



# Board of County Commissioners Agenda Request

**6A**  
Agenda Item #

**Requested Meeting Date:** September 13, 2022

**Title of Item:** Approve Audit Request for Proposal (RFP)

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	<b>Action Requested:</b> <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <i>*provide copy of hearing notice that was published</i>
<b>Submitted by:</b> Jessica Seibert		<b>Department:</b> Administration
<b>Presenter (Name and Title):</b> Jessica Seibert, County Administrator		<b>Estimated Time Needed:</b> 5 min.
<b>Summary of Issue:</b>  In 2016 the Board approved an RFP for outside audit services. Staff recommends occasionally submitting an RFP to ensure competitiveness in pricing. Attached is an audit RFP for consideration.		
<b>Alternatives, Options, Effects on Others/Comments:</b>		
<b>Recommended Action/Motion:</b> Approve audit RFP.		
<b>Financial Impact:</b> <i>Is there a cost associated with this request?</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>What is the total cost, with tax and shipping? \$</i> <i>Is this budgeted?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Please Explain:</i>		

**AITKIN COUNTY  
REQUEST FOR PROPOSALS  
FOR PROFESSIONAL AUDIT SERVICES**

**I. INTRODUCTION**

**A. General Information**

Aitkin County, hereafter known as the County, is requesting proposals from qualified firms of certified public accountants to audit its annual financial statements for the County's fiscal years ending in December 31, 2022 and December 31, 2023.

There is no expressed or implied obligation for the County to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, proposals must be electronically received by the following email address:

Jessica Seibert  
Aitkin County Administrator  
[jessica.seibert@co.aitkin.mn.us](mailto:jessica.seibert@co.aitkin.mn.us)

The proposals should be received by the County no later than 4:30 p.m. on October 14, 2022.

The County reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the following Selection Committee:

- the County Administrator
- the County Auditor
- the Chief Financing Officer
- the Board Chair

During the evaluation process, the County reserves the right to request additional information or clarifications from proposers, or allow corrections of errors or omissions. Firms may be requested to make oral presentations to the Selection Committee as part of the final evaluation process.

The County reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County and the firm selected.

It is anticipated that the selected of the firm will be completed by October 31, 2022. Following the notification of the selected firm, it is expected a contract will be executed between both parties following the November 22, 2022 meeting of the County Board.

## **B. Term of Engagement**

A two-year contract is contemplated, subject to the annual review and recommendation of the Selection Committee, the satisfactory negotiation of terms (including a price acceptable to both the County and the selected firm), and the concurrence of the Board of County Commissioners.

## **II. NATURE OF SERVICES REQUIRED**

### **A. Scope of Work to be Performed**

The County desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with governmental accounting principles generally accepted in the United States of America. Also, pursuant of Minnesota Statute § 375.17, the annual financial report will be prepared in conformity with the sample county financial statements included in the Minnesota County Financial & Accounting Reporting Standards (COFARS), issued by the Office of the State Auditor.

The County also desires the auditor to provide an “in-relation-to” opinion on the supplementary information based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical and required supplementary information sections of the report. However, the auditor shall also be responsible for performing certain limited procedures involving the required supplementary information required by the Governmental Accounting Standards Board as mandated by the accepted auditing standards. Also, the auditor is to provide an “in-relation-to” report on the County’s schedule of expenditures of federal awards based on the auditing procedures applied during the audit of the financial statements.

The County desires the auditor to make an “in person” presentation to the County Board of Commissioners and appropriate staff, depending on the board’s agendas and availability.

The auditor will perform procedures and issue a report on compliance pursuant to the requirements of the Minnesota legal Compliance Audit Guide for Counties. Pursuant to the Single Audit Act Amendments of 1996<sup>1</sup>, the County is required to have an audit performed on the major federal programs of the County. The auditor will be required to test internal controls and compliance for major federal award programs administered by the County. It is anticipated the County will require a Single Audit for each year covered by this request.

### **B. Auditing Standards to be Followed**

To meet the requirements of this request for proposals, the audit shall be performed in accordance with auditing standards generally accept in the United State of America; the standards for financial audits set forth in the Government Accountability Office’s (GAO) *Government Auditing Standards* (December 2011 revision); the provisions of the federal Single Audit Act Amendments of 1996 and

---

<sup>1</sup> For 2015 and beyond, the Single Audit threshold is \$750,000 in expenditures of federal awards.

U.S. Office of Management and Budget (OMB) Circular A-133, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the minimum procedures for auditors of local governments prescribed by the OSA pursuant to Minnesota Statute § 6.65.<sup>2</sup>

### **C. Report to be Issued**

The auditor shall prepare the following reports at the completion of the audit:

- Independent auditor's reports on the basic financial statements.
- Independent auditor's report on internal controls over financial reporting based on an audit financial statements performed in accordance with *Government Auditing Standards*.
- Independent auditor's report on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Independent auditor's report on compliance pursuant to the *Minnesota legal Compliance Audit Guide for Counties*.
- Independent auditor's report on internal control over compliance for major federal programs in accordance with OMB *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards*.
- Independent auditor's report (opinion) on compliance with requirement applicable to each major federal program in accordance with OMB *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- A summary of auditor's results and a schedule of findings and questioned costs, if any, required by OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

### **D. Additional Non-Audit Services**

In addition to the audit services described above, the County is requesting the following additional assistance or services:

- Preparation of all required basic financial statements.
- Preparation of the notes to the financial statements.
- Preparation of the following additional statements and schedules:

---

<sup>2</sup> The OSA promulgated the minimum auditing procedures after consulting with representatives of counties and others, including private sector public accountants.

- Combining and individual fund financial statements
  - Budgetary comparison schedules
  - General capital asset schedules
  - Schedule of investments
  - Schedule of taxable valuations
  - Individual ditch balance sheet
  - Schedule of intergovernmental revenue
  - Schedule of expenditures of federal wards
- Preparation of supporting schedules and trial balances for the financial statements. The county will decide the format and methodologies for these schedules and trial balances.
  - Assist in the preparation of the statistical section of the comprehensive annual financial support.
  - Typing, copying, and binding of the annual financial report. The firm will provide the County 7 bound copies and one electronic (PDF) version of the annual financial report. The County will provide front and back covers for the report.
  - The firm will provide the County with 10 copies of their report(s) on the internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act and the Uniform Guidance, as may be required.
  - Assistance with filing the annual financial report and any applicable report with appropriate state agencies and department, including (1) paper and one (1) electronic copy to be filed with the OSA.
  - A letter to management containing appropriate suggestions for improvement of accounting procedures and internal controls for the County's consideration. This letter should contain comments and recommendations of controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing.
  - Assist with the County's response to prior year comments from the Government Finance Officers Association (GFOA) relating to the Certificate of Achievement for Excellence in Financial Reporting Award Program.
  - Assist with the preparation and submission of the reporting package, required by the Single Audit Act Amendments of 1996 as identified in the Uniform Guidance, to the Federal Audit Clearinghouse. This package

includes the annual financial report; the supplementary schedule of expenditures of federal awards; the required auditor's reports, including any current findings and questioned costs; a summary schedule of prior audit findings; and a corrective action plan.

#### **E. Special Considerations**

1. The submitting firms should be aware that, pursuant to Minnesota law, the State Auditor may require additional information from private certified public accountant as the State Auditor deems in the public interest. The State Auditor may accept the audit or make additional examinations as the State Auditor deems to be in the public interest. The firm will need to submit all required reports to the Office of the State Auditor (OSA). In addition, the firm should make available all work papers and information required by the State Auditor.
2. The County will rely on the auditors for assistance in preparing the financial - statements.
3. The County will send its comprehensive annual financial report to the GFOA for review in their Certificate of Achievement

#### **F. Working Paper Retention and Access to Working Papers.**

All working papers and reports must be retained, at the auditor's expense, for a minimum of six (6) years, unless the firm is notified in writing by the County of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the County.

Pursuant of Minnesota law, the State Auditor may require additional information including all audit engagement work papers, from the private certified public accountant s the State Auditor deems in the public interest. The State Auditor may make additional examinations as the State Auditor deems to be in the public interest. Your work papers must be available to the OSA for review.

All data relating to the audit, including work papers, will be subject to the same data classifications that apply under Minnesota Statute § 6.715. The auditor conducting a county audit must provide access to such data relating to the audit and is liable for unlawful disclosure of the data as if it were a government entity under Minnesota Statute Chapter 13.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

### **III. DESCRIPTION OF THE GOVERNMENT**

#### **A. Name and Telephone Number of Contact Person**

The audit firm’s principal contract with the County will be Kathleen Ryan, Chief - Financing Officer, at 218-927-7265 who will coordinate the assistance to be provided by the County to the auditor.

**B. Background Information**

The County was established in 1857 and has powers, duties, and privileges granted counties by state law, codified in Minnesota Statutes Chapter 373. The County serves an area of 1,955 square miles, with a population of 15, 887. The County’s fiscal year begins on January 1 and ends on December 31. Th county is governed by a 5 – member Board of County Commissioners representing separate districts within the County. In addition, the offices of County Attorney, Sheriff, Auditor, Treasurer, and Recorder are elected on a County – wide basis.

