performed.
 - c. An understanding of the applicable accounting, auditing, and attestation professional standards, including those directly related to any special industries.
 - d. An understanding of applicable industries and each industry's organization and operating characteristics, sufficient to identify high or unusual risk areas and to evaluate the reasonableness of industry-specific estimates.
 - e. Proficiency and seasoned judgment in discharging assigned responsibilities.
 - f. An understanding of how the organization uses information technology and the manner in which information systems are used to record and maintain financial information.
2. The firm considers other engagement partner capabilities and competencies as needed in the circumstances, which may include an understanding of the following —
 - a. Various personal attributes, such as integrity and ethics, professionalism, project management skills, etc.
 - b. Leadership qualities, including strategic thinking and planning, negotiating and persuading, teamwork, problem solving, coaching and empowerment, etc.
 - c. Perspective on business issues, such as managing and developing people, marketing and selling, knowledge of best practices, business advisory skills, etc.
3. The firm determines how engagement partners and other personnel can best obtain additionally needed capabilities and competencies.
4. Performance evaluations are conducted, at least annually, to determine the capabilities and competencies possessed by each professional staff other than partners.

Assignment of Engagement Teams

It is the firm's policy that each engagement be supervised by an engagement partner/manager with appropriate authority. Additionally, staff assigned to engagements (including partners) should possess the necessary competence and capabilities to perform engagements that comply with professional standards and applicable legal and regulatory requirements and enable the firm to issue reports that are appropriate in the circumstances. The firm ensures compliance with this policy by implementing the following procedures:

1. In addition to assessing the engagement partner's capabilities and competencies (see the *Determining Capabilities and Competencies* section), the managing partner clearly defines and communicates the responsibilities and authority of an engagement partner to the partner, and evaluates the partner's work load to ensure that he or she has the time to adequately perform the role.
2. The identity and role of the engagement partner are communicated to client management and those charged with governance through a written engagement letter.

3. Periodically, the partner's assess the staffing (including partner assignments) requirements of each client and engagement and develops a partner and staff assignment plan. This plan is communicated to the staff during staff meetings.
4. The firm recognizes that many modifications to the staff assignments plan will be required because of changes in client circumstances that affect the competencies appropriate for the client engagement, ongoing consideration of competencies possessed by firm partners and personnel assigned to particular engagements, the addition or loss of clients, staff turnover, delays in the timing of work or other unforeseen events. Modifications are made based on an informal meeting of the partners and managers affected by the changes and a reconsideration of the planning factors discussed above. Any disputes regarding assignment of personnel are resolved by the managing partner. Members of the staff are informed orally by the engagement partner of staffing changes and new assignments.

Professional Development

It is the firm's policy that all professional personnel employed by Thompson, Price, Scott, Adams & Co., P.A. comply with the continuing professional education requirements of the AICPA, state societies, state Boards of Accountancy, the U.S. Government Accountability Office, and other regulatory agencies, if applicable; that all professional staff maintain an adequate awareness and understanding of current developments in professional standards; and that all professional staff assist in the training and development of staff members under their supervision.

The procedures listed below are followed to ensure compliance with this policy:

1. Annually, each office partner approves CPE courses for their respective office personnel based on engagement assignments for the year.
2. The partner in charge of the office monitors employee progress toward meeting the CPE plan for their respective office.
3. All professional personnel are to obtain a minimum of 40 hours of CPE each year (or, alternatively, meet the CPE requirements of the AICPA) in programs that qualify for credit under the CPE rules that govern the firm.
4. Individuals who work on audits and attestation engagements subject to the *Government Auditing Standards*, including planning, directing, performing audit procedures or reporting, should complete at least 24 hours of CPE in each two year period that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. In addition, auditors who do any amount of planning, directing, or reporting on Yellow Book assignments and auditors who are not involved in those activities but charge at least 20% of their time annually to Yellow Book assignments are required to also obtain at least another 56 hours in each two year period (for a total of 80 hours) of CPE that enhances their professional proficiency to perform audits or attestation engagements. In other words, everyone working on a Yellow Book engagement has to meet the 24-hour requirement. However, auditors who do not do any planning, directing, or reporting on a Yellow Book engagement or who do not spend at least 20% of their time annually on Yellow Book engagements are not required to obtain an additional 56 hours of CPE to comply with the 80-hour requirement. Auditors who are hired or initially assigned to GAGAS audits after the beginning of an audit organization's 2 year CPE period should complete a prorated number of CPE hours.

For measuring compliance with these requirements, we measure compliance with the two year requirements using two year periods that end in an even number (2014, 2016, etc). At least 20 hours of training meeting the 80 hour requirement are required to be completed in any one year of the two year period. However, at the engagement partner's discretion, this requirement may be waived (if only employed part of the year, etc.) There is no minimum annual requirement related to training meeting the 24 hour requirement. Compliance with this requirement is documented in the quality control book each year.

5. For continuing professional education purposes, the firm defines “professional” as one who interacts with clients and provides professional services requiring specialized skills or knowledge, or advice on which the client intends to rely, for any of the firm’s clients (whether or not they are a CPA). For example, professionals may include: (a) CPA’s and individuals qualified to seek that status, (b) part-time employees who work on a year-round basis on accounting and auditing engagements and/or tax services, and (c) individuals who provide services or advice directly to the client regardless of their education, depending on the types of duties performed. An individual would not be considered a professional, for continuing professional education purposes if their duties are primarily clerical in nature, the employees provides no input on technical matters directly affecting our clients, and is appropriately supervised. The managing partner may exempt staff whose primary job is nondisclosure financial statements.
6. Generally, only CPE alternatives that qualify for credit under CPE rules that govern our firm will be considered when planning our CPE program. Such alternatives normally include seminars and conferences sponsored by the AICPA, state societies or other professional organizations; video training courses, satellite conferences and webcasts; self-study courses, including online and Internet training; in-house seminars and programs; acting as an instructor, speaker, or discussion leader; university or college courses; and published books, articles, and CPE courses. Specifically, when CPE hours are to be fulfilled by in-house seminars, workshops, or discussion groups, each in-house program should comply with the following CPE standards:
 - a. The program would maintain and/or increase the professional competence of participants.
 - b. Participants should be informed in advance of pertinent course information
 - c. The program should be developed by an individual qualified in the subject matter and knowledgeable in instructional design.
 - d. Instructors should be qualified with respect to both program content and teaching methods used.
 - e. The number of participants and physical facilities should be appropriate for the teaching method(s) specified.
7. Appropriate CPE documentation is maintained for each professional for the most recent five years.
8. Each professional in our firm must recognize his or her responsibility to comply with applicable continuing professional education requirements to maintain technical competency. Accordingly, all professionals are encouraged to engage in self-development activities.
9. The firm recognizes the benefit of other professional development activities and encourages personnel at each staff level to participate in activities such as completing external professional development programs, becoming members of professional organizations, serving on professional committees, writing for professional publications, and speaking to professional groups.
10. The firm recognizes the importance of on-the-job training and encourages personnel with supervisory responsibility to be aware of situations where they can provide on-the-job training.
11. The firm’s fiscal year for CPE for employees is for the year ended December 31, and this conforms to the applicable states the firm practices in.

Performance Evaluation, Compensation, and Advancement

It is the policy of our firm that performance evaluation, compensation, and advancement decisions for professional personnel be based on a timely and objective evaluation of individual performance, that the professional personnel selected for advancement should have the necessary qualifications to fulfill their assigned responsibilities, and that compensation of personnel, including partners, be based on the quality of their work. The procedures listed below are followed to ensure compliance with this policy:

1. Personnel classification levels are used to designate staff experience, to evaluate individual performance and to establish criteria for promotion. The following professional staff levels are used by the firm in our accounting and auditing practice:
 - a. **Staff Accountant**—Assume responsibility for unaudited financial statement engagements, segments of audits, or the completion of tax returns under the supervision of more experienced staff.
 - b. **Senior (In-charge)**—Assume responsibility for the supervision of unaudited financial statement engagements, audits, and tax return preparation engagements.
 - c. **Manager (Supervisor)**—Plan and supervise assigned engagements as well as assist in administrative functions of the office and the development of new practice opportunities.
 - d. **Partner**—Assume ultimate responsibility for all assigned engagements, perform assigned administrative duties, and participate in civic and community activities.
2. All professional staff are evaluated by their supervisors and/or the partner in charge of the office at least annually.
3. Annually, each partner completes a partner self-evaluation form and an evaluation form for all other partners. Partner compensation considers these evaluations.
4. At least annually, and on an *ad hoc* basis if necessary, the partners meet as a committee to discuss advancement, compensation, and termination decisions.

