

LOWER MINNESOTA RIVER WATERSHED DISTRICT

REQUEST FOR PROPOSALS

AUDIT SERVICES

The Lower Minnesota River Watershed District (LMRWD) is requesting proposals from qualified firms of certified public accounts for audit of its financial statements, pursuant to Minnesota Statutes Section 103B.227, Subd. 5. This audit is to be performed in accordance with the provisions contained in this request for proposal.

LMRWD is an 80 square mile Watershed District whose jurisdiction falls generally between the bluff lines of the Minnesota River from the City of Carver to the confluence of the Minnesota River with the Mississippi River. More information on our watershed is available on the LMRWD website: <https://lowermnriverwd.org/>.

Carver County Finance Department has provided financial services for the LMRWD since 2013. The LMRWD will be seeking a new financial services provider and ending its relationship with Carver County. (2021 financial records are all with Carver County).

The annual budget for the LMRWD in 2021 and 2022 is \$1,784,105.00 and \$1,377,381.00 respectively. In addition to the responsibilities of a Minnesota watershed district, the LMRWD is the local sponsor for the US Army Corps of Engineers maintenance of the 9-foot navigation channel in the Minnesota River. The LMRWD owns 20 acres in Savage, MN for the purpose of dredge material management and has licenses with private river terminal owners to place dredge material on the property for removal once the material is sufficiently dry. The LMRWD offers for sale material dredged from the navigation channel.

Scope of Work to be Performed

LMRWD is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending December 31, 2021, and 2022. 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 LMRWD, including implementation of GASB 84. 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 LMRWD. Also, describe your firm's philosophy on communications with clients throughout the year and how long you have been providing government auditing

services and what area(s) you specialize (county, city watershed district, etc.). How often do you perform these services?

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 LMRWD's internal control structure
4. Approach to be taken in determining laws and regulations that will be subject to audit test work

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. Include how the firm stays up to date on recent changes in government audits.

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

Resumes including relevant experience and continuing education for each individual assigned to the audit should be included.

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.

LMRWD 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 LMRWD 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 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 LMRWD'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 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 LMRWD 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. LMRWD 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 LMRWD.
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 LMRWD and availability of trained personnel and technical resources required for conducting the audit.
6. Familiarity with LMRWD and its financial approach and system.

Proposal Submission

All proposals must be received electronically in PDF format by 4:00 PM **on Tuesday, December 7, 2021**, submitted to Linda Loomis at naiadconsulting@gmail.com. Questions should be addressed to Linda Loomis by email before November 30, 2021. If possible, please keep proposals to 15 pages or less. The LMRWD Board of Managers plans to make a selection pursuant to this RFP at its December 15, 2021, meeting. The Board of Managers reserves the right to reject any and all proposals, and otherwise take such action it deems in the best interest of the LMRWD.

Your consideration and response are much appreciated.