1. **What is the reason for the District seeking proposals for audit services?**
Minnesota Statutes 103B.227 stipulates that at least every two years a watershed district is required to solicit interest proposals for professional services before retaining the services of a consultant.

2. **Please describe any quality or timeliness issues that the District has had with the current auditor, if any.**
This RFP is not prompted by issues with quality or timeliness of past audits/auditors.

3. **Was the District's current auditor invited to provide a proposal?**
Yes

4. **What does the District value in an external audit firm?**
Watershed district knowledge and expertise, a collaborative approach to the work and efficiency of audit process overall. Please see the RFP.

5. **What would you change about the current audit process?**
The RFP is not prompted by the need for such change; however the District is always open to suggestions.

6. **When does the District anticipate having all year-end activity completed and ready for audit fieldwork?**
Typically, staff and outsourced accounting firm items are wrapped up and ready to provide to the auditor by the end of February.

7. **What has the audit timeline generally been for the District in the past (preliminary and final fieldwork, issuance of drafts, preliminary and final meetings between audit team and District, etc.)?**
Pre-audit kick off meeting mid-December with timeline reviewed and approved
Auditor provides list of requested items by end of December
Staff and accounting firm provide all requested items by end of February
Auditing firm conducts field work the month of March, with typically two days the first week on site at MCWD office
MD&A draft is provided by the accounting team in early April with MCWD staff working with accounting team to finalize by mid-April
MD&A is finalized and provided to auditing team for inclusion into the audit report
Audit is finalized, presented and accepted by Board of Managers at the second board meeting in April

8. **Please describe the nature and extent of audit adjustments typically needed to the District's records during the audit.**
   Audit adjustments typically relate to vendor payments made in January/February for prior year services or purchases as well as closing funds for closed projects.

9. **Would you be willing to send us a copy of the journal entries that resulted from the 2025 audit?**
   Not at this time.

10. **What were the fees for the most recently completed audits?**
    $33,700

11. **Does that include any out-of-scope billings?**
    There are typically no out-of-scope services provided with the watershed district annual audits.

12. **If you are able, please provide the number of auditors and number of days auditors have typically been on-site/remote (preliminary and final fieldwork).**
    Generally there has been an audit firm Partner and Director, along with one or two staff working on the District's audit. How many days or hours they work on the District audit is not available, however as a rule they have spent two full days on-site during the first week of field work.

13. **Is a fully on-site, remote, or hybrid audit approach preferred?**
    On-site two days is generally how it's worked for the last few years, and our preference for working collaboratively with the auditing team. All other auditor field work is being performed at their office.

14. **Has the District experienced any turnover in key management or accounting positions thus far in 2026?**
    No

15. **Does the District anticipate any major changes in its operations or organization that will have a significant impact on upcoming audits (new funds, unusually large projects or financing, etc.)?**
    Nothing anticipated at this time.

16. **Does the District anticipate any new federal funding in the next few years?**
    The District does not anticipate this and generally does not seek federal funding.

17. **What is the District's process for evaluating and implementing new GASB standards (done internally, assistance provided by auditors, etc.)?**
    The District relies on the auditing team to keep District staff informed of any new and/or applicable GASB changes. During the December audit kick-off meeting the auditing team will discuss with District staff new requests for this audit or what might be expected in the coming year.

18. **What is the Watershed District's motivation to seek proposals? Is there motivation outside of the requirement for Watershed District's?**
    See question #1

19. **What is the Watershed District's level of satisfaction with the current auditor?**
    This solicitation is not prompted by any MCWD concern with the level of service, knowledge and collaboration it receives from the current auditing team.

20. **What activities or behaviors do the current auditors do that you would like to remain the same and is there anything that you can think of that can be improved?**
    MCWD appreciates the auditor working collaboratively with the MCWD and accounting firm staff and engaging in proactive communication.

21. **What factors does the Watershed District view as being important in its relationship with an audit firm?**
    Knowledge of watershed districts in general and how accounting standards may be different than municipalities; a firm that values collaboration between its auditors and MCWD staff, and transparency between the audit team and MCWD staff .

22. **When coming to the decision on the audit firm, what factors will be most important and what would be differentiating factors?**
    Please refer to the RFP. Factors include cost, the firm's watershed audit experience, and willingness to be on-site for initial field work.

23. **When reviewing proposals, what will be an important factor when coming to the decision outside of just price?**
    Please see the RFP and above responses.

24. **Other than the Board of Manager approval, how will the decision be made on the next audit firm?**
    Staff will evaluate proposals, potentially including selected interviews, and present the proposals to the Board with a recommendation. The Board will select a firm.

25. **Is audit fieldwork typically completed remotely? What is your preference for on-site vs remote audit fieldwork?**
    See question #13

26. **Are there any anticipated changes in entity personnel? Specifically in Finance or Administration or those responsible for portions of the audit process.**
    Deb Johnson, MCWD Office Manager has led the audit internally for the last seven years, however is retiring at the end of 2026 and will not be involved in the next audit cycle. Lauren Stretar, Office Coordinator will be the new lead, along with Tessa Vacek, Administrative Services Manager.

27. **What software does the Watershed District use and what is the satisfaction level currently with the software?**
    Sage 50. Although not the most up-to-date version of Sage it does perform adequately for our financial services firm.

28. **What is the preferred timing audit fieldwork?**
    See Question #7

29. **Are there any significant projects or debt issuances currently ongoing or expected in the near future?**
    The MCWD has three long-term debt commitments: 1) with Old National Bank for a loan on the MCWD office building; 2) with the City of Richfield on a past joint project; and 3) with Hennepin County for a past joint project. These have all been in place for a number of years with no changes or new debt anticipated at this time.

30. **Typically, if any, how many and what type of journal entries have been prepared by the auditors?**
    There are typically a couple of dozen journal entries required for the audit with the entries being made by the accounting firm in collaboration with the audit team. These are typically the result of reversals for vendor payments in January/February for purchases and/or services made in the prior year.

31. **Is there anything unique or to mention regarding the Watershed District that would be relevant to putting together our proposal that was not asked about above?**
    No