ENGAGEMENT PERFORMANCE

The objective of the engagement performance element of a system of quality control is to provide the firm with reasonable assurance (a) that engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements, and (b) that the firm or the engagement partner issues reports that are appropriate in the circumstances. Policies and procedures for engagement performance should address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures should also require that consultation takes place when appropriate. In addition, a policy should establish criteria against which all engagements are to be evaluated to determine whether an independent review should be reviewed.

Engagement performance encompasses many aspects of performing an engagement, from the initial planning stages to the issuance of the report and assembly of the workpapers. Additionally, it is not uncommon for the firm's engagement teams to occasionally encounter complex or contentious issues that result in the need for consultation or that create differences of opinion. The firm believes in a strong quality control system and supports frequent independent reviews. While all of these activities are part of the engagement performance element of the quality control system, the firm has chosen to differentiate certain activities within this section of the quality control document for ease of understanding. The activities are segregated as follows:

- Engagement Performance and Documentation.
- Engagement Quality Control Review
- Consultation and Differences of Opinion

Thompson, Price, Scott, Adams & Co., P.A. policies and procedures for each of these activities are described below. At least annually, the managing partner reviews the firm's engagement performance policies and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

Engagement Performance and Documentation

It is the firm's policy that all audit, attestation, review, compilation, and preparation service engagements be properly planned, performed, supervised, reviewed, documented, and reported or communicated in accordance with the requirements of professional standards, applicable legal and regulatory requirements, and the firm. In this regard, the firm's system of engagement performance quality control (QC) steps are to be followed

The firm adopts and integrates within its quality control system the use of PPC accounting and auditing manuals and practice aids. This quality control document, the PPC manuals, and any other practice aids used by the firm are intended solely to assist us in achieving compliance with professional standards. Accordingly, nothing within this quality control document should be construed as requiring a higher level of performance or documentation than the minimum specifically required by our firm's quality control policies and procedures, nor to override the exercise of professional judgment.

Engagement Quality Control Review

It is the firm's policy to evaluate all engagements against criteria established by the firm to determine whether an engagement quality control review should be performed, and to perform an engagement quality control review for all engagements that meet those criteria. Engagement Quality Control Reviews are completed before the report is released. The firm ensures compliance with this procedure by implementing the following procedures:

1. The firm establishes criteria for performance of an engagement quality control review (EQCR) In establishing such criteria the firm considers:
 - The structure and nature of the firm's practice
 - The nature of the engagement, including whether it involves a matter of public interest
 - Whether unusual circumstances or risk have been identified related to the engagement, engagement service type, or industry
 - Whether laws or regulations require an independent review to be performed
2. The firm establishes criteria for each major type of service provided (i.e., preparation, compilation, review, audit, and attestation engagements). All engagements are evaluated against the established criteria. An engagement quality control review is performed for all engagements that meet the established criteria.
3. The firm may periodically make changes to the established criteria based on changes in the firm's practice.
4. Based on the current composition of the firm's accounting and auditing engagements, the firm has concluded that engagement quality control reviews should be performed based on the following criteria:
 - Differences in opinions of the audit team that have not been resolved
 - Any engagement that a member of the engagement team has addressed concerns or issued a compliant or allegation.
 - Any engagement where the engagement team feels we should withdraw from.
 - For all audits that are significantly different from audits previously performed by the firm.
5. Performing an engagement quality control review includes the following procedures-
 - A discussion with the engagement partner about significant findings and issues.
 - Reading the financial statements or other subject matter information and the proposed report.
 - A review of selected engagement documentation relating to the significant judgments and the conclusions reached.
 - An objective evaluation of significant judgments made and the conclusions reached in formulating the report.
 - Reviewing for appropriateness the resolution and conclusions reached regarding differences of opinion and matters requiring consultation.
 - Considering the evaluation of the firm's and the engagement team's independence in relation to the specific engagement.

The extent of the EQCR may depend upon, among other things, the complexity of the engagement and the risk that the report might not be appropriate in the circumstances.

6. The firm prepares appropriate documentation of the engagement quality control review, including documentation that reflects-
 - The procedures required by firm policies have been performed.
 - The EQCR was completed before the report was released.
 - The reviewer was not aware of any unresolved matters that would have caused him or her to believe that significant judgments made and conclusions reached were not appropriate.

7. The appointment of engagement quality control reviewers requires consideration of the technical qualifications necessary to perform the role (including the necessary experience and authority), and the degree to which an engagement quality control reviewer can be consulted during the engagement without jeopardizing the reviewer's objectivity. In selecting appropriate engagement quality control reviewers, the following criteria are followed-
 - The engagement quality control reviewer is selected by the managing partner.
 - The engagement quality control reviewer has sufficient and appropriate experience, technical expertise, and authority for the particular engagement to be reviewed.
 - Engagement quality control reviewers maintain appropriate ethical requirements, such as objectivity, due professional care, and independence. The engagement quality control reviewer satisfies the independence requirements relating to the engagement reviewed.
 - The engagement quality control reviewer does not participate in the performance of the engagement except in a consulting role; for example, the engagement partner may consult the independent reviewer during the engagement to establish that a judgment made by the engagement partner will be acceptable to the engagement quality control reviewer. Both the engagement quality control reviewer and the engagement team are careful to maintain the reviewer's objectivity.

8. For audit engagements for which the firm's EQCR criteria stipulate that an EQCR is required, the engagement partner (a) determines that an engagement quality control reviewer has been appointed; (b) discusses with the engagement quality control reviewer the significant findings or issues that arose during the audit, if any; and (c) does not release the auditor's report until the completion of the EQCR.

9. When the firm does not have qualified personnel to perform the engagement quality control review, the firm contracts with qualified external individuals or other firms to perform the review. The criteria in Procedure Seven (7) are followed in selecting qualified external engagement quality control reviewers.

Consultation and Differences of Opinion

It is the policy of our firm that personnel refer to authoritative literature or other sources when appropriate. Our firm also recognizes the need for a constant exchange of ideas and opinions about technical issues on all professional engagements and it is our policy that all professional personnel seek consultation, on a timely basis, within or outside the firm whenever differences of opinion occur or uncertainty exists about the answer to a technical question; the application of a professional procedure or standard; the application of a rule, regulation, or procedure of a tax or other regulatory agency; or the application of a firm policy. We foster an environment where recognition of the need to consult is recognized as a strength, and we encourage personnel to consult on complex, unusual, unfamiliar, difficult, or contentious issues. The procedures listed below are followed to ensure compliance with this policy:

1. The firm maintains or provides ready access to an adequate and up-to-date reference library that includes materials related to clients served and that should be consulted to assist professional staff in their research of technical issues.
2. While the firm recognizes that it is impossible to list all situations that might require referral to authoritative literature or other sources or that might require consultation, the following situations, due to their complexity, may require consultation:
 - a. Any engagement in which a qualified or nonstandard report is likely to be issued.
 - b. Going concern situations
 - c. Any engagement involving material litigation.
 - d. Application of newly issued technical pronouncements.
 - e. Industries with special accounting, auditing, or reporting requirements.
 - f. Accounting for complex or unusual transactions.
 - g. Emerging practice problems.
 - h. Business combinations.
 - i. Corrections of an error, including restatements of financial statements.
 - j. Choices among alternative generally accepted accounting principles upon initial adoption or when an accounting change is made.
 - k. Reissuance of a report, consideration of omitted procedures after a report has been issued, or subsequent discovery of facts that existed at the time a report was issued.
 - l. Filing requirements of regulatory agencies.
3. If a difference of opinion arises within the engagement team or between the engagement partner and the engagement quality control reviewer, the issue is first discussed by the members of the engagement team and the partners. If the engagement partner and the engagement quality control reviewer agree that the issue is resolved at this level, additional consultation is not necessary. However, if any members of the engagement team disagree with the resolution, Procedure 8 should be followed.
4. If the engagement partner or engagement quality control reviewer believes additional consultation is necessary, the issue is discussed with an individual in the firm who has appropriate knowledge, seniority, and experience for the issue in question. When the engagement team is unaware of the name of an individual in the firm who possesses such qualities, the managing partner is consulted for the name of such an individual. Those consulted with are given all the relevant facts that will enable them to provide informed advice. If, in the opinion of the engagement quality control reviewer, the issue is resolved at this level of consultation, additional consultation is not necessary. However, if any member of the engagement team or other individual who consulted on this issue disagree with the resolution, Procedure 8 should be followed.

