
**REQUEST FOR PROPOSALS
TO PROVIDE AUDIT SERVICES
TO THE CITY OF BRAINERD
FOR THE PERIOD ENDING 12/31/2010**

**City of Brainerd
County of Crow Wing
State of Minnesota**

July 7, 2010

SUMMARY

The City of Brainerd is requesting proposals to provide audit services of the 2010 comprehensive annual financial statements to be submitted to GFOA for Certificate of Achievement Program. Proposals must be received no later than 4:30 p.m. on Friday, August 27, 2010. Proposals received after the above date and time may not be considered.

Please submit twelve (12) copies of the Proposals to:

City of Brainerd
Attn: Daniel J. Vogt, City Administrator
501 Laurel Street
Brainerd, MN 56401

Notwithstanding any other provisions of the 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 Brainerd shall not be liable for any losses incurred by any responders throughout this process.

GENERAL INFORMATION

The City of Brainerd was incorporated in 1881 and is governed by a Home Rule Charter. It has a population of 13,178, according to the 2000 census. The State Demographer estimates the current population at 13,947. Brainerd is the county seat of Crow Wing County, which is located in central Minnesota approximately 125 miles north of the Minneapolis/St. Paul metropolitan area.

SCOPE OF SERVICES

Pursuant to Minnesota Statutes, the City is required to have audited financial activities and operations that include audits of the following funds:

1. General Fund
2. Special Revenue Funds (2 major, 1 blended-EDA, 17 non-major)
3. Debt Service Funds
4. Capital Projects Funds
5. Trust & Agency Funds
6. Discretely Presented Component Units
 - Library
 - Airport
 - Housing & Redevelopment Authority – Engages its own auditor
 - Public Utilities Commission – Engages its own auditor

Such audit must be conducted in accordance with generally accepted auditing standards, government auditing standards, OMB circular A-133 (single audit), and FAA procedures for audit of Passenger Facilities Charges.

FISCAL PERIOD

The audit shall cover the fiscal year beginning January 1, 2010 and ending December 31, 2010.

FACILITIES

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 preparation of confirmations will be the responsibility of the City upon direction of the auditor. 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.

OTHER RELEVANT INFORMATION

The City Council will contract with the successful proposer for auditing services for the year ended December 31, 2010. Assuming satisfactory performance, it is expected that the relationship between the City and the successful proposer would last a minimum of three years. The City implemented GASB 45 and early-implemented GASB 54 in 2009. The City's current auditing firm has served the City since the 1972 audit. However contracts are issued on an annual basis and no guarantee of a long-term relationship can be given.

The City has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting every year since the fiscal year ending December 31, 1993 and has submitted its 2009 audit for evaluation and consideration. It is expected that the successful proposer would provide the City with consultation necessary to qualify the 2010 CAFR.

REPORTS TO BE ISSUED

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports, as applicable, for the comprehensive annual report of the City:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an "in relation to" opinion on combining and individual fund financial statements as well as Schedule of Expenditures of Federal Awards.
2. A report on the internal control structure and compliance with applicable laws and regulations, as required by Government Auditing Standards.
3. An opinion on compliance with laws and regulations related to major and non-major federal financial assistance programs and related internal controls over compliance as required by OMB Circular A-133. The City expects to expend approximately \$15,000,000 of federal funds under the CFDA 66.458 program – Capitalization Grants for Clear Water State Revolving Funds. The City also traditionally receives AIP grants under program 20.106, as well as Transportation formula Grants under program 20.509. The monies expended under the 55.453 program are "flowed through" to the Brainerd Public Utilities (PUC) in connection with construction of a new wastewater treatment plant. The PUC contracts for its own separate audit and, therefore, the appointed City

auditor will need to coordinate on-site testing of expenditures and control environment with the PUC auditor. The PUC's audit arrangement includes A-133 testing/ however, the City's A-133 SEFA and reporting covers this program.

4. A report on Minnesota Legal Compliance.
5. A report on compliance with FAA requirements and Passenger Facilities Charges, as required by FAA Audit Guide (24 pages available @www.faa.gov).

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

After an exit conference with City staff, the required audit report shall be completed and submitted to the City Council no later than **June 1st** following the end of each fiscal year.

The auditor shall also prepare the Minnesota State Auditor's reporting form, including spreadsheet accumulation of all financial amounts for the primary government and each of the four discretely presented component units for input of financial reporting entity totals into the OSA reporting form.

The appointed auditing firm will be required to discuss audit results at a City Council "audit workshop" for approximately two hours prior to June 30th and to discuss detailed questions with individual council members upon request (maximum two hours).

The City will require the audit firm to provide the services necessary to draft, type, copy, collate and assemble the CAFR. Compensation for these services should be included in the fee. The City will require 20 copies of this report.

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. Lump sum billings will not be acceptable. 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, GFOA Certificate Program, and Airport Improvement Grants and Passenger Facilities Program Audits.
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.

INFORMATION REQUESTED FROM PROPOSERS

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.

- I. 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.
- II. Table of Contents – Include a clear identification of the material by section and by page number.
- III. 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.
- IV. Profile of Proposer – Provide a description of your firm's practice at the proposing office to include at least the following:
 - A. List of major clients, particularly Minnesota local governments.
 - B. Memberships in professional organizations.
 - C. Longevity of practice.
 - D. Partners' and principal staffs' activities in professional organizations and community associations.
 - E. Formally defined statement of firm's goals.
 - F. Client retention history.
- V. 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:

- A. Provide a description of your firm's quality control procedures.
 - B. Describe and list prior local government auditing experience with clients similar to the City, particularly in the Brainerd/Central Minnesota area.
 - C. Describe your firm's experience with A-133 audits and Passenger Facilities Charges audits (AIP Program PFC Program, Capitalization Grants for Clear Water, Transportation Formula Grants, etc.)
 - D. Describe your firm's experience with the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.
 - E. 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.
 - F. Describe supervision and review procedures within your firm.
 - G. Provide evidence and limits of professional liability insurance.
- VI. 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.
- VII. 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, component units (Library and Airport), A-133 audit, PFC 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 Brainerd
 Attn: Theresa A. Goble, Finance Director
 501 Laurel Street
 Brainerd, MN 56401
 Phone: 218.828.2307
 Fax: 218.828.2316
 E-mail: tgoble@ci.brainerd.mn.us

**CITY OF BRAINERD
REQUEST FOR PROPOSAL
AUDITING SERVICES**

FEE PROPOSAL FORM

ALL INCLUSIVE FEE FOR REQUIRED AUDIT SERVICES FOR YEAR
ENDED DECEMBER 31, 2010

\$ _____

BREAKDOWN OF ALL INCLUSIVE FEE IS AS FOLLOWS:

Primary Government Audit	\$ _____
Component Units Audit	\$ _____
A-133 Audit	\$ _____
Passenger Facility Charges Audit	\$ _____
Preparation of OSA Form	\$ _____
Drafting Financial Statements	\$ _____
Out-of-Pocket Charges	\$ _____

(Signature)

(Title)

Firm Name: _____

Address: _____

Address: _____

Telephone: _____