Request for Proposals
Professional Auditing Services
Fiscal Years Ending 2024-2028

Proposals Due
August 19, 2024 @ 10:00 AM

RFP Contact
Sharon Wright, Finance Director
sharonw@ci.north-branch.mn.us
651-277-5230
I. INTRODUCTION

The City of North Branch (the City) is requesting proposals from qualified firms of Certified Public Accountant to audit its annual financial statements for the fiscal year ending December 31, 2024, with the option, upon mutual agreement, of auditing the financial statements for each of the four subsequent fiscal years. The audit of the City is to be performed in accordance with generally accepted auditing standards. The city may require a single audit in future years of the engagement.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. The City of North Branch shall not be liable for any expenses incurred by the applicant including but not limited to expenses associated with the preparation of the proposal, attendance at the interviews, preparation of a compensation (fees) schedule or final contract negotiations.

To be considered, one (1) master hard copy of the proposal must be mailed or delivered to the contact listed below and received no later than 10:00 AM on August 19, 2024. In addition, email an electronic version of the proposal to the contact below:

City of North Branch
Attn: Sharon Wright, Finance Director
6408 Elm Street
P.O. Box 910
North Branch, MN 55056
(651) 277-5230 (direct)
sharonw@ci.north-branch.mn.us

The City reserves the right without prejudice to reject any or all proposals submitted. Proposals submitted will be evaluated by a Selection Committee consisting of: City Administrator, Finance Director, City Accountant, and one (1) council member.

During the evaluation process, the City reserves the right, where it may serve the City’s best interest, 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.

The City 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.

It is anticipated the selection of a firm will be completed by September 10, 2024. Following the notification of the selected firm, it is expected a contract will be executed between both parties following the September 10, 2024, meeting of the City Council.
Term of Engagement

A five (5) year contract is proposed, subject to an annual review by the City. It is anticipated the City will request proposals every five (5) years. In the event of unsatisfactory performance, or when in the best interest of the City, proposals may be solicited before the end of the five (5) year period. The City reserves the right to provide 90-day notice of the City’s intent to terminate the agreement and select a new auditing firm.

Subcontracting

No subcontracting will be allowed without the express prior written consent of the City.

II. NATURE OF SERVICES REQUIRED

Scope of Work

A copy of the City’s 2022 Audited Financial Report is available on the City’s website https://bit.ly/465SdHI. The scope of work to be performed will be consistent with the audit performed in 2022 and pending work done in 2023.

The City 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.

For the City, the auditor is required to audit the basic financial statement section and the notes to the financials.

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 set forth by the American Institute of Certified Public Accountants; the standards for financial audits set forth in the U.S. Government Accountability Office’s (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, and the minimum procedures for auditors of local governments prescribed by the Office of the State Auditor pursuant to Minnesota State Statute §6.65.

Reports to be Issued

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

1. Issue an opinion letter on the City’s basic financial statements in conformity with accounting principles generally accepted in the United States of America.
2. Issue a report on the consideration of the City’s internal controls over financial reporting.
3. Issue a report on compliance with applicable laws and regulations.
4. Communicate in a letter to management any reportable conditions found during the audit.
5. If a single audit is needed, issue an auditor’s report on the internal control over compliance for major federal programs, an opinion on compliance with requirements applicable to each major federal program, and a summary of auditor’s results and a schedule of findings and questioned
costs, if any, required by OMB.
6. Present opinions, procedures, and overview of the City’s financial condition to the City Council.

Special Considerations

1. The preparation of the City’s annual financial report has been substantially completed by the uploading of the City’s trial balance into the audit firm’s software to produce most of the documents. The City will work cooperatively with the audit firm to complete the notes to the financial statements, and other sections of the report. These fees are to be billed separately from the audit fees.
2. The City will also rely on the expertise of the auditor to inform the City of changes in auditing standards and regulations which may require the auditor to change the scope of work in the future.
3. The City has typically had its audit firm perform non-attestation services to calculate the required entries to record GASB 68 related pension adjustments.
4. The City requires a minimum of ten (10) copies of the annual audited financial report, internal control report, legal compliance report and management letter. In addition, an electronic copy shall be provided of each of these documents.
5. The City prepares and files reports required by the State Auditor’s Office for the financial statements. The City has a separate contract that manages the tax increment preparation and reporting requirements.

Retention of Work Papers and Access to Working Papers

All working papers and reports must be retained, at the auditor’s expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees: City of North Branch, State Auditor’s Office, U.S. General Accounting Office (GAO), Federal Cognizant Agency, and parties designated by the federal or state governments or by the City of North Branch as part of an audit quality review process.

All data relating to the audit, including work papers, will be subject to the same data classifications that apply under Minnesota State Statute, §6.715. The auditor conducting a City 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 State Statutes 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 CITY OF NORTH BRANCH

The City of North Branch was organized as a Minnesota Municipal Corporation in 1881. North Branch is located north of the Minneapolis-St. Paul metropolitan area at the intersection of I-35 and highway 95. North Branch’s population is just over 12,000 people and the city encompasses an area of just over 37 square miles.

The City operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the government of the city is directed by a city council composed of an elected mayor
and four elected city council members. The city Council is responsible for setting the policy and overall direction for the City, which includes legislative decisions, and approval of the City budget. City employees, under the direction of a City Administrator, carry out council decisions and provide day-to-day services. The City administrator provides leadership, direction and guidance to all City departments and is accountable to the City Council.

More detailed information on the government, fund structure and operations can be found in the 2023 Annual Financial Report which can be found on the City’s Web site at https://www.ci.north-branch.mn.us/departments/finance.php.

The City uses Springbrook financial software with a full range of fully integrated accounting and human resource modules.

Interested proposers who wish to review prior years’ audit reports and management letters can find them on the City’s Web site (www.ci.north-branch.mn.us). The City of North Branch 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 proposal. The City and proposers recognize and agree that all actions related to government data must comply with the Minnesota Government Data Practices Act, Minnesota State Statute Chapter 13.

IV. Schedule for Audit Completion

Interim Work & Audit Plan - The City has a standard set of work papers that it prepares each year for the audit. The auditor shall provide City of North Branch an audit plan with a list of additional documentation to be prepared by the City prior to December 15. The schedule for interim work will be determined upon completion of selection process.

Fieldwork & Final Report Due Dates - The City will have its accounting records ready for audit and a draft of the fund statements by the end of March. At a minimum, the auditor will be required to meet the following dates:

1. Fieldwork completion no later than April 15.
2. Draft audit reports & findings to management at least one week prior to presentation.
3. Presentation to City Council at a regular council meeting that falls on the 2nd Tuesday of June.

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

Finance Department Assistance

Finance Department staff and responsible management personnel will prepare the necessary workpapers and be available during the audit to assist the firm by providing information, documentation and explanations.

Report Preparation

The preparation of the City’s annual financial report has been substantially completed by providing the Trial Balance to the auditors for uploading into the audit firm’s software to produce the audited financial statements and related documents.
VI. PROJECT SCHEDULE

<table>
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<tr>
<th>PROPOSAL AND SELECTION TASK</th>
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<tbody>
<tr>
<td>Request for Proposal Announcement</td>
<td>7/17/2024</td>
</tr>
<tr>
<td>Proposals Due @ 4:00 pm</td>
<td>8/19/2024</td>
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<tr>
<td>Firm Interviews</td>
<td>8/27/2024</td>
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<tr>
<td>Firm Selected &amp; Contract Approved</td>
<td>9/10/2024</td>
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<td>10/01/2024</td>
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</tbody>
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VII. PROPOSAL REQUIREMENTS

General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be addressed in writing to:

Sharon Wright
Finance Director - City of North Branch
6408 Elm Street
P.O. Box 910
North Branch, MN 55056
sharonw@ci.north-branch.mn.us

All responses, questions, and correspondence should be directed to Sharon Wright. In the interest of fairness to all respondents, do not contact other staff or elected or appointed officials.

In the interest of a consistent approach, if the City receives a question or request for clarification from a prospective firm, the City will post its response on the city Web site with the original RFP. This will allow all potential respondents the same information.

