

Flathead County Economic Development Authority

REQUEST FOR PROPOSAL

FOR AUDIT SERVICES

FOR THE PERIODS

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

INQUIRIES AND PROPOSALS SHOULD BE DIRECTED TO:

Name: Lara Russell
Title: Accounting Manager
Entity: Montana West Economic Development
Address: 44 2nd Avenue West
Kalispell, MT 59901
Phone: 406-257-7711 Ext. 6
Email: lara@dobusinessinmontana.com

PROPOSAL GUIDELINES

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I. GENERAL INFORMATION

A. Purpose

The purpose of this RFP is to obtain the services of a public accounting firm (hereinafter referred to as the "Offeror"), whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, to perform financial and compliance audits of Flathead County Economic Development Authority for the fiscal years ending June 30, 2017, June 30, 2018, and June 30, 2019.

Government Audit Standards, states on page 2-1:

Financial statement audits determine (1) whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows or changes in financial position in accordance with generally accepted accounting principles, and (2) whether the entity has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

B. Who May Respond

Audit Firms and Licensed Certified Public Accountants may respond to this RFP.

C. Instruction

1. Submission Closing Date

Proposals must be submitted no later than 5:00 p.m. on May 22, 2017.

2. Inquiries

Inquiries concerning this RFP should be directed to Lara Russell, Accounting Manager, 406-257-7711 ext. 6, or lara@dobusinessinmontana.com.

3. Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror, and will not be reimbursed by Flathead County Economic Development Authority.

4. Instructions to Prospective Contractors

Your proposal should be addressed as follows:

Name: Lara Russell
Title: Accounting Manager
Entity: c/o Montana West Economic Development
Address: 44 2nd Avenue West
Kalispell, MT 59901

It is important that the Offeror's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Request for Proposal
5:00 pm, May 22, 2017

Sealed Proposal
for Audit Services

Failure to do so may result in premature disclosure of your proposal.

Submissions may also be made electronically to the email address lara@dobusinessinmontana.com, with the subject line labeled "Sealed Proposal for Audit Services." Please request a read receipt.

It is the responsibility of the Offeror to ensure that the proposal is received by Flathead County Economic Development Authority by the date and time specified above.

Late proposals will not be considered.

5. Right to Reject

Flathead County Economic Development Authority reserves the right to reject any proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

6. Small and/or Minority Owned Businesses

Efforts will be made by Flathead County Economic Development Authority to utilize small businesses and minority-owned businesses.

An Offeror qualifies as a small business firm if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.201).

7. Notification of Award

- a. It is expected that a decision selecting the successful audit firm will be made within 2 weeks of the submission closing date.
- b. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this Request for Proposal will be informed of the name of the successful audit firm upon request.

D. Description of Entity and Records to be Audited

The Flathead County Economic Development Authority, FCEDA, is a special district and component unit of Flathead County Government. The "Authority" was created in 1999 to promote economic development activities in Flathead County. The day-to-day operations, budget, and board management is conducted by the Authority's contracted management agency, Jobs Now, Inc., dba Montana West Economic Development. The annual budget is submitted to the Authority's governing Board of Directors for approval, as are expenditures. The Board of Directors for the Authority are appointed, in rotation, by the Flathead County Commissioners.

The financial statements of the Authority are prepared by the staff of Montana West Economic Development. The organization uses Abila (formerly Sage) MIP Fund Accounting on a Dell workstation, using Windows 2010, to record and report financial transactions. Both software and hardware are documented and available for review to the successful proposer.

II. SPECIFICATION SCHEDULE

A. Scope of a Financial and Compliance Audit

1. Summary

- a. At the time of this RFP, all FCEDA transactions are included in the General Fund. As activity with the Glacier Rail Park moves along, it may be necessary to include additional governmental fund types such as special revenue funds, capital Project funds, and/or debt service funds.

2. Periods to be Audited

July 1, 2016 through June 30, 2017 – Fiscal Year 2017

July 1, 2017 through June 30, 2018 – Fiscal Year 2018

July 1, 2018 through June 30, 2019 – Fiscal Year 2019

3. Services to be Provided

The audit will be made in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

- a. FCEDA desires the auditor to express an opinion on whether the financial statements 1) present fairly the financial position, results of operations, and cash flows or changes in financial position in accordance with generally accepted accounting principles, and (2) whether the entity has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.
- b. The auditor shall be responsible for performing certain procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- c. The auditor shall provide a report on compliance and on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- d. The audit will include tests to determine whether FCEDA has complied with the provisions of each of its revenue bond ordinances and indenture agreements, when applicable.