5. If the engagement partner and/or engagement quality control reviewer believe that additional consultation beyond that available within the firm is necessary, the issue is discussed with an individual outside the firm who has relevant specialized expertise. Such outside individuals include, but are not limited to, the AICPA technical information services and CPAs in other firms. Those consulted are given all the relevant facts that will enable them to provide informed advice. In determining the professional qualifications and reputations of the outside individuals, the firm considers, among other things, the following matters:

- The professional certification, license, or other recognition of competence of the individuals in their areas of expertise, as appropriate
- The reputation and standing of the individuals in the views of his or her peers and others familiar with the individual's capability or performance
- The relationship, if any, of the individuals to the client

If, in the opinion of the engagement quality control reviewer, the issue is resolved, additional consultation is not necessary. However, if any member of the engagement team or other individual in the firm who consulted on the engagement disagrees with the resolution, Procedure 8 should be followed.

6. Certain accounting, audit, or attestations engagements may require the firm to consult with nonaccounting or nonauditing specialist such as actuaries, appraisers, attorneys, engineers, and geologists. The firm should follow the guidance in *AICPA Professional Standards* at AU-C 620 when such consultations are necessary. If any member of the firm or engagement team disagrees with the resolution, Procedure 8 should be followed.
7. The nature and scope of consultations involving contentious or difficult issues are agreed upon by both the individuals seeking consultation and the individuals consulted. Such consultations are sufficiently documented to facilitate understanding of the issue for which consultation was needed, the results of the consultation, the decisions made and the basis for those decisions, and how those decisions were implemented. The conclusions resulting from the consultation are understood by both the individuals seeking consultation and the individuals consulted.
8. If a difference of opinion occurs within the engagement team, between the engagement partner and the engagement quality control reviewer, or with those consulted within or outside the firm, that difference is resolved using Procedures above, if possible. If not, the matter is brought to the attention of the managing partner. The managing partner (with the assistance of other practitioners or regulatory entities if desired) will resolve the dispute regarding the proper course of action to be taken by the firm on the issue in question. The conclusion reached to resolve the matter of disagreement and how that conclusion was implemented should be documented. In addition, any party to the consultation/difference of opinion who disagrees with the final conclusion may document his or her disassociation from the resolution of the matter.
9. For audit engagements, the engagement partner is responsible for ensuring that appropriate consultation is undertaken on difficult or contentious matters. Additionally, the engagement partner ensures that (a) members of the engagement team follow the firm's consultation policies during the course of the engagement, (b) the nature and scope of the consultation are agreed upon with the party consulted, (c) the resulting conclusions are understood by the party consulted, and (d) such conclusions are implemented.

MONITORING

The objective of the monitoring element of a system of quality control is to provide the firm and its engagement partners with reasonable assurance that the policies and procedures related to the system of quality control are relevant, adequate, operating effectively, and compiled with in practice. Monitoring involves an ongoing consideration and evaluation of the appropriateness of the design, the effectiveness of the operation of the firm's quality control system, and our firm's compliance with its quality control policies and procedures. The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of the following:

- Adherence to professional standards and regulatory and legal requirements
- Whether the quality control system has been appropriately designed and effectively implemented
- Whether the firm's quality control policies and procedures have been operating effectively so that reports issued by the firm are appropriate in the circumstances

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the following policies and procedures.

It is policy of our firm that our quality control system be monitored on an ongoing basis to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the elements of quality control are relevant, adequate, operating effectively, and being effectively applied. Monitoring activities include engagement quality control reviews (EQCR), inspection, and post-issuance review. EQCR, performed prior to completion of the engagements, assists in providing ongoing consideration and evaluation of the firm's quality control system. The policy and procedures relating to EQCR are addressed in the ENGAGEMENT PERFORMANCE section of this document. The retrospective monitoring activities performed by the firm relate to inspection and post-issuance review (collectively referred to as inspection/review) and are the primary activities addressed in these monitoring policy and procedures.

As an integral part of the monitoring process, inspection/review procedures are performed on all elements of the firm's quality control system at least annually to determine whether the firm has complied with applicable professional standards and its stated quality control policies and procedures.

The procedures listed below are followed to ensure compliance with this policy:

1. At least annually, the managing partner selects an individual or team (hereafter referred to as the "inspection team") to perform inspection procedures on the firm's quality control system. The inspectors should possess adequate technical knowledge and experience and, when practical, should not be directly involved in the administration, supervision, or performance of the quality control procedures of engagements each will inspect. One inspector on each office inspection team will be designated as the team captain. The inspection will include a review of the governmental audit practice in accordance with the AICPA guidance provided. The monitoring process is planned, performed, and documented using the appropriate monitoring checklist found in the practice aid section of *PPC's Guide to Quality Control* as a work program. The monitoring procedures include review of administrative records to assess compliance relating to quality control elements other than engagement performance. It is the firm's policy to shred any checklists used in the monitoring process, other than a report prepared for the quality control files that summarizes the required items as indicated in item 11 below.
2. At the conclusion of the inspection/review, the monitoring team is responsible for (a) identifying and summarizing the deficiencies noted for each engagement reviewed, and (b) discussing the results of the review with the supervisory personnel responsible for each of the engagements selected for review and determining whether any corrective action needs to be taken or improvements made with respect to those specific engagements. Once identified, the deficiencies are summarized and evaluated to determine whether:
 - Existing quality control policies and procedures should be modified.
 - Additional emphasis should be placed on specific industries or areas for future engagements.

3. The firm pursues one or more of the following actions resulting from its evaluation of the deficiencies noted during inspection/review:
 - Take remedial action directed toward the individual engagement or person.
 - Revise the firm's quality control policies and procedures.
 - Discipline individuals who fail to follow the firm's quality control policies and procedures.
 - Communicate the findings to those responsible for training and professional development.
4. If the monitoring results reveal that an issued report is inappropriate or that procedures were omitted during the performance of the engagement, the firm determines what further actions are required to comply with relevant professional standards and applicable legal and regulatory requirements. Depending upon the specific situation, the firm may obtain legal advice.
5. At least annually, the firm communicates the results of the inspection to all partners and managers involved in accounting and auditing engagements. This annual communication provides a description of (a) the monitoring procedures performed (b) the conclusions reached from such procedures, and (c) any systemic, repetitive, or other significant deficiencies noted and the corrective actions taken to resolve them.
6. In addition to the firm's inspection/review and other monitoring procedures, the firm is subject every three years to a peer review in accordance with the requirements of the AICPA and the North Carolina State Board of Accountancy. The managing partner is responsible for scheduling and coordinating that review. The firm elects to have its peer review count as its inspection for each year in which a peer review is performed.
 - The internal inspection results and monitoring communication are made available to the firm's peer review team.
7. Based on the results of the ongoing monitoring of the QC system, the firm's annual inspection/review, the monitoring communication, and , if appropriate, the results of the firm's peer review report, finding for further consideration form(s), letter of response, and exit conference with the peer review team, the managing partner determines any corrective actions that should be pursued to improve, amend, or revise the quality control system.
8. The partners meet annually (or more frequently as needed on an interim basis) and discuss the monitoring process, the results of the inspection/review, and the corrective actions determined to be needed by the managing partner and consider the implications for the firm.
9. The managing partner is responsible for monitoring and documenting the implementation of, and compliance with, any corrective actions.
10. The managing partner or partner in charge of the office periodically reminds personnel during staff meetings that any concerns regarding complaints or allegations may be communicated to the firm without fear of reprisals. The firm appropriately addresses complaints and allegations by-
 - Investigating complaints and allegations and involving legal counsel if considered necessary. The firm assigns individuals to this process who are trained and knowledgeable about firm procedures and who are not otherwise involved in the engagement relating to the complaint or allegation.
 - Documenting all complaints and allegations.
11. The firm documents the performance of each element of its quality control system on an ongoing basis, as well as in conjunction with documenting its monitoring of the system.

