

CITY OF WINDOM  
REQUEST FOR PROPOSAL  
FOR  
PROFESSIONAL AUDIT SERVICES



Cheryl Ulferts  
Finance Director  
City of Windom  
PO Box 38  
444 9<sup>th</sup> St  
Windom, MN 56101

**REQUEST FOR PROPOSAL  
PROFESSIONAL AUDITING SERVICES**

The City of Windom is soliciting proposals from qualified certified public accountant firms licensed to practice in the State of Minnesota to audit its financial statements for three fiscal years ending December 31, 2021, 2022, and 2023 **and a second proposal** for the five fiscal years ending December 31, 2021, 2022, 2023, 2024 and 2025 in addition to performing other reports and reviews as required by Minnesota State Statutes. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the U. S. Office of Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations* and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minnesota Statutes Section 6.65.

The City Council will evaluate and make the final decision on award of the Contract. At the discretion of the City of Windom, firms submitting proposals may be requested to make an oral presentation as part of the evaluation process.

The City of Windom does not express or imply any obligation to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. If your company would like to consider this engagement, we invite your response due no later than noon on Friday, September 24th, 2021 with one copy of the proposal in sealed envelopes to the below address or submitted electronically via email to [cheryl.ulferts@windommn.com](mailto:cheryl.ulferts@windommn.com).

City of Windom  
Finance Department  
PO Box 38  
444 9<sup>th</sup> St  
Windom, MN 56101.

Additional information may be obtained by contacting:

Cheryl Ulferts  
Finance Director  
City of Windom  
507-831-6129

Sincerely,

Cheryl Ulferts  
Finance Director

## **BACKGROUND**

Windom, a lively, growing city, is the county seat of Cottonwood County, Minnesota. A transportation hub for the region, Windom is served by U.S. Highway 71 and Minnesota Highway 60. The city has a diverse economy including manufacturing, agriculture, adult care facilities and a hospital. Windom's historic courthouse square is the focal point for a variety of successful retail businesses. Windom has long been a safe, desirable community with excellent public services, schools, clubs, activities and events, many parks, lakes, a golf course, and the Des Moines River.

Windom has a population of 4,798 (2020 census) and is located approximately 30 miles northeast of Worthington, 65 miles southwest of Mankato, 150 miles West of Rochester, and 150 miles southwest of the Twin Cities metropolitan area. The City is located in Cottonwood County.

The City of Windom is a home rule charter city incorporated in 1875 and operates under a Mayor/Council form of government with a full-time City Administrator. The Mayor and 5 Council Members are elected to four-year terms.

City functions are located in the City Hall. The City has 54 full time equivalent employees.

The Windom Police Department employs ten full-time police officers. Fire protection is provided by a 30-member volunteer department. The ambulance service has 20 part-time EMT's.

Windom Municipal Utilities provide electric, water, and sewer service to approximately 2,500 customers. The electric utility is a distributor of electricity purchased through the Central Minnesota Municipal Power Association (CMMPA) and the Western Area Power Administration. The water system consists of eight wells and three tanks with a capacity of 1.8 million gallons. An activated sludge wastewater treatment plant handles collection and treatment. Refuse hauling is provided privately by Hometown Sanitation and Waste Management. Recycling is provided by Waste Management through an agreement with Cottonwood County. Minnesota Energy Resources provides natural gas services. The City of Windom has a municipally owned telecommunications utility that provides cable, telephone, and internet. The City also operates a Municipal Liquor Store.

The City of Windom appoints the board for Windom Area Health (Hospital) which is a legally separate entity but included as a blended component unit in the audited financial statements. The hospital has an April 30<sup>th</sup> fiscal year-end which is audited separately.

The City of Windom appoints the board for the Economic Development Authority (EDA) which is a legally separate entity but included as a blended component unit in the audited financial statements. The EDA is not audited separately.

The City of Windom Firefighters are members of the Windom Firefighters Relief Association which is audited separately.

The City utilizes Tyler Technology's Incode product for Payroll and General Ledger applications. Prior City audits are accessible on the City's website at <http://www.windom-mn.com/finance/audits/>. The City has 40 funds including General, Library, Airport, Pool, Ambulance, EDA, 6 EDA loan funds, 16 TIF, 6 debt service, 4 CIP and 8 Proprietary funds including Water, Sewer, Electric, Liquor, Telecom, Arena, M/P Center and RiverBluff Townhomes. These funds are used in financial reporting and comprise approximately a \$27M budget for the City of Windom. The Finance department consists of 3 full-time employees including the Director and 3 part-time employees.

### **NATURE OF SERVICES REQUIRED**

The City seeks an audited financial report to be prepared by the independent auditor, to be fully compliant with Government Accounting Standard Board guidelines, and to be filed electronically with the Office of the State Auditor for the State of Minnesota.

The selected independent auditor will be required to perform the following tasks.

1. The audit firm will perform an audit of all funds of the City of Windom. The audit will be conducted in accordance with the auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City.
2. The audit firm will perform a single audit (if necessary) on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned cost, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.
3. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the Finance Director with copies to the City Administrator, the Mayor, and City Council.

4. The audit firm will be responsible for completing and filing all annual reports to the office of the Minnesota State Auditor, of which all will be completed and submitted on time.
5. The audit firm shall complete a separate compilation report of the City of Windom, Economic Development Authority in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

### **TIME REQUIREMENTS**

The auditor shall provide City of Windom both a detailed audit plan and a list of all schedules to be prepared by the City of Windom no later than December 1 each year.

The auditor shall complete all fