
**REQUEST FOR PROPOSALS
TO PROVIDE PROFESSIONAL AUDITING SERVICES
TO THE
CITY OF BLACKDUCK**

**City of Blackduck
County of Beltrami
State of Minnesota**

August 21, 2024

SUMMARY

The City of Blackduck is requesting proposals from qualified certified public accounting firms to prepare and audit its financial statements for its fiscal year ending December 31, 2024 with the option of auditing its financial statements for succeeding fiscal years. These audits are to be performed in accordance with generally accepted auditing standards. Proposals must be received no later than 4:30 p.m. on Thursday, October 10, 2024. Proposals received after the above date and time may not be considered.

Please submit three (6) copies and one electronic copy (e-mailed) of the Proposals to:

City of Blackduck
Attn: Christina Regas, City Administrator
8 Summit Ave. E.
PO Box 380
Blackduck, MN 56630

Notwithstanding any other provisions of the Request for Proposal (RFP), the City reserves the right to reject any or all proposals, to waive any irregularity in a proposal, and to accept or reject any item or a combination of items, when to do so would be to the advantage of the City or its taxpayers. It is further within the right of the City to reject proposals that do not contain all elements and information requested in this document. The City of Blackduck shall not be liable for any losses incurred by any responders throughout this process.

GENERAL INFORMATION

The City of Blackduck was incorporated in 1910 and is a Minnesota Statutory A city. It has a population of 854, according to the 2020 census. Blackduck is the second largest city of Beltrami County, which is located in northern Minnesota. The City of Blackduck has a Mayor-Council form of government. The City had actual expenses and expenditures over \$3,300,000 in 2023. The City has about 300 water and sewer customers. The City's current auditing firm has served the city since around the 1984 audit.

SCOPE OF SERVICES

Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The audit also shall be performed in accordance with the *Minnesota Legal Compliance Audit Guide for Local Governments and Minnesota Statutes*.

Reports To Be Issued

The auditor shall issue general purpose financial statements & independent auditor's report including:

- ✓ Combining and individual fund statements
- ✓ A report on the fair presentation of the general purpose financial statements in conformity with generally accepted accounting principles.

- ✓ A report on the internal control structure based on the auditors' understanding of the control structure and assessment of control risk.
- ✓ A report on compliance with applicable laws and regulations.
- ✓ Single purpose audit of federal awards
- ✓ Schedule of findings and questioned costs
- ✓ Reportable conditions that are also material weaknesses shall be identified as such in the report.
- ✓ Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.
- ✓ The reports on compliance shall include all instances of noncompliance.
- ✓ The City financial reporting form for the Office of the State Auditor

Presentation

The auditor shall inform the City Council and management of each of the following:

- ✓ The auditor's responsibility under generally accepted auditing standards
- ✓ Significant accounting policies
- ✓ Management judgments and accounting estimates
- ✓ Significant audit adjustments
- ✓ Other information in documents containing audited financial statements
- ✓ Disagreements with management
- ✓ Management consultation with other accountants
- ✓ Major issues discussed with management prior to retention
- ✓ Difficulties encountered in performing the audit

The auditor shall provide recommendations for the improvement of the financial management and condition of the city.

The auditor shall provide seven (7) copies of the complete audit and management letter.

DESCRIPTION OF THE ORGANIZATION

Contact

The auditor's principal contact with the City of Blackduck will be Christina Regas, Clerk/Treasurer, or a designated representative, who will coordinate assistance to be provided by the City to the auditor.

Fund Structure: The City uses the following fund types in its financial reporting:

Governmental Funds

- General
- Golf
- Revolving Loan
- Fire Hall Maintenance
- Fire Department Special Equipment
- Cemetery
- Debt Service Funds

Proprietary Funds

Liquor Store (On & Off Sale)
Water
Sewer

Annual Transactions - It is estimated that during 2024 the treasurer will have performed the following transactions:

Receipts Disbursements
Journal Entries
Payroll
Checks
Utility Billing
Miscellaneous
Bills

The cash basis of accounting is used for all funds by the city. Auditors will make all necessary adjustments to report the final audit in accrual basis form. A sample of a previous audit is available on request.