12. The firm retains monitoring documentation for a time sufficient to allow those monitoring the quality control system, including peer reviewers, to evaluate the firm's compliance with its system. The firm generally retains a summary of the monitoring results until the next peer review report has been completed. Documentation includes:
- Evidence of the monitoring procedures performed, including how engagements were selected for review.
 - Evaluation of the firm's adherence to professional standards and regulatory and legal requirements.
 - Evaluation of whether the quality control system is appropriately designed and effectively implemented.
 - Evaluation of whether quality control policies and procedures are operating effectively so that reports issued are appropriate in the circumstances.
 - Identification of deficiencies noted, an evaluation of their effect on the quality control system, and the basis for determining what further actions are necessary, if any.

SUMMARY

The quality control document is to be complied with using professional judgement. The managing partner and/or another partner may issue a report without review or may add/delete to the steps contained therein if in their professional judgement the engagement is performed in accordance with all appropriate requirements. The firm uses the guides of Practitioners Publishing Company as its main source for professional guidance, checklists and audit programs but the partner-in-charge of an engagement may substitute other material if more appropriate in his/her opinion.

At any time a circumstance arises that is not addressed in this document, the PPC and AICPA resources used in drafting this document will be considered in resolving such circumstance.



*Enjoy the
Simple Things.*

PROPOSAL FOR PROVIDING AUDITING SERVICES

**Town of
Sharpsburg**

Section II: Audit Approach

Due: June 25, 2021 1:00 PM

**PRESENTED BY
THOMPSON, PRICE, SCOTT, ADAMS & CO., P.A.**

**TOWN OF SHARPSBURG
North Carolina**

**Proposal to Provide Audit Services
For the Years Ending June 30, 2021 Through 2023**

**Section II:
Audit Approach**

SUBMITTED BY:

Thompson, Price, Scott, Adams & Co., P.A.

**PO Box 398
1626 S. Madison St.
Whiteville, NC 28472
910-642-2109**

CONTACT PERSON:

(The individual authorized to conduct negotiations and discuss the proposal)

Alan W. Thompson, Partner

DUE DATE: June 25, 2021 1:00 PM



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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

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Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA

June 23, 2021

Town of Sharpsburg
Attn.: Stevie Cox, Town Administrator
110 Railroad St.
Sharpsburg, NC 27878

Re: Request for Proposal for Audit Services for Town of Sharpsburg

Dear Mr. Cox:

Thank you for the opportunity for Thompson, Price, Scott, Adams & Co., P.A. to submit a bid to perform the audit for the Town of Sharpsburg.

Alan Thompson, the engagement partner signing this letter, is entitled to represent the Firm, empowered to submit the proposal, and authorized to sign a contract with the Town.

Our total all-inclusive maximum fee to perform the Town's annual financial audit for the year ending June 30, 2021 is \$18,500.00. Any additional services outside of the RFP will be billed at \$125.00 per hour with prior approval from the Town. The Town reserves the option to renew the audit services contract for an additional two years, in increments of one year at the time, under the same terms and conditions as contained in the original contract. We are very grateful for the opportunity to submit our proposal and we would be delighted to answer any further questions that you might have in relationship to our proposal.

Respectfully Yours,

Alan Thompson, CPA

Members
American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms



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

The Auditor will use Practitioners Publishing Company's (PPC) audit programs which enables us to tailor the program to the Town. In addition the Auditor uses CCH's engagement for analytics and as its paperless solution.

2. Use of statistical sampling

The Auditor uses statistical sampling for tests of compliance, tests of internal control, and disbursement testing. The Auditor typically uses a sample size of 60.

3. Use of automated processes and internal control testing methods.

We use compliance supplements and PPC guidance for testing internal controls. Our use of automated processes is determined by the technological ability of the auditee.

4. Use of computer audit specialists.

The Auditor is not aware of the need for the use of computer audit specialists in the engagement. However, if we determine that a computer audit specialist is needed, we have in house IT available.

5. Organization of audit team and the approximate percentage of time spend on the audit by each member.

The audit team will consist of one partner (another partner from the Wilmington office will be available to assist if needed), the audit manager, and three senior audit personnel. Under normal conditions the engagement partner and/or audit manager would be on site 75% of the time, and the remainder of listed staff would be there 100% of the time that it takes to complete necessary procedures. However, we would like to get as much information electronically as possible. We know some onsite time is necessary.

Audit Team

Alan W. Thompson, CPA	Engagement Partner
Greg Adams, CPA	Partner (available if needed)
Brandy Turbeville, CPA	Audit Manager- oversees both financial and compliance audits
Ronnie Creech	Senior Staff- assists in financial audit testing
Stuart Hill, CPA	Senior Staff –assists in financial audit testing
Patrick Pfiffner, CPA	Senior Staff – compliance auditor



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

The Auditor will issue a management letter to the Town after completion of the audit and assist management in implementing recommendations, as is practical. We will also provide an informal letter addressed to the Finance Director with any efficiency, internal control, or accounting improvements that could be made based on the audit staff's observation during fieldwork, if necessary. All information would be discussed with the Finance staff prior to issuance.

7. Assistance expected from the government's staff, if other than outlined in the RFP.

The Auditor expects no assistance outside the RFP.

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

See Following Page.



Tentative Schedule for Completion of Audit Within the Specified Deadlines of the RFP

<u>Interim Fieldwork</u> June (1 week)	<p>Pre-planning conference planned as soon as contract is signed.</p> <ol style="list-style-type: none"> 1. Prepare all confirmation and obtain appropriate personnel signatures. 2. Begin preliminary fieldwork to include: <ol style="list-style-type: none"> a. Review of internal control procedures. b. Testing internal control procedures. c. Assembling necessary permanent file documents. d. Perform compliance tests of those programs subject to single audit.
<u>Detailed Audit Plan</u>	To be delivered to the Town by June 30 th .
<u>Fieldwork</u> Aug.-Sept. (1-2 weeks)	<p>Year-end fieldwork will begin in mid-August and be completed by September 30th.</p> <p>Finish all fieldwork, present the client representation letter and attorney legal letter to the Town.</p> <p>Agreed upon post-closing trial balance will be provided by September 30th.</p>
<u>Exit Conference & Draft Report</u>	<p>The exit conference will be scheduled with the Town prior to completion of the audit.</p> <p>The draft report will be supplied to the Finance by October 1st.</p>
<u>Final Report</u>	The final audit will be given to the Town by October 31 st .

This **tentative** schedule is based on receiving timely information from the finance staff to aid in performing the audit.

Entrance Conferences, Progress Reporting, and Exit Conferences will be scheduled once the contract is signed and executed.



9. Specify costs using the format below for the audit year of July 1, 2020 to June 30, 2021. For the two audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2021 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. Audit firm 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 – Please 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 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.

*1) If applicable, note your method of determining increases in audit costs
on a year to year basis.*

See following page.



A. Personnel Costs – Town of Siler City Audit

	<u>Standard</u>	<u>On-site</u>	<u>Year-end</u>	<u>Work in</u>		
	<u>Rate per Hour</u>	<u>Interim Work</u>	<u>On-site Work</u>	<u>Auditor's Office</u>		<u>Total</u>
Partners	\$ 150.00	13	13	7	\$	4,950.00
Managers	\$ 120.00	25	25	20		8,400.00
Senior Staff	\$ 100.00	25	25	20		7,000.00
Less: Discount						(1,850.00)
Total					\$	<u>18,500.00</u>

Our total fee for the audit will not exceed \$18,500.00. Any other services to be rendered outside the scope of the RFP will be billed separately at \$125.00 per hour, with prior approval from the Town.

- B. No travel costs.
- C. No supplies costs.
- D. Other costs: If we incur any costs in obtaining required audit evidence (such as bank confirmations), we will bill separately, after getting prior approval from the Town.
- E. We estimate that our fees for the two additional years would be as follows:

2022 \$18,500.00 2023 \$18,500.00

Any increases after the initial year would be based on inflationary pressures. However, any changes in fees would be negotiated with the Town.



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

The firm does not wish to provide any additional information at this time.

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

See next page.