- e. The audit will meet the requirements of the Single Audit Act of 1984 (31 U.S.C. 7501-7507), as amended by the Single Audit Act Amendments of 1996 (P.L. 104- 156) and the Federal Office of Management and Budget's (OMB) Uniform Guidance, when applicable. A Single Audit is not currently required for FCEDA, but may be required in future years. Auditor should have knowledge and ability to perform such audits should it become required.
- f. The auditor shall provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements, when applicable.
- g. It will be necessary for the auditor to provide non-audit advisory services to ensure that financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and local Governments*. Auditor shall also be available for consultation throughout the year.

B. Description of Programs/Contracts/Grants

In 2012, FCEDA was the recipient of a U.S. Department of Commerce EDA Grant purchasing property for a rail-served industrial park. FCEDA collaborated with the City of Kalispell in seeking a TIGER (Transportation Investment Generating Economic Recovery) Grant from the Department of Transportation to aid in the development of the rail-served industrial park. In 2015, the TIGER Grant was awarded to the City of Kalispell (FCEDA not being the direct recipient of any Federal funds).

FCEDA serves as the local government applicant on behalf of private businesses seeking Category I Job Creation grants through the Montana Department of Commerce - Big Sky Trust Fund program. These funds are passed through FCEDA to local expanding business.

As development of the Glacier Rail Park continues, FCEDA intends on issuing special assessment debt to fund the build-out and operations of the park.

C. Performance

The agency's records should be audited for each fiscal year ending June 30, 2017, June 30, 2018, and June 30, 2019.

The Offeror is required to prepare audit reports in accordance with the *Government Audit Standards*, and *U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*.

D. Contract Schedule

A consolidated trial balance and adjusted trial balances by fund will be available to the auditor on or before September 1st following each fiscal year-end.

Fieldwork should be scheduled during September and October following fiscal year-end.

The Offeror is to transmit one electronic copy of the draft audit report to the Accounting Manager at Montana West Economic Development by October 15th following each fiscal year-end.

The Offeror shall deliver a PDF and 10 printed final audit reports to Flathead County Economic Development Authority's Board of Directors no later than November 15th following fiscal year-end.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all provisions of this contract, the agency may, by written notice of default to the Offeror, terminate the whole or any part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

E. Price

The Offeror's proposed price for each audit year should be submitted separately from the main proposal. Include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated.

Price quotes should be presented as single, fixed-fee engagement bids, and should NOT include the cost for a Single Audit. Price quotes shall include three (3) separate prices:

1. Price to include preparation of all financial statements, notes and supplemental schedules for the audit for the fiscal year ending June 30, 2017.
2. Price to include preparation of all financial statements, notes and Supplemental schedules for the audit for the fiscal year ending June 30, 2018.
3. Price to include preparation of all financial statements, notes and Supplemental schedules for the audit for the fiscal year ending June 30, 2019.

The pricing information should be in a separate sealed envelope.

F. Payment

Payment will be made when Flathead County Economic Development Authority has determined that the total work effort has been satisfactorily completed. Should the agency reject a report, its authorized representative will notify the Offeror in writing of such rejection giving the reason. The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

Progress payments will be allowed to the extent that the Authority can determine that satisfactory progress is being made.

Upon delivery of the PDF and 10 printed copies of the final audit reports to Flathead County Economic Development Authority, and with their acceptance and approval, the Offeror may submit a statement for the balance due on the contract for the audit.

G. Audit Review

All audit reports prepared under this contract will be reviewed by Flathead County Economic Development Authority and its funding sources to ensure compliance with General Accounting Office's (GAO) *Government Audit Standards* and other appropriate audit guides.

H. Exit Conference

An exit conference with Flathead County Economic Development Authority Board of Directors and the Offeror's representatives will be held upon completion of the final audit report. Observations and recommendations must be summarized in writing and discussed with the Board of Directors. It should include internal control and program compliance observations and recommendations.