ASSISTANCE TO BE PROVIDED

The City Hall office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documents, and explanations. The auditor's principal contacts with the City of Blackduck will be Christina Regas, City Administrator, or a designated representative. The City will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to a telephone, internet connection, copier, and fax machine. The auditor is to provide all other equipment necessary for use during the audit field work.

REPORTS REQUIRED

Each report shall briefly state the type of audit: if an examination of the financial statements, state the scope of the examination and that it conforms to generally accepted auditing standards; if a compliance examination, and opinion as to specific findings should be stated.

1. Preparation of the Annual Financial Report, excluding Management's Discussion and Analysis. The auditor shall furnish one original and seven bound reports of the audit report on 8½" x 11" paper and the City Clerk's office will be responsible for additional reproduction and distribution of the report.
2. An electronic version of the Annual Financial Report shall also be furnished to the City Administrator's Office.
3. An audit report incorporating an expression of the auditor's opinion on the financial statements to be incorporated in the Annual Financial Report for the City of Blackduck for the year ending December 31, 2024, and annually thereafter.
4. A management letter summarizing audit findings and recommendations affecting the financial statement, internal control, accounting and accounting systems. This report should be delivered to the City Administrator (seven copies) who will distribute it as appropriate.
5. Presentation of the Annual Financial Report to the City Council.
6. Completion of the Annual Financial Reporting Form for the Office of the State Auditor.

By appropriate reporting to the City, auditors shall assure themselves that the City Council of Blackduck is informed in each of the areas required by Audit Standard No. 114.

TIME CONSIDERATION & REQUIREMENTS:

Audit information gathering can begin immediately after an auditing firm has been chose by the city council and annually thereafter or at a time reasonable to both parties.

On site field work will be the second full work week of February. Additional information gathering will take place via email or phone as needed. The preliminary report and review to be completed by May 1st of each year.

Prior to submission of the completed report, the audit firm's staff will review a draft of the proposed report and management letter with the City Administrator.

The final report must be submitted no later than May 15, 2025 and annually thereafter.

The appointed auditing firm will be required to discuss audit results at a City Council meeting in June or July and discuss detailed questions with individual council members upon request.

The City will require the audit firm to provide the services necessary to draft, type, copy, collate and assemble the Annual Financial Report. Compensation for these services should be included in the fee.

Audit workpapers generated by City staff shall remain in the custody of the City. Audit workpapers generated by the audit shall remain in the custody of the auditor. However, City staff under the control of the City Administrator, as well as any succeeding external auditors, shall be given access to the audit firm's workpapers and shall have the right to copy such workpapers for a period of five (5) years after the completion of the audit report.

The audit firm shall be allowed progress billings to the City. The billings should show what services the City is being billed for an allocated audit cost to the appropriate funds when applicable. Payment of billed amounts shall be made by the City within thirty (30) days of the receipt and approval of the invoices by the City Council.

Authorization for the audit firm to commence any audit work shall be required in the form of an engagement letter.

The audit firm shall be required to provide the personnel necessary to perform any audit work.

PROPOSAL EVALUATION

Proposals will be evaluated by the City in order to ascertain which proposer best meets the needs of the City. Evaluation considerations will include, but not be necessarily limited to, the following:

1. Audit firm's experience and qualifications, with particular emphasis on Minnesota local government, overall single award experience, and Airport Improvement Grants.
2. Responsiveness of the proposal in clearly stating an understanding of the nature of the work to be performed.
3. Audit firm's ability to provide a timely audit, interim services and recommendations for system improvements.
4. Size and makeup of the proposed audit team including experience and education of team members.

5. Cost will not be the primary factor in the selection of an audit firm. The City reserves the right to further negotiate on price if the firm desired for selection is higher than other proposing firms.

CONTENT OF PROPOSAL

In order to achieve a uniform review of all proposals and to thus obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified below.

Title Page – Clearly indicate the subject of the proposal, the name of the proposer’s firm, the firm’s address, the firm’s telephone number, the name of the contact person from the firm, and the date of the proposal.

Table of Contents – Include a clear identification of the material by section and by page number.