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit		
Includes Personnel costs, travel, and on-site work	\$ 18,500.00	_____
2. Extra Audit Services		
\$ 125.00 Per hour	\$ _____	_____
3. Other (explain)		
_____	\$ -0-	_____
4. Other (explain)		
_____	\$ -0-	_____
<u>TOTAL</u>	\$ 18,500.00	_____

FIRM: Thompson, Price, Scott, Adams & Co., P.A.	Primary Contact: Alan Thompson
Address: PO Box 398	Telephone: 910-642-2109
1626 S. Madison St.	Fax: 910-642-5958
Whiteville, NC 28472	E-mail: alanthompson@tpsacpas.com
	Date: June 23, 2021

SHARPSBURG, NORTH CAROLINA

AUDIT PROPOSAL

SECTION I

2021-2023

Responsible Office:

Debora B Wentz, CPA

7 E 2nd Street

PO Box 287

Newton, NC 28658

(828) 464-1925

TOWN OF SHARPSBURG, NORTH CAROLINA
SECTION I
AUDIT PROPOSAL

Firm Name:

Debora B Wentz, CPA
7 E 2nd Street
Newton, NC 28658

Proposal – Auditing Services

I am very excited for the opportunity to respond to your request for proposal to perform annual financial audit services for the Sharpsburg, North Carolina beginning with the fiscal year ending June 30, 2021 and continuing through fiscal years ending June 30, 2023. As a local leader in providing audit services to municipalities, I am confident that my proposal will demonstrate that I am uniquely qualified to be your auditor. I bring numerous years of experience in audit and advisory services and will strive to be your efficient audit engagement team. My audit practice has been focused on local governments and non-profit organizations, and I have developed a relationship with the North Carolina Local Government Commission (LGC).

I will conduct the audit in a timely manner such that all necessary financial and compliance information for all funds is completed, and the audit report, management letter, and other applicable report drafts are presented to the Finance Officer in a timely manner, and I will work diligently to ensure we meet your deadlines. I will provide assistance related to preparation of the Data Collection Form, and present the audited financial statements to the Town Council and management at a scheduled meeting upon completion of the report.

My fee includes technical assistance and guidance related to new note disclosures during our audit relationship. The audit contract conforms to the LGC requirements and will be approved by the Commission prior to audit commencement. All invoices will be submitted to the LGC prior to submission to the Town for payment.

My firm is best qualified to perform the audit of the Sharpsburg, North Carolina based on my:

- Experience in auditing governmental entities in North Carolina
- Availability to my clients beyond the duration of the audit
- Commitment to professional development in the governmental arena
- Record of providing non-traditional services to my governmental audit clients

TOWN OF SHARPSBURG, NORTH CAROLINA
SECTION I
AUDIT PROPOSAL

The following responses address the information requested in the RFP:

1. Office Location/ 2. Personnel Involved:

Debora B Wentz, CPA
7 E 2nd Street
PO Box 287
Newton, NC 28658

My audit team is located in Newton, North Carolina. I am the sole proprietor of the firm. I will conduct the majority of the audit personally. My role ends with signing the opinion letters and approving the issuance of the audited financial statements. It begins with the planning meetings with the client and with my staff, assessing the risk of the engagement, and approving and following the audit plan. I manage every aspect of the engagement, from supervising staff to monitoring compliance with “on-time” delivery. The Town personnel and Council will know my face and voice as I will be involved in the day-to-day management of the client relationship and audit process.

My non-professional staff, made up of Cynthia Ledford and Mary Cansler, will perform support and administrative functions of the engagement such as typing, confirmation and communication logistics, and drafting the finalized report, all to be completed at my accounting office. There has been no turnover in my office in the last five years, and no complaints have been filed against any of my staff members.

3. Current & Previous Clients – Attest / 4. Additional Services/ 10. Reference list

My firm provided, or is contracted to provide audit services to the following:

City of Conover – Audit 1994 – 2010, Financial Statement Prep 2011-2012, Audit 2013-2021
PO Box 549
Conover, NC 28613
Vickie K. Schlichting, Finance Director, (828) 464-1191

Town of Brookford – Audit 1994 – 2010, Financial Statement Prep 2011-2012, Audit 2013-2021
AFIR prep in each year
1700 S. Center Street
Hickory, NC 28602
Marshall Eckard, Town Manager & Clerk, (828) 322-4903

Town of Catawba – Audit 1994 – 2010, Financial Statement Prep 2011-2012, Audit 2015-2021
AFIR prep in each year
PO Box 70
Catawba, NC 28609
Sandy Jones, WPCOG – Catawba Town Finance Officer, (828) 241-2215

TOWN OF SHARPSBURG, NORTH CAROLINA
SECTION I
AUDIT PROPOSAL

Town of Maiden – Audit 2013-2020
AFIR prep in each year
19 N. Main Avenue
Maiden, NC 28650
Dianne Lowe, Finance Officer, (828) 428-5003

Western Piedmont Regional Transit Authority – Audit 2015-2020
P.O. Box 459
1515 4th Street SW
Conover, NC 28613
Jeffrey L. Blalock, Finance Director, (828) 465-7644

Hickory-Conover Tourism Development Authority– Audit 2017-2021
1960 13th Ave Dr SE
Hickory, NC 28602
Mandy Pitts Hildebrand, Chief Executive Officer – (828) 322-1335 ext. 201

Foothills Health District – Audit 2019-2021
21 Callahan Koon Road
Spindale, NC 28160
Nancy Marshall, Chief Finance Officer - (828) 287-6044

Town of Liberty – Audit 2021
239 S. Fayetteville Street
P.O. Box 1006
Liberty, NC 27298
Kathy Bond, Finance Officer – (336) 622-4276

5. Firm Quality Standards and Peer Review

I am a member of the American Institute of Certified Public Accountants (AICPA) and the North Carolina Association of Certified Public Accountants. My firm participates in the Quality review Program sponsored by the AICPA. Membership requires that I be subjected to a peer review by an independent CPA firm. The review assures the service to my clients meets the highest standards of the accounting profession. I received an unqualified opinion with no letter of comments, which is the best review result issued, in 2019. Please see the copy of my most recent peer review letter at Attachment A.

6. Professional Experience

TOWN OF SHARPSBURG, NORTH CAROLINA

SECTION I

AUDIT PROPOSAL

I will be the only member of the audit team. I will have some administrative support from other employees, but they will rarely be on-site during the field work portion of the audit.

I have personally completed each of the audits for the clients listed above. I entered the governmental auditing industry in 1984 with my then partner, Bobby Robinson, of Newton, NC. I provided auditing services until 2011. For the fiscal year-ended 2012 I provided non-attest services such as writing and completing financial statements, providing bookkeeping services, and providing internal control consultations to prepare my municipalities for their audits. I resumed my auditing duties for the year-ended June 30, 2013 financial statements for many of my same clients and included other entities to that list of clients. I will be on-site for 100% of the time field work takes place at the Town. I have extensive experience in auditing government organizations, programs, activities, and functions that are relevant to the Town. I trust my reference list, above, and the lengths of service to my clients will provide the Town assurance of my professional capabilities.

In order to better serve my auditees, and ensure a high-quality audit every year, I have attended the NCACPA's annual Local Government Conference every year for more than a decade. Further, my experience in financial statement preparation for many of my auditees puts me in a unique position to understand the accounting systems, policies, and procedures that compile the data that makes up the financial statement. While I cannot offer management services to auditees, I often find that education is the first step to verifying the financial statement is correct on a year-to-year basis.

7. Educational Background / 9. Specialized Training & Continuing Education.

I graduated with a Bachelor of Science in Business Administration, with a focus in Accounting, from Department of Commerce of UNC Chapel Hill's College of Arts (now the UNC Kenan-Flagler Business School) in 1981. I have been in public accounting for 40 years. During that time, I have maintained my professional education every year through a series of seminars and lectures, typically sponsored by the NC Association of CPAs and/or a private CPE vendor. The following is a summary of those hours of continuing education:

Year	Total Hours	Hours Governmental Accounting & Auditing
2011	40	8
2012	43	16
2013	51	16
2014	68	28
2015	49	25
2016	93	56

TOWN OF SHARPSBURG, NORTH CAROLINA

SECTION I

AUDIT PROPOSAL

2017	84	35.5
2018	94.5	44.5
2019	34	12
2020	65.5	28

*Current through December 31, 2020

8. Experience in relevant government funds

All but one of the municipalities listed above have some type of Business Activity, ranging from Cemetery, Water/Sewer, Electric, Tourism Authority, Health District, or Transportation Authority. I am well versed in the financial reporting for each of those entities and types of funds.

11. Independence Statement

The firm monitors compliance with professional independence standards in accordance with the firm's quality control document (see Attachment B). This document requires all employees to notify management of any potential independence violations and to review the client list semi-annually for possible independence violations. The firm's independence policy also requires a determination of independence for each new and recurring audit client as a part of the audit planning stage.

At this time, I am unaware that I am providing services to any of the Town's vendors, suppliers, and/or customers.