The County offers a full range of services appropriate in courts, property tax, administration, law enforcement and corrections, Road & Bridge, human services, parks, solid waste management, community health, county extension, economic development, and general administration. The County employs approximately 242 full-time and 55 part-time/seasonal employees.

The County is organized into 16 departments. Most of the accounting and financial reporting functions of the County are centralized. However, certain accounting and grant reporting requirements are performed by account staff of the Health and Human Services and Road & Bridge. Eleven departments collect and remit fees for services provided and three departments maintain separate checking accounts.

More detailed information on the government and its finances can be found in the Budget Document and previous annual financial reports. Contact Kathleen Ryan at [kathleen.ryan@co.aitkin.mn.us](mailto:kathleen.ryan@co.aitkin.mn.us) concerning access to these documents.

**C. Reporting Entity**

The reporting entity of the County is defined, for financial reporting purposes, in conformity with the Governmental Account Standards Board’s *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100.

**D. Fund Structure**

The County uses the following fund types in its financial reporting:

<u>Fund Type</u>	<b>Number Individual Funds at <u>December 2023</u></b>	<b>of</b>	<b>Number with Adopted <u>Budgets</u></b>	<b>Legally Annual</b>
General Fund	1		1	
Special Revenue Funds	11			
Debt Service Funds	1			
Capital Project Funds	1			
Permanent Funds	1			
Enterprise Funds	1			
Internal Service Funds	1			

Private-purpose Trust Funds	
Investment Trust Funds	
Custodial Funds	10

#### **E. Budgetary Basis of Accounting**

The County prepares its budgets on a basis consistent with generally accepted accounting principles. The County includes the budgetary comparison presentations for the general and major special revenue funds as required supplementary information/part of the basic financial statements.

#### **F. Federal Financial Assistance**

Please refer to the 2021 County Audit for the list of the most recent Federal Revenues expended by the County. Contact Kathleen Ryan at [Kathleen.ryan@co.aitkin.mn.us](mailto:Kathleen.ryan@co.aitkin.mn.us) for any updates and/or changes.

#### **G. Pension Plans**

The County participates in the following pension plans administered by the Public Employees Retirement Association of Minnesota (PERA):

- General Employees Retirement Plan
- Public Employees police and Fire Plan
- Local Government and Correctional Service Retirement Plan

All of these funds are multiple-employer, cost-sharing defined benefit plans. Elected officials of the County also participate in PERA's Public Employees Defined Contribution Plan. Significant amounts relating to the County's net pension liabilities, pension-related deferred outflows and inflows of resources, and pension expense will be provided by PERA.

#### **H. Joint Ventures**

The County participates in the following joint ventures with other governments:

#### **I. Magnitude of Finance Operations**

The County Auditor's Office/Finance Department provides the budgetary, accounting, information systems, purchasing, collections, accounts receivable, and accounts payable functions. The Department has a staff of 10 full-time employees.

#### **J. Computer Systems**

The day-to-day transactions of the county are conducted with the aid of a computerized governmental accounting system. The computer hardware is an IBM iSeries, and the financial accounting software, Integrated Financial System (IFS) is supported by the manager of the IT Department.

#### **K. Availability of Prior Audit Reports and Working Papers**



Interested proposers who wish to review prior years' audit reports and management letters should contact Kathleen Ryan at [kathleen.ryan@co.aitkin.mn.us](mailto:kathleen.ryan@co.aitkin.mn.us). The County will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals. The County and proposers recognize and agree that all actions related to government data must comply with the Minnesota Government Data Practices Act, Minnesota Statute Chapter 13.

#### **IV. TIME REQUIREMENTS**

The auditors must be able to meet the following essential dates for the fiscal year audit:

Preliminary work completed by the end of April.

Fieldwork completed by the end of May.

Draft reports completed by the end of June.

Final printed and bound reports by 1<sup>st</sup> Tuesday in July. (Board Meeting)

\*\*Goal is to eventually be GFOA

#### **V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

##### **A. The Auditor's Office, Road & Bridge, Health & Human Services and Clerical Assistance**

The Auditor's Office, Road & Bridge, Health & Human Services and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the county as directed by the auditor.

In an effort to contain audit costs, the County has historically prepared as many audit worksheets and schedules as is practical to reduce the clerical work to be performed by the independent auditor. It wishes to continue this practice.