Letter Transmittal – This section should be limited to two pages. Proposers may use this section to present any information that they consider essential to their proposal. Give the names of persons who are authorized to make representations for the proposer, along with their titles, addresses and telephone numbers.

Profile of Proposer – Provide a description of your firm’s practice at the proposing office to include at least the following:

- ✓ List of major clients, particularly Minnesota local governments.
- ✓ Memberships in professional organizations.
- ✓ Longevity of practice.
- ✓ Partners’ and principal staffs’ activities in professional organizations and community associations.
- ✓ Formally defined statement of firm’s goals.
- ✓ Client retention history.

Qualifications of the Proposer – Provide the following data concerning the proposing office and proposed audit team relative to qualifications to conduct an effective and efficient audit of the City’s financial statements and operations:

- ✓ Provide a description of your firm’s quality control procedures.
- ✓ Describe and list prior local government auditing experience with clients similar to the City, particularly in the Blackduck / Northern Minnesota area.
- ✓ Describe your firm’s commitment to a formal program of continuing professional education, both internally and externally, with particular emphasis on governmental accounting and financial management. Include any continuing education programs your firm offers its government clients.
- ✓ Describe supervision and review procedures within your firm.
- ✓ Provide evidence and limits of professional liability insurance.

Proposer's Service – Provide information for the proposing office regarding the firm's desire and ability to conduct the audit with a minimum of disruption, ability to complete the audit on a timely basis, and ability to provide the City with specific recommendations to improve operations, systems and procedures.

Compensation – provide the firm's all-inclusive fee the required work. In addition, provide a detailed breakdown of the fee for the various segments including primary government audit, drafting/typing/printing financial statements, preparation of OSA form, and out-of-pocket costs. The audit firm shall not be reimbursed for any travel, per diem, photocopying, telephone bills or other such expenses unless they have been specifically stated in your proposal, or unless incurred at the specific request of the City.

INQUIRIES

Prospective service providers may submit questions by mail, e-mail, fax or telephone to:

City of Blackduck
Attn: Christina Regas, City Administrator
PO Box 380
8 Summit Ave. E.
Blackduck, MN 56630
Phone: 218-835-4803
Fax: 218-835-4801
E-mail: christina.regas@blackduckmn.com

OFFER EXPIRATION DATE

Proposals in response to this RFP will be valid for thirty (30) days from the proposal due date. The City reserves the right to ask for an extension of time if needed.

SELECTION

It is anticipated the selection of a firm will be considered on November 4, 2024 by the City Council.

During the evaluation process, the City Council reserves the right, where it may serve the City of Blackduck's best interest, to request additional information or clarifications from vendors, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Blackduck 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 City and the firm selected.

AWARD NOTIFICATION

The City will notify in writing the person or persons authorized to represent the prospective service provider of the contract award, whether or not if they were successful.

OWNERSHIP OF MATERIALS

All materials submitted in response to the RFP become the property of the City and supporting materials will not be returned. The City is not responsible for any costs incurred by the company in the preparation of the proposal.

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 City and the firm selected.

Notwithstanding any other provisions of the RFP, the City reserves the right to reject any oral proposals, to waive any irregularity in a proposal, and to accept or reject any item or a combination of items, when to do so would be to the advantage of the City or its taxpayers. It is further within the right of the City to reject proposals that do not contain all elements and information requested in this document.

REQUEST FOR PROPOSALS

PROFESSIONAL AUDITING SERVICES

CITY OF BLACKDUCK

The City of Blackduck is accepting proposals to provide auditing services of the City's financial statements for the year ended December 31, 2024 as outlined in the Request for Proposals document available at the Blackduck City Hall, 8 Summit Ave. E. PO Box 380 Blackduck, MN 56630. The firm will provide services in accordance with generally accepted auditing standards, government auditing standards, FAA Audit Guide. The Request for Proposal may be obtained in person at the above address, by phone (218-835-4803) from the City's website (www.blackduckmn.com), or electronically (christina.regas@blackduckmn.com). Proposals are due by 4:30 p.m. on Thursday, October 10, 2024.

Christina Regas
City Administrator

Dated: August 21, 2024