

MEETING DATE: September 13, 2018

TITLE: Authorization to Solicit Proposals for Audit Services

RESOLUTION NUMBER: 18-088

PREPARED BY: Cathy Reynolds

E-MAIL: Creynolds@minnehahacreek.org

TELEPHONE: 952-641-4503

REVIEWED BY: Administrator Counsel Program Mgr. (Name): _____
 Board Committee Engineer Other:

WORKSHOP ACTION:

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date): _____	<input type="checkbox"/> Refer to taskforce or committee (date): _____
<input type="checkbox"/> Return to staff for additional work.	<input type="checkbox"/> No further action requested.
<input checked="" type="checkbox"/> Other (specify): Final Action on September 13, 2018	

PURPOSE or ACTION REQUESTED:

Authorize the District Administrator solicit proposals for the conduct of the annual financial audit for the District.

PROJECT/PROGRAM COST:

The operations budget for accounting services in 2019 is \$85,000. This includes general accounting services and the conduct of the

PAST BOARD ACTIONS:

This is the first Board action on this item.

SUMMARY:

Pursuant to Minnesota Statute 103B.227 a watershed district is required to solicit interest proposals for legal, professional, or technical consultant services at least every two years. MCWD's audit services are subject to this requirement. In order to have audit services in place for the end of the year, and the start of the audit season, we request authorization to solicit proposals for audit services.

Attachments:

Attachment 1 – DRAFT Audit RFP

REQUEST FOR PROPOSALS

AUDIT SERVICES

Minnehaha Creek Watershed District (MCWD) is requesting proposals from qualified firms of certified public accounts for audit of its financial statements for fiscal year ending December 31, 2018. This audit is to be performed in accordance with the provisions contained in this request for proposal.

Scope of Work to be Performed

MCWD is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending December 31, 2018 and 2019. The audit is to be performed in accordance with the provisions contained in this request for proposals. It is further anticipated that the firm selected shall provide audit adjustment notations as needed, and advise as to procedural changes for the betterment of the financial record-keeping of MCWD. These services shall be included in the proposal as incidental to the audit.

Proposal Requirements

Executive Summary

Describe your understanding of the work to be performed and your overall audit philosophy and how this will benefit MCWD. Also, describe your firm's philosophy on communications with clients throughout the year.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U. S. General Accounting Office's Government Auditing Standards.

License to Practice in Minnesota

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered and licensed to practice in Minnesota.

Audit Approach and Timeline

Submit a work plan to accomplish the scope of services required. The work plan should include time estimates for each significant segment of the work and the staff level position. Where possible, individual staff members should be named and their titles provided. Also include:

1. Sample size and the extent to which statistical sampling is to be used
 - a. Approach to be taken in drawing audit samples for purposes of tests of compliance

2. Type and extent of analytical procedures to be used
3. Approach to be taken to gain and document an understanding of MCWD's internal control structure
4. Approach to be taken in determining laws and regulations that will be subject to audit test work

Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from MCWD.

Describe the specific audit approach that will be used to ensure that your auditors cover all pertinent areas. Explain your approach to educating our staff on how to prepare for the audit and the completeness of your pre-audit documentation requests. Provide a detailed timetable by phase for the audit to show how you plan to meet the deliverables within the time frame allotted.

Professional Experience

Describe the most recent auditing experience similar to the type of audit being requested. Include a reference list of local government audit clients.

Identify the partner, audit manager, and supervisors who will work on the audit. Include:

1. Name
2. Position
3. Number of years with your firm
4. Number of years performing governmental audits
5. Year in which the individual last performed a governmental audit
6. Indicate if individual is a GFOA Certificate Reviewer

Resumes including relevant experience and continuing education for each individual assigned to the audit should be included. Discuss your commitment to staff continuity and include your staff turnover in the last five years.

For the firm, identify:

1. Number of positions by category (i.e. partners, seniors, juniors, support staff)
2. Number of licensed CPAs by category (i.e. partners, seniors, juniors, support staff)
3. Number of individuals by category (i.e. partners, seniors, juniors, support staff) providing greater than 500 hours of governmental audits in the last 3 years

Pricing

Proposal should contain all pricing information relative to performing the audit as described in this request for proposal. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of-pocket expenses.

Describe your billing rates and procedures for technical questions that may come up during the year, or whether these occasional services are covered in the proposed fee structure. Additionally, if the pricing may be impacted by the timing of the audit, please provide alternative pricing.

MCWD will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

Oral Presentation

At the discretion of MCWD firms submitting proposals may be requested to make oral presentations as part of the evaluation process

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports:

1. An Independent Management letter.
2. A report consisting of the Annual Financial Statements and Supplemental Information.
3. Combined and individual fund statements.
4. A report on compliance with requirements applicable to each major program and on internal control over compliance based on an audit of financial statements.
5. A summary schedule of prior audit findings.
6. A report on compliance with applicable laws and regulations.

The auditor shall communicate in a letter to the District Administrator any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the reports. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to the District Administrator, which shall be referred to in the report(s) on internal controls.

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the MCWD's Board.

Evaluation Criteria

Cost will be a factor in the selection of an audit firm, however price will not be the sole determining factor in the selection process. MCWD will use the following criteria in selecting the best qualified firm:

1. The firm has no conflict of interest with regard to any other work performed by MCWD.
2. Knowledge of generally accepted accounting principles, auditing standards, financial policies, and procedures as applicable to governmental entities. The audit firm is independent and licensed to practice in Minnesota.
3. Prior experience in auditing financial statements of similar sized or larger governmental agencies in Minnesota.
4. Proposing Firm's approach to the examination and the work plan for accomplishing the scope of services required in the RFP.
5. The quality of the firm's professional personnel to be assigned to MCWD and availability of trained personnel and technical resources required for conducting the audit and for providing consultation on accounting and other technical matters as needed by MCWD.

MINNEHAHA CREEK WATERSHED DISTRICT PROPOSER GUARANTEES

Proposer warrants that it is willing and able to comply with State of Minnesota laws.

Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees or agents thereof.

Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of MCWD.

Proposer certifies that it can and will provide and make available at a minimum, all services set forth in this proposal.

Proposer warrants that all information provided in connection with this proposal is true and accurate.

Signature of Official

Date

Name (printed)

Title

Firm