In all matters relating to the audit of the Sharpsburg, North Carolina, Debora B. Wentz, CPA is independent in fact and appearance.

12. Liability Insurance

I presently carry professional liability insurance in the amount of \$250,000 per claim/ \$500,000 in aggregate for all claims, the firm also holds a \$150,000 bond for "Dishonesty by employees."

13. Regulatory Action/Oversight

On December 20th, 2010, the NC Council of CPA Examiners approved a consent order that suspended my license for 18 months beginning January 1, 2011. My license was fully reinstated on September 26, 2012. This order stemmed from an allegation of my failure to file my personal return timely for a series of years between 2000 and 2005 and in no way was a reflection of my work in either the tax or governmental auditing arena. While I disputed the facts, in order to avoid the cost and distraction of an expensive round of litigation, I signed the consent order and accepted the suspension. If you have any further questions or concerns regarding this matter, please do not hesitate to contact me.

TOWN OF SHARPSBURG, NORTH CAROLINA

SECTION I

AUDIT PROPOSAL

14. Relationship with NC LGC and UNC SOG

I have an exceptional working relationship with the Staff at NC Treasurer's Local Government Commission, including James Burke (a leader in the financial statement review function). In the few times when I or my auditee clients have had questions regarding the best practices surrounding a financial statement disclosure, I have been able to speak to Mr. Burke, and receive guidance.

I also have several good contacts with the UNC School of Government, including Kara Millonzi and Gregory Allison. I have worked with them in the past on rather interesting aspects of governmental financial reporting.

If you have any further questions, please feel free to contact me directly.

Bidder Name	Debora B Wentz, CPA	Primary Contact	Debora B Wentz
Address	PO Box 287 Newton, NC 28658	Telephone	(828) 464-1925
		Fax	(828) 464-9497
Authorized Signature	<i>Debora B. Wentz, CPA</i>	E-mail	debora@wentz-pitts.com
		Date	June 11, 2021

ATTACHMENT A
(Peer Review Letter)



Report on the Firm's System of Quality Control

April 29, 2019

To the Owner of Debora B. Wentz and the Peer Review Committee of the North Carolina Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Debora B. Wentz (the firm) in effect for the year ended October 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Debora B. Wentz in effect for the year ended October 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Debora B. Wentz has received a peer review rating of pass.

Johnson Price Sprinkle PA

Asheville, North Carolina

Johnson Price Sprinkle PA

ATTACHMENT B
(Independence Quality Control Document)

Debora B Wentz, CPA
Quality Control Document
Effective April 30, 2019

My quality control policies and procedures for the six elements of quality control are presented below. It is my policy to follow all applicable unconditional and presumptively mandatory requirements of SQCS No. 8 (QC 10), *A Firm's System of Quality Control*, as evidenced by the policies and procedures within this quality control document. It is also my policy to adhere to all applicable unconditional and presumptively mandatory requirements of other relevant professional standards. The human resources QC activities of assigning teams to engagements; recruitment and hiring; and performance evaluations, compensation, and advancement are not applicable to my practice.

LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

I assume responsibility for the firm's system of quality control and design the system to (1) emphasize the importance of performing work that complies with professional standards and applicable legal and regulatory requirements and (2) issue reports that are appropriate in the circumstances. I ensure compliance with this policy by implementing the following procedures:

- 1) I dedicate sufficient and suitable resources to the firm's quality control system and quality initiative and identify, develop, and implement the necessary QC policies and procedures based upon my comprehensive understanding of QC 10.
- 2) I continually evaluate client relationships and engagements to ensure that commercial considerations do not override the objectives of the quality control system.
- 3) At least annually, my leadership responsibilities for quality within the firm policy and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring section of this document.

RELEVANT ETHICAL REQUIREMENTS

It is my policy to be familiar with and follow relevant ethical requirements of the AICPA, contained in the *Code of Professional Conduct*, the NC Council of CPA Examiners, and the North Carolina Association of CPAs in performing my professional responsibilities. Furthermore, it is my policy that, for engagements subject to *Government Auditing Standards* and other applicable regulatory agencies, I be familiar with and adhere to the relevant ethical requirements included in those standards, including any that may be more restrictive. Additionally, when I encounter situations that raise potential independence threats, but such situations are not specifically addressed by the interpretations of the *Independence Rule* of the AICPA *Code of Professional Conduct*, the situation will be evaluated by referring to the *Conceptual Framework for Independence* and applying professional judgment to determine whether an independence breach exists. I take appropriate action to eliminate threats to independence or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, I will withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach.

I ensure compliance with this policy by implementing the following procedures:

- 1) I have access to the relevant ethical requirements to which I am subject and I maintain my familiarity with such requirements.
- 2) I take ethics training at least once a year as required by the NC Council of CPA Examiners.
- 3) Certain relevant ethical requirements are addressed by procedures within the work programs and standard forms in the accounting and auditing manuals that I use. Such procedures:
 - a) Determine compliance with relevant ethical requirements, including independence, on each new and recurring attest client as part of the acceptance and continuance decision. For clients of whom I am not independent, the only attest service I perform is a compilation and I disclose my lack of independence in the related report
 - b) Consider unpaid fees.
 - c) Annually confirm the independence of another accountant performing work on a group audit or a segment of a review or attestation engagement.
 - d) Identify nonattest services performed for attest clients and determine if the services threaten independence with respect to that client (including obtaining and documenting an understanding of how I was satisfied that client personnel had the skills, knowledge, or experience to oversee the nonattest services). I will only provide nonattest services to an attest client when the client accepts its responsibilities. Where applicable, this includes determining whether such nonattest (nonaudit) services impair independence under the independence rules in *Government Auditing Standards*.
 - e) Consider whether actual or threatened litigation has an effect on the firm's independence with respect to the client.
 - f) Determine whether I am independent of the financial reporting entity, if I am engaged as the group auditor to report on the basic financial statements of the financial reporting entity.
 - g) Consider whether I was party to a cooperative arrangement with a client that was material to me or the client.
- 4) If a potential threat to, or breach of, independence is identified, I accumulate relevant information so I can (a) determine whether independence requirements are satisfied, (b) take appropriate action to address identified threats to, or breaches of, independence, (c) communicate the matter to those charged with governance at the attest client, and (d) maintain current independence information. For clients of whom I am not independent, the only attest service performed is a compilation and the lack of independence is disclosed in the related report.
- 5) I document my resolution of all relevant ethical requirements matters and file the documentation in the client's workpaper files and retain in accordance with the firm's document retention policy.
- 6) At least annually, my relevant ethical requirements policy and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring section of this document.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

It is my policy that for all audit, attestation, review, compilation, and preparation service engagements, I evaluate the acceptability of the client and the engagement before agreeing to provide professional services. I will accept and continue only client relationships and specific engagements when I have determined that I have the requisite competence and capabilities (including adequate time, resources, and licensure) to perform the engagement and can comply with legal and relevant ethical requirements. Additionally, I will only undertake or continue relationships and engagements when I have considered the integrity of the client and do not obtain information indicating that the client lacks integrity. I ensure compliance with this policy by implementing the following procedures:

- 1) For each prospective client that requests for the first time a preparation, compilation, review, attestation, or audit service, I complete an engagement acceptance and continuance form.
- 2) For existing attest clients, I annually review the firm's client list and reevaluate the acceptability of each client and engagement. In addition, prior to commencing the engagement, I ensure that the relevant section of the engagement acceptance and continuance form has been completed. (The engagement acceptance and continuance form is located in the accounting and auditing manuals used by the firm.)
- 3) I document how issues identified during the acceptance and continuance process, if any, were overcome and resolved so that I decided to accept or continue the client relationship or specific engagement. Such documentation includes discussion of significant issues, consultations, conclusions, and the basis for the conclusions.
- 4) If situations occur after the commencement of an engagement and while work is in process that indicate I should consider withdrawing from the engagement, I consider whether there are any professional, regulatory, or legal responsibilities for me to remain associated with the client and the engagement or to report the withdrawal to regulatory authorities. In addition, I consider whether withdrawing from the engagement or discontinuing the client relationship is appropriate. Significant issues, consultations, conclusions, and the basis for the conclusions are documented when withdrawal from an engagement or from both the engagement and the client relationship occurs.
- 5) I am responsible for ensuring that an engagement letter is obtained for each client. The engagement letter documents my agreement with the client regarding the nature, scope, and limitations of the services to be performed, as well as my role as engagement partner.
- 6) If I discover a potential conflict of interest during the acceptance and continuance decision, I determine whether it is appropriate to accept or continue the engagement. If the engagement is accepted or continued, the ethical requirements under *ET 1.110.010, Conflicts of Interest* ([link](#)), are considered, including whether a conflict of interest that might be perceived as impairing objectivity was disclosed and consented to by the client or other appropriate parties.
- 7) At least annually, my acceptance and continuance of client relationships and specific engagements policy and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring section of this document.