##### **B. Report Preparation**

Report preparation, editing and printing shall be the responsibility of the auditor.

#### **VI. PROPOSALS REQUIREMENT**

##### **A. General Requirements**

###### **1. Inquiries**

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Jessica Seibert  
Aitkin County Administrator  
[jessica.seibert@co.aitkin.mn.us](mailto:jessica.seibert@co.aitkin.mn.us)

###### **2. Submission of Proposals**

The following material is required to be received by October 15, 2022, for a proposing firm to be considered:

- a. A master copy (so marked) of the proposal and two 92) copies to include the following:

- i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address, and telephone number of the contract person and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

Assigned letter of transmittal briefly stating the proper's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for 90 days.

- iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI.B. of this request for proposals.

- b. Proposers should send the completed proposals to the following email address:

Jessica Seibert  
Aitkin County Administrator  
[jessica.seibert@co.aitkin.mn.us](mailto:jessica.seibert@co.aitkin.mn.us)

## **B. Audit Proposal**

### **1. General Requirements**

The purpose of the proposal is to demonstrate the qualifications, competence, and a capacity of the firms seeking to undertake an independent audit of the County in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirement.

### **2. Independence**

The firm should provide an affirmative statement that it is independent of the County as defined by the generally accepted auditing

standards/the U.S. Government Accountability Office's *Government Auditing Standards*.

**3. License to Practice in Minnesota**

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

**4. Firm Qualifications and Experience**

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and on a part-time basis.

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.

**5. Partner, Supervisory, and Staff Qualifications and Experience**

The proposal should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Minnesota. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the County. Other audit replacements have substantially the same or better qualifications or experience.

**6. Similar Engagements with Other Government Entities**

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last three years that are similar to the engagement, in particular counties, described in this request for proposal. Also, indicate those municipalities that achieved the Certificate of Achievement for Excellence in Financial Reporting award while your firm was engaged as their auditors. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Specifically identify

those engagements at which the managers and other supervisors who will be assigned to this engagement have worked.

## **7. Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed. Firms will be required to provide the following information on their audit approach:

- a. Proposed timing of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of computer software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the County's internal control over financial reporting
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work

## **8. 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 the County.

### **C. Dollar Cost**

#### **1. Total All-Inclusive Maximum Price**

Attachment A must be completed and signed. Attachment A's price should specify all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price is to include all direct and indirect costs, including all out-of-pocket expense. The County will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

**2. Rates by Partner, Specialist, Supervisory and Staff Level times Hours Anticipated for Each**

The cost schedule should include a schedule of professional fees and expenses broken into the above categories, if appropriate.

**3. Manner of Payment**

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's proposal. Interim billings shall cover a period of not less than one calendar month.

**VII. EVALUATION PROCEDURES**

**A. Selection Committee**

Proposals submitted will be evaluated by a 4-member Selection Committee consisting of the County Administrator, County Auditor, Chief Financing Officer and a board member.

**B. Evaluation Criteria**

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

**1. Mandatory Elements**

- a. The audit firm is independent and licensed to practice in Minnesota.
- b. The audit firm's professional personnel have received adequate.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the County.
- d. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- e. The firm submits a copy of its last external quality control review report, including any letter of comments, and the firm has a record of quality audit work.

**2. Technical Qualifications**

- a. The firm exhibits expertise based on past experience and performance on comparable government engagements.

- b. The firm has demonstrated an ability to assist its governmental client in attaining and retaining GFOA Certificate of Achievement in Financial Reporting.
- c. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

### **3. Price Consideration**

Cost will not be the primary factor in the selection of an audit firm.

#### **C. Oral Presentations**

During the evaluation process, the Selection Committee may, at its discretion, request firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

#### **D. Final Selection**

The County Board will select firm based on the recommendation of the Selection Committee.

It is anticipated that a firm will be selected by October 31, 2022. Following notification of the firm selected, it is expected a contract will be executed between both parties following the November 22, 2022, Aitkin County Board Meeting.

#### **E. Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County and the firm selected. The County reserves the right, without prejudice, to reject and or all proposals.

**ATTACHMENT A**

**Aitkin County Auditing Services**

**Fee Structure**

	Fiscal Years	
	2022	2023
CAFR, etc. *	\$ _____	\$ _____
Single Audit	\$ _____	\$ _____
Draft Financials	\$ _____	\$ _____
Total	\$ _____	\$ _____

\* Annual Financial Report, Management Letter, Minnesota Legal Compliance Letter, GFOA Certificate Response

**FIRM SUBMITTED PROPOSAL:**

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name of Authorized Representative

\_\_\_\_\_  
Date