I. Work Papers

1. Upon request, the Offeror will provide a copy of the work papers pertaining to any questioned costs determined in the audit. The work papers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
2. The work papers will be retained for at least three years from the end of the audit period.
3. The work papers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and Flathead County Economic Development Authority.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to Flathead County Economic Development Authority, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form, or authorize or permit other to do so, taking such reasonable measures as are necessary to restrict access to the information, to these employees on the Offeror's staff who must have the information on a "need-to-know" basis. The Offeror agrees to immediately notify, in writing, the agency's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

K. AICPA Professional Standards

The AICPA Professional Standards state:

Ethics Interpretation 501-3 - Failure to follow standards and/or procedures or other requirements in governmental audits. Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits are in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements. Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his report the fact that such requirements were not followed and the reasons therefore.

III. OFFEROR'S TECHNICAL QUALIFICATIONS

The Offeror, in its proposal, shall, as a minimum, include the following:

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Prior experience auditing not for profit business development agencies.
2. Prior experience auditing similar programs funded by the State of Montana.
3. Prior experience auditing programs financed by the Federal Government.
4. Prior experience auditing similar county or local governments.
5. Prior experience auditing nonprofit organizations.
6. Prior experience designing and/or installing accounting systems in non-profit agencies.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or minority-owned business. The Offeror should include a copy of the most recent Peer Review, if the Offeror has had a Peer Review.

C. Staff Qualifications

The Offeror should describe the qualifications of staff to be assigned to the audits for Flathead County Economic Development Authority. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members.

Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc. will be considered.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications

The Offeror must sign and include as an attachment to its proposal, the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by Flathead County Economic Development Authority, because the agency desires to contract only with an Offeror who is already familiar with these publications.

IV. PROPOSAL EVALUATION

A. Submission of Proposals

All proposals shall include two copies of the Offeror’s technical qualifications, two copies of the pricing information (in a separately sealed envelope), and two copies of the signed Certifications. These documents will become part of the contract.

B. Nonresponsive Proposals

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the signed Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the *Government Audit Standards* of the U.S. Comptroller General.

C. Evaluation

Evaluation of each proposal will be based on the following criteria:

Factors	Point Range
1. Prior experience auditing and/or designing and installing accounting systems.	
a. Prior experience auditing not for profit business development agencies	0-5
b. Prior experience auditing similar programs funded by Montana	0-5
c. Prior experience auditing programs financed by the Federal Government	0-5
d. Prior experience auditing similar county or local government activities	0-5
e. Prior experience auditing nonprofit organizations	0-5
f. Prior experience designing and/or installing accounting systems in nonprofit agencies	0-5
Flathead County Economic Development Authority will contact prior audited organizations to verify the experience provided by the Offeror.	
2. Organization, size, and structure of Offeror’s firm. (Considering size in relation to audits to be performed.)	
a. Adequate size of the firm	0-5

b. Minority/small business	0-5
3. Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be considered.	
a. Audit team makeup	0-10
b. Overall supervision to be exercised	0-5
c. Prior experience of the individual audit team members	0-10
4. Offeror's understanding of work to be performed.	
a. Adequate coverage	0-10
b. Realistic time estimates of each audit step	0-5
5. Price	0-20
MAXIMUM POINTS:	100

D. Review Process

The agency may, at its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offerors' proposals.

However, the agency reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

Flathead County Economic Development Authority contemplates award of the contract to the responsible Offeror with the highest total points.

CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before June of 2017.
- G. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards*.
- H. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 of the required 80 hours will be in subjects directly related to the government environment and to government auditing for individuals.
- I. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
- J. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
 - 1. *Government Auditing Standards* (Yellow Book)
 - 2. OMB Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions* (June 1997)
 - 3. *OMB Circular A-133 - Compliance Supplement* (March 2002)
 - 4. OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations* (1997)
 - 5. OMB Circular A-122, *Cost Principles for Nonprofit Organizations* (June 1998)
 - 6. *A Guide for Nonprofit Organizations: Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contract with the Department of Health and Human Services* (May 1983)
 - 7. *Audits of Voluntary Health and Welfare Organizations* (AICPA Audit Guide)
 - 8. *Audits of Certain Nonprofit Organizations* (AICPA Audit Guide)

- K. The individual signing certifies that he/she has read and understands all information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.
- L. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.

Dated this _____ day of _____, 2017.

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)