

Isothermal Planning and Development Commissions

Proposal for Audit Services
Second Section
June 30, 2020, 2021 and 2022

Isothermal Planning and Development Commissions

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1. **Type of Audit Programs**

We will utilize standardized Governmental Audit Programs as well as Federal and State Compliance Programs as published by the applicable Federal grantor agency or North Carolina's Local Government Commission.

2. **Audit Sampling**

Our tests will be performed utilizing various sampling techniques as deemed appropriate for the specific objective of the test being performed. We will use audit sampling for compliance and cash disbursement testing.

3. **Use of Computer Specialist**

Our engagement team will evaluate Isothermal Planning and Development Commission's information technology system as required by our professional standards.

4. **Organization of the Audit Team**

Please see the First Section of the Proposal for Audit Services for detailed information regarding the audit team. The following schedule details the approximate percentage of time to be spent on the audit by each member of the audit team.

Partner	20%
Staff Accountants	75%
Clerical	5%

5. **Information to be Included in the Management Letter**

Certain items are required by our professional standards, the State Single Audit Implementation Act, and the OMB Uniform Guidance to be reported to management. We will conform with these requirements. Any items noted during the audit for potential inclusion in the management letter will be discussed in detail with the Finance Officer prior to issuance.

6. **Assistance from Isothermal Planning and Development Commissions**

We will prepare a comprehensive listing of requested client prepared items prior to commencement of interim fieldwork and again prior to commencement of final fieldwork. In addition to the items detailed in the RFP, we expect the accounting staff to provide various other items, such as:



- Monthly retirement reports and various other payroll-related reports
- Inventory and capital asset listings
- Various employee payroll information as part of our compliance audit
- Assistance pulling vendor invoices and related documentation

7. **Tentative Schedule**

We will coordinate the exact scheduling of fieldwork with the Finance Officer. However, the following schedule is anticipated:

Audit Planning and Compliance Procedures	November
Final Audit Fieldwork	November/December
Draft of Financial Statements Available	November/December
Issuance of Audit Report	December/January

8. **Fee Quote**

We commit to the following fee for the audit of the basic financial statements of Isothermal Planning and Development Commissions and financial statement and financial statement preparation services.

<u>Year Ending June 30,</u>	<u>Audit Fee</u>
2020	\$ 29,000
2021	\$ 29,500
2022	\$ 30,000

Any additional nonattest services requested by management (such as assistance with application of new accounting standards) would be billed at our standard hourly rates. The above quoted fees are binding only upon written notification of acceptance from Isothermal Planning and Development Commissions and are cancellable at any time until such notification is received.

As part of our audit we prepare a budget of anticipated time to be spent on each individual part of the audit. We utilized the budget from our past audit experience to prepare our budget for the audit of the basic financial statements of Isothermal Planning and Development Commissions. Accordingly, our proposed audit fee is based on our budget.



Listed below is a summary of our hourly budget by audit area.

	<u>Partners</u>	<u>Staff</u>	<u>Total</u>
Audit planning	4	10	14
Compliance – on site	12	40	52
Risk assessment	8	16	24
Year-end fieldwork – on site	32	120	152
Report preparation	20	50	70
Review, finalization, meetings	<u>16</u>	<u>5</u>	<u>21</u>
	92	241	333
Hourly Rate	\$ <u>140</u>	\$ <u>90</u>	
Budgeted cost	\$ <u>12,880</u>	\$ <u>21,690</u>	\$ 34,570
Discount offered to Isothermal Planning and Development Commissions			<u>(5,570)</u>
Fee quote			\$ <u>29,000</u>

If we encounter any unexpected circumstances outside the normal scope of the audit or if the scope of the audit is modified, we will consult with the management of Isothermal Planning and Development Commissions prior to performing any procedures that would require additional billings.

9. Other Information

We will be available throughout the year to offer assistance with any accounting and auditing issues that arise, to provide general consultation, and to provide any additional services that may be requested providing the requested services are not prohibited under our professional independence standards. If any of these consultations or services requires additional billings, we will consult with management prior to beginning such work.

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit (Includes personnel costs, travel & on-site work)	\$ <u>25,000</u>
2. Financial Statement Preparation	\$ <u>4,000</u>
3. Extra Audit Service (\$_____ per hour)	\$ <u>-</u>
4. Other (explain)	\$ <u>-</u>
TOTAL	\$ <u>29,000</u>