

**RICE STEELE CONSOLIDATED DISPATCH  
REQUEST FOR PROPOSALS  
FOR PROFESSIONAL AUDIT SERVICES**

**I. INTRODUCTION**

**A. General Information**

Rice Steele Consolidated Dispatch, hereafter known as Dispatch, is requesting proposals from qualified firms of certified public accountants to audit its annual financial statements for Dispatch's fiscal year ending December 31, 2018, with the option of auditing its financial statements for each of the two subsequent fiscal years December 31, 2019 and 2020.

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

To be considered, three (3) copies of a proposal must be received by:

Laura Ihrke  
Steele County Auditor  
630 Florence Ave  
Owatonna MN 55060

The proposal should be received by 4 p.m. on November 2, 2018.

Dispatch reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a four (4) member Selection Committee consisting of:

- the Dispatch Administrator
- the Steele Dispatch Treasurer/Finance Director – fiscal agent
- two Joint Powers Board members

During the evaluation process, Dispatch reserves the right to request additional information or clarifications from proposers, or to 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.

Dispatch 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 Dispatch and the firm selected.

It is anticipated the selection of a firm will be completed by December 5, 2018. Following the notification of the selected firm it is expected a contract will be executed between both parties following the December 5, 2018 meeting of Joint Power Board.

**B. Term of Engagement**

A three-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 Dispatch and the selected firm) and the concurrence of the Joint Powers Board of Commissioners.

**II. NATURE OF SERVICES REQUIRED**

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

Dispatch 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.

Dispatch 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 generally accepted auditing standards.

The auditor will perform procedures and issue a report on compliance pursuant to the requirements of the Minnesota Legal Compliance Audit Guide for Political Subdivisions. This guide is available on the Office of the State Auditor web site: [www.auditor.state.mn.us](http://www.auditor.state.mn.us) under Auditing.

**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 accepted in the United States of America, the standards for financial audits set forth in the Government Accountability Office’s (GAO) Government Auditing Standards (December 2011 revision), and the minimum procedures for auditors of local governments

prescribed by the Office of the State Auditor pursuant to Minn. Stat. § 6.65.

### **C. Reports to Be Issued**

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

- The Independent auditor's reports on the basic financial statements.
- Independent auditor's report on internal controls over financial reporting based on internal control over financial reporting and compliance with provision of laws, regulations, contracts, and award agreement, noncompliance with which could have a material effect on the financial statements in accordance with Governmental *Government Auditing Standards*.
- Independent auditor's report on compliance pursuant to the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*.

### **D. Additional Services**

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

- Preparation of all required basic financial statements
- Preparation of the notes to the financial statements
- Typing, copying and binding of annual financial report. The firm will provide Dispatch ten (10) bound copies and one electronic (PDF) version of the annual financial report.
- The firm will provide Dispatch with ten (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, as may be required.
- Assistance with filing the annual financial report and any applicable reports with appropriate state agencies and departments.
- A letter to management containing appropriate suggestions for improvement of accounting procedures and internal controls for Dispatch's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing.

**E. Special Considerations**

The submitting firms should be aware that, pursuant to Minnesota law, the Commissioner of Public Safety may require additional information from the private certified public accountant as the Commissioner deems in the public interest. The Commissioner may accept the audit or make additional examinations. The firm must submit all required reports to the Commissioner. In addition, the firm must make available all work papers and information required by the Commissioner.

**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 after the report is issued, unless the firm is notified in writing by Dispatch of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to Dispatch.

Pursuant to Minnesota law, the state auditor may require additional information, including all audit engagement work papers, from the 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. Your work papers must be available to the Office of the State Auditor for review.

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 contact with Dispatch will be Jill Bondhus, Dispatch Administrator, at 507-444-0341 who will coordinate the assistance to be provided by Dispatch to the auditor.

**B. Background Information**

Dispatch was established in January 1<sup>st</sup>, 2001 and has the powers, duties, and privileges granted counties by state law, codified in Minn. Stat. ch. 373. Dispatch serves an area of 948 square miles, with a population of 102,155. Dispatch's fiscal year begins on January 1 and ends on December 31. Dispatch is governed by a seven (7) member board of Dispatch commissioners representing separate districts within Dispatch.

Dispatch employs approximately 21 full-time 3 and part-time employees.

Steele County serves as the Organization's fiscal agent and performs most of the accounting and financial reporting functions of Dispatch. However, certain accounting and grant reporting requirements are performed by Dispatch.

**C. Reporting Entity**

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

**D. Budgetary Basis of Accounting**

Dispatch prepares its budgets on a basis consistent with generally accepted accounting principles.

Dispatch includes the budgetary comparison presentations for the fund as required supplementary information.

**E. Pension Plan**

Dispatch participates in the following pension plan administered by the Public Employees Retirement Association of Minnesota (PERA):

Public Employees Retirement Fund

Significant amounts relating to Dispatch's net pension liabilities, pension-related deferred outflows and inflows of resources, and pension expense will be provided by PERA.

**F. Magnitude of Finance Operations**

Steele County's Auditor's Office and Treasurer/Finance Office are the fiscal agents for Dispatch and provides the budgetary, accounting, information systems, purchasing, collections, accounts receivable, and accounts payable functions. The Departments have a staff of nine full-time employees.

**G. Computer Systems**

The day-to-day transactions of Dispatch are conducted with the aid of a computerized governmental accounting system. The computer hardware is an IBM

AS/400 and the financial accounting software, Integrated Financial System (IFS) is supported by Counties Providing Technology.

**H. Availability of Prior Audit Reports and Working Papers**

Dispatch 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. Dispatch and proposers recognize and agree that all actions related to government information must comply with the Minnesota Government Data Practices Act, Minn. Stat. ch. 13.

**I. TIME REQUIREMENTS**

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

- Fieldwork completed by April 30.
- Draft reports completed by June 1.
- Final printed and bound reports by June 20.

**IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

**A. Finance Department and Clerical Assistance**

Steele County's Treasurer/Finance department staff 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 Dispatch as directed by the auditor.

To contain audit costs, Dispatch 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.

**V. PROPOSAL REQUIREMENTS**

**A. General Requirements**

**1. Inquiries**

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

Jill Bondhus  
507-444-0341

**2. Submission of Proposals**

The following material is required to be received by November 2, 2018 for a proposing firm to be considered:

1. A master copy (so marked) of the Proposal and 2 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 contact person; and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer'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.

2. Proposers should send the completed proposals to the following address:

Laura Ihrke  
Steele County Auditor's Office  
630 Florence Ave  
Owatonna, MN 55060

**B. Audit Proposal**

**1. General Requirements**

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of Dispatch 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 of 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 requirements.

**2. Independence**

The firm should provide an affirmative statement that it is independent of Dispatch as defined by the generally accepted auditing standards/the U.S. General Accounting 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, including any letter of comments, with a statement whether that quality control review included a review of specific government engagements.

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

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 Dispatch. Other audit personnel may be changed at the discretion of the firm provided that 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. 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 Dispatch's internal controls,
- 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 Dispatch.

**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 expenses.

Dispatch 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 four (4) member Selection Committee consisting of the Administrator, the fiscal agent Treasurer, the Chairman of the Board, and another member of the Board.

### **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, which 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 continuing professional education within the preceding three years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for Dispatch.
- 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 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 up to three 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 Joint Powers Board will select a firm based upon the recommendation of the Selection Committee.

It is anticipated that a firm will be selected by December 5, 2018. Following notification of the firm selected, it is expected a contract will be executed between both parties following the December 5, 2018, Joint Powers 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 Dispatch and the firm selected.

Dispatch reserves the right, without prejudice, to reject any or all proposals.

**ATTACHMENT A**

**DISPATCH  
AUDITING SERVICES**

**FEE STRUCTURE**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Financial Reports</b>			
<b>Submission of Audit to Commissioner of Public Safety</b>			
<b>Total</b>			

**FIRM SUBMITTING PROPOSAL:**

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

\_\_\_\_\_  
Title

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

\_\_\_\_\_  
Date