HUMAN RESOURCES

Overall

It is my intent to succeed in the marketplace by possessing competence, capabilities, and commitment to ethical principles to assure that engagements I perform are in accordance with professional standards and applicable legal and regulatory requirements and that appropriate reports are issued in the circumstances. The activities of my human resources QC system for a sole practitioner with no professional staff include—

- Determining competencies and capabilities.
- Professional development.

Policies and procedures for these activities are described below. At least annually, my human resources policies and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring section of this document.

Determining Competencies and Capabilities

It is my policy to possess the requisite competencies and capabilities to perform accounting, auditing, and attestation engagements. I ensure compliance with this policy by implementing the following procedures:

- 1) Periodically, I assess the competencies and capabilities that I should possess in order to perform accounting, auditing, and attestation engagements and ensure that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and appropriate reports are issued in the circumstances. I annually review my performance (by means of self-assessment and peer evaluation) and my competencies and capabilities. I compare the competencies and capabilities I possess to the requirements of my current and prospective engagements to determine whether I should continue to perform those current engagements or to pursue a prospective engagement. This assessment includes my—
 - a) Understanding of the role of the firm's QC system and the AICPA *Code of Professional Conduct*.
 - b) Understanding of the service to be performed.
 - c) Technical proficiency.
 - d) Familiarity with the industries that I serve.
 - e) Professional judgment.
 - f) Understanding of the organization's information technology systems.
- 2) I determine whether any changes need to be made in my competencies and capabilities. If I lack recent experience in the assigned industry or area, I obtain appropriate education and/or experience before performing engagement planning procedures.
- 3) In the unusual situation where an engagement is found to be materially nonconforming after report issuance (such as during monitoring or in connection with peer review or regulatory inspection), I take appropriate action, as further described in the Monitoring section of this document.

- 4) In the unusual situation where I accept an audit in an industry that I have not previously audited and professional education is insufficient for me to obtain the requisite competence to perform the engagement, I engage a suitably qualified external individual to assist with the performance of the audit as a member of the engagement team.

Professional Development

It is my policy to comply with the continuing professional education requirements of the AICPA, the NC Council of CPA Examiners, the U.S. Government Accountability Office, and other regulatory agencies, if applicable, and to maintain an adequate awareness and understanding of current developments in professional standards, including developments that support the levels of service and industries of engagements provided. I ensure compliance with this policy by implementing the following procedures:

- 1) I obtain at least the minimum number of CPE required each year by the NC Council of CPA Examiners (or, alternatively, meet the CPE requirements of the AICPA) in programs that qualify for credit under the CPE rules that govern my practice. If applicable, in each two-year reporting period, 24 of my CPE hours are obtained in subjects directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates.
- 2) I maintain appropriate CPE documentation for the most recent five years.
- 3) I maintain a current library and keep abreast of important news about new or emerging changes in professional literature or business activity.

ENGAGEMENT PERFORMANCE

Overall

Engagement performance encompasses many aspects of performing an engagement, from the initial planning stages to the issuance of the report and assembly of the workpapers. Additionally, it is not uncommon to occasionally encounter difficult or contentious issues that result in the need for consultation or that create differences of opinion. I believe in a strong quality control system and support engagement quality control review. While all of these activities are part of the engagement performance element of the QC system, I have chosen to differentiate certain activities within this section of the QC document for ease of understanding. The activities are segregated as follows:

- Engagement performance and documentation.
- Engagement quality control review.
- Consultation and differences of opinion.

Policies and procedures for each of those engagement performance activities are described below. At least annually, my engagement performance policies and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring section of this document.

Engagement Performance and Documentation

It is my policy that all audit, attestation, review, compilation, and preparation service engagements be properly planned, performed, documented, and reported or communicated in

accordance with the requirements of professional standards, applicable legal and regulatory requirements, and the firm. I ensure compliance with this policy by implementing the following procedures:

- 1) I use PPC's accounting and auditing manuals and practice aids as an integral part of my quality control system to assist with promoting consistency in the quality of engagement performance. I ensure the reliability of such materials and their suitability to the practice, including updating and modifying the materials as needed, for the performance of my engagements.

My engagement performance quality control (QC) steps are documented in the firm's engagement performance bridging documents.

After an engagement report has been released, the engagement team should complete and assemble all final engagement files on a timely basis.

After evaluating the reliability and suitability of PPC accounting and auditing manuals and practice aids, I adopt and integrate within my quality control system the use of such materials as more fully described in the engagement performance bridging documents. I maintain separate bridging documents for engagements performed under the AU-Cs, AT-Cs, and AR-Cs. Those bridging documents are located in the Quality Control binder. The use of such bridging documents facilitates consistency in the quality of engagement performance and application of engagement procedures. This QC document, the PPC manuals, and any other practice aids used by me are intended solely to assist in achieving compliance with professional standards. Accordingly, nothing within this QC document should be construed as (1) requiring a higher level of performance or documentation than the minimum specifically required by my QC policies and procedures, or (2) overriding the exercise of my professional judgment.

Engagement Quality Control Review

It is my policy to evaluate all engagements against criteria established by the firm to determine whether an engagement quality control review should be performed and to have an engagement quality control review performed for all engagements that meet those criteria. Engagement quality control reviews are completed before the report is released. I ensure compliance with this policy by implementing the following procedures:

- 1) I establish criteria for performance of an engagement quality control review (EQCR) for each major service provided (i.e., preparation, compilation, review, audit, and attestation engagements). I periodically evaluate and make changes to the EQCR criteria as needed based on changes in the structure and nature of my practice. All engagements are evaluated against the established criteria. An engagement quality control review is performed for all engagements that meet the established criteria.
- 2) Based on the current composition of my accounting and auditing practice, I have concluded that engagement quality control review should be performed for all new audits in an industry I have never audited before. The performance of engagement quality control review is appropriately documented.
- 3) I contract with a suitably qualified external individual to perform the engagement quality control review. The engagement quality control reviewer performs and documents review procedures required by professional standards. The engagement quality control reviewer will use PPC's Guide to Quality Control forms and the Engagement Quality Control Review

sections of the PPC workpapers and/or checklists (entitled Procedures, Review, and Approval Forms) I use during my engagements to document the engagement quality control reviewer's comments, results, and formal communication of the reviewer's findings. If a concern arises that the reviewer's objectivity may have become impaired, I will replace the reviewer with a different reviewer with the appropriate level of experience and expertise.

Consultation and Differences of Opinion

It is my policy to refer to authoritative literature and other sources when appropriate and to seek consultation on a timely basis, within or outside the firm, whenever differences of opinion occur or uncertainty exists regarding a technical issue. I ensure compliance with this policy by implementing the following procedures:

- 1) I maintain an adequate and up-to-date reference library that includes current authoritative reference materials, as well as industry and other specialized materials related to clients served. I consult those materials to research technical issues.
- 2) Before using an outside individual, including specialists (such as actuaries, appraisers, attorneys, engineers, and geologists), I evaluate whether the external provider is qualified for the specific purpose of the consultation. All relevant facts are provided to those consulted so they can understand the nature and scope of the consultation.
- 3) I sufficiently document in the workpapers all technical research and other matters relating to differences of opinions and consultations as required by professional standards. All consultations involving difficult or contentious issues are agreed upon by both the individual consulted and me. Consultations and differences of opinion are sufficiently documented in accordance with professional standards.
- 4) I do not release the report until any difference of opinion is resolved.

MONITORING

It is my policy to monitor the quality control system on an ongoing basis to provide reasonable assurance that the policies and procedures I have established for each of the elements of quality control are relevant, adequate, and operating effectively. Monitoring activities include engagement quality control review (EQCR), inspection, and postissuance review. EQCR, performed prior to completion of the engagements, assists in providing ongoing consideration and evaluation of my QC system. The policies and procedures relating to EQCR are addressed in the Engagement Performance section of this document. The retrospective monitoring activities performed relate to inspection and postissuance review (collectively referred to as *inspection/review*) and are the primary activities addressed in these monitoring policies and procedures.