2. Submission of Proposals

The following material is required to be received by August 19, 2024 by 10:00AM for a proposing firm to be considered:

a. Title Page

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

b. Table of Contents
c. 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 the best qualified to perform the engagement, and a statement that the proposal is an irrevocable offer for the five-year period.

d. Detailed Proposal

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

i. Executed copy of the Proposer Guarantees and Warranties (attached to this request for proposal – Appendix A)

ii. Schedule of Professional Fees and Expenses for the Audit (attached to this request for proposal – Appendix B)

3. Audit Proposal

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 the City 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 the engagement. It should also specify an audit approach that will meet the request for proposals requirement.

The proposal should address all the points outlined in the request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer’s capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following subjects, items 2 through 9, must be included. They represent the criteria upon which the proposal will be evaluated.

Independence

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

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.

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.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

**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 City. Other audit personnel may be changed at the discretion of the firm if replacements have substantially the same or better qualifications or experience.

**Similar Engagements with Other Government Entities**

Describe the firm’s experience with local government audits and audits of federal programs. 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 like the engagement described in this request for proposal. Also, include any cities awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting as this is a future goal of the City. 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.

**Specific Audit Approach**

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

a. Proposed timing and segmentation 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 to 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 City’s internal control over financial reporting and internal control structure  
g. Approach to be taken in determining laws and regulations that will be subject to compliance test work  
h. Approach to be taken in drawing audit samples for purposes of testing compliance  

4. 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 City.  

The proposal should include acknowledgement of the required audit schedule and a statement as to the firm’s ability to meet the schedule.  

5. Dollar Cost Proposal (Appendix B)  

a. Total All-inclusive Maximum Price  

The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal. The dollar cost proposal 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 for each of the years ending 2024-2028.  

b. Rates by Partner, Specialist, Supervisory and Staff Level Times and Hours Anticipated for Each  

The dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B) that supports the total all-inclusive maximum price.  

c. Single Audit  

The City does not expect to require a single audit. If this situation presents itself, it will be addressed as an addendum to this contract between the City and the Firm. See section VII.C.4.  

d. Rates for Additional Professional Services  

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work because of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between
the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

e. Manner of Payment

Progress payments will be made based on hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm’s dollar cost proposal. Interim billings shall cover a period of not less than one calendar month.

6. EVALUATION PROCEDURES

a. Selection Committee

Proposals submitted will be evaluated by a Selection Committee consisting of the City Administrator, Finance Director, Accountant, and a council 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:

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 the City.
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. The firm must have a record of quality work.

Technical Qualifications
a. Expertise and Experience
b. The firm exhibits expertise based on past experience and performance on comparable government engagements.
c. The firm has demonstrated an ability to assist its governmental clients in attaining and retaining the GFOA Certificate of Achievement in Financial Reporting.
d. 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.
e. Location of the offices performing the work and availability/responsiveness of staff, as derived from the written proposal.

Audit Approach
a. Adequacy of proposed staffing plan for various segments of the engagement
b. Adequacy of analytical procedures and sampling techniques
c. Ability to meet desired timing of engagement and scheduled deadlines

d. Files are transferred using a secure connection.

Price Consideration

The cost of the audit for the years 2024-2028 should be calculated on the “Schedule of Professional Fees and Expenses” (Appendix B). Cost will not be the only factor the review committee will use to evaluate proposing firms.

c. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request any one or all 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.

d. Final Selection

The City intends to select a firm based upon the recommendation of the Selection Committee. It is anticipated that the Council will approve the recommended firm on August 13, 2024.

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 City and the firm selected. The City reserves the right, without prejudice, to reject any or all proposals.
APPENDIX A

PROPOSER GUARANTEES AND WARRANTIES

1. The proposer certifies it can and will provide, as a minimum, all services set forth in the proposal.

2. Proposer warrants that it does not have any conflicts of interest with the City of North Branch, its management staff, or its elected officials.

3. Proposer warrants that the firm and all assigned key professional staff are properly licensed to practice in the state of Minnesota.

4. Proposer warrants that it is willing to and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.

5. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of North Branch.

6. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: ____________________________
Name (printed/typed): ____________________________
Title: ____________________________
Firm: ____________________________
Date: ____________________________
APPENDIX B

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDITS OF 2024-2028 FINANCIAL STATEMENTS
CITY OF NORTH BRANCH

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<td>Other Costs</td>
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Subtotal - City Audit $ 

Annual Financial Report Preparation $ 

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