As an integral part of the monitoring process, inspection/review procedures are performed on all elements of my quality control system at least annually to determine whether I have complied with professional standards, applicable legal and regulatory requirements, and the system's stated quality control policies and procedures. I ensure compliance with this policy by implementing the following procedures:

- 1) At least annually, I assess my compliance with my quality control system. The monitoring process is planned, performed, and documented using the appropriate monitoring checklist found in the practice aid section of *PPC's Guide to Quality Control* as a work program. The

engagements selected for inspection are taken from the complete engagement population. The monitoring procedures include review of administrative records to assess compliance relating to QC elements other than engagement performance.

- 2) At the conclusion of the inspection/review, I identify and summarize the deficiencies noted for each engagement reviewed. I consider whether any deficiencies noted may affect other audit engagements.
- 3) I take appropriate corrective actions as necessary based on my evaluation of the deficiencies noted during monitoring procedures.
- 4) If monitoring procedures indicate that required engagement procedures were not performed or that an issued report is inappropriate, I determine what further actions are needed to comply with relevant professional standards and applicable legal and regulatory requirements.
- 5) At least annually, I prepare a formal monitoring report. This annual monitoring communication provides a description of (a) the monitoring procedures performed, (b) the conclusions reached from such procedures, and (c) any systemic, repetitive, or other significant deficiencies noted and the corrective actions taken to resolve them. I consider whether any deficiencies noted in the report may affect engagements.
- 6) In addition, the firm is subject every three years to a peer review in accordance with the requirements of the AICPA and the NC Council of CPA Examiners. I am responsible for scheduling and coordinating that review. The internal inspection/review results (including those specific to the firm's governmental audit engagements and ERISA employee benefit plan audit engagements selected for inspection/review) and annual monitoring communication are made available to the firm's peer review team.
- 7) Based on my annual inspection/review, the annual monitoring communication, and my ongoing monitoring of the system and, when applicable, the results of the firm's peer review, I determine any corrective actions that should be pursued to improve, amend, or revise the QC system.
- 8) I appropriately investigate, respond to, and document complaints and allegations against the firm. I involve legal counsel if necessary.
- 9) I document the performance of each element of my QC system on an ongoing basis, as well as in conjunction with documenting the monitoring of the system. I retain monitoring documentation evidencing the operation of my QC policies and procedures for a time sufficient to allow peer reviewers to evaluate compliance with my system of quality control.

SHARPSBURG, NORTH CAROLINA

AUDIT PROPOSAL
SECTION II
2021-2023

Responsible Office:

Debora B Wentz, CPA
7 E 2nd Street
PO Box 287
Newton, NC 28658
(828) 464-1925

TOWN OF SHARPSBURG, NORTH CAROLINA
SECTION II
AUDIT PROPOSAL

1. Audit Program

I often refer to a governmental auditing resource, PPC's Guide to Audits of Local Governments, however, I tailor my audit to the specific needs and requirements of each auditee.

2. Statistical Sampling / 3. Automated processes and internal control testing methods

I do use statistical sampling during the course of substantive testing of the internal controls. The method ensures that every dollar accounted for has an equal chance of being selected and examined. When applying statistical sampling in substantive test of details, it measures misstatement in an account or class of transactions. The method is appropriate when I wish to draw a conclusion about a population without performing an examination of all the items composing that population and allows me to become comfortable with the accuracy of the financial statements without tracing or vouching every transaction. This does not, however, forbid me from using judgment in selecting additional transactions to sample, especially those larger in size, or those subject to stricter scrutiny, such as federal and state grants used to fund special projects, etc. As an auditor, I will also use analytical procedures in areas where statistical sampling is not effective, or where it may be unnecessary. My sampling audit approach can be summarized as follows:

- Test controls to place reliance on the system
- Use tests that have more than one purpose to increase audit efficiency
- Evaluate areas and use analytical procedures that are effective in meeting my audit objectives
- Detailed tests of all areas where analytics are not effective

4. Computer audit specialists

At this time, I do not foresee the need of a computer audit specialist. Should the need for one arise, I will contract outside the scope of our engagement.

5. Audit team

I will be the only member of the audit team. I will have some administrative support from other employees, but they will rarely be on-site during the field work portion of the audit.

6. Management letter

The management letter and other required letters will contain all pertinent significant deficiencies, material weaknesses and recommendations for improvements, both in internal controls and efficiency and effectiveness of the Town's day to day operations. SAS 112 and 114 significantly changed the content of the Yellow Book and the Single Audit opinion letters, but there will be no surprises to management or the Council. If I detect an issue during the audit, management will be informed immediately. Any issues disclosed in the management letter or the compliance letters will have been fully discussed with management during the engagement.

TOWN OF SHARPSBURG, NORTH CAROLINA
SECTION II
AUDIT PROPOSAL

7. Management Assistance Expected

No assistance is expected other than as listed in your RFP and related to locating various documents and extracting data from your accounting system, primarily in electronic format.

8. Tentative Schedule

I would like to gather data in July, 2021 and begin my review of your systems. This will involve reviewing the most current financial data and determining what areas may need additional attention. I also plan to spend time in the field, at an agreed time in August or September, working with staff to identify and understand the various controls in place and do walkthroughs of transactions. The data gathered will allow me to start analytical procedures and substantive testing.

After the year is closed, in September, I may need to resume fieldwork to finalize the audit of the balance sheets of all major funds and all nonmajor funds (in aggregate), perform analytic review procedures, gather data necessary to draft/review the financial statement, evaluate the sufficiency of my audit plan, and compare the final major program assessment with my projected assessment. On-site time for this field work will be one to two weeks. I will work with staff to discuss audit adjustments, compliance findings, and internal control findings at the completion of final fieldwork.

Unless there are a number of unforeseeable issues or circumstances, the Town can be assured that the complete financial report will be submitted to you for review and reconciliation to your records in order to allow adequate time for submission to the Local Government Commission by October 31.

9. Basis of cost of Audit / 11. Audit Cost Summary Sheet

	FYE 2021	FYE 2022	FYE 2023
Base Proposal-Financial Audit (with Single Audit)	\$ 13,000	\$ 13,300	\$ 13,700
Drafting Financial Statements	2,700	2,800	2,900
Total (Not-To-Exceed)	<u>\$ 15,700</u>	<u>\$ 16,100</u>	<u>\$ 16,600</u>

Basis/Methodology of bid:

a. Personnel Costs

Estimated Hours	On-Site Year-End	In Auditor's Office	Total Hours	Rate per hour	Cost
Certified Public Accountant	35	45	80	\$ 175	<u>\$14,000</u>
Non-professional time	10	20	30	\$ 100	\$ 3,000

TOWN OF SHARPSBURG, NORTH CAROLINA
SECTION II
AUDIT PROPOSAL

- b. Travel** - None, included in total
- c. Cost of supplies and materials** – None, included in total
- d. Other costs** - None, included in total

Basis for Bid Estimate increases

My proposed fees for 2022 and 2023 will be the fees we charge unless there is a major change in the Town’s staff structure or my role in the audit engagement. My typical rate increase from year-to-year is 3%.

10. Other reasons to choose my firm

I am responsible for complying with auditing standards as a matter of professional compliance. I am also responsible for complying with new accounting and reporting standards as a matter of compliance with GAAP when I prepare the financial statements. Therefore, there will be no fees for changes in auditing standards, and no fees for changes in accounting standards.

My in-depth experience with auditing municipalities allows me to anticipate most of the administrative changes in the flow of federal and state funding. There have been multiple changes in the GASB Standards and the Uniform Guidance (Single Audit) procedures, and I am well updated on those changes. This helps me to inform clients and assist them in understanding the accounting implications.

If you have any further questions, please feel free to contact me directly.

Bidder Name	Debora B Wentz, CPA	Primary Contact	Debora B Wentz
Address	PO Box 287 Newton, NC 28658	Telephone	(828) 464-1925
		Fax	(828) 464-9497
Authorized Signature	<i>Debora B. Wentz, CPA</i>	E-mail	debora@wentz-pitts.com
		Date	June 11, 2021

PROPOSAL CERTIFICATION

Proposer’s Signature: *Debora B. Wentz, CPA* Date: June 11, 2021

By signing above, I certify that I have carefully read and fully understand the information contained in the RFP received from the Sharpsburg, North Carolina; and that I have the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted and have the Town to sign this Proposal on behalf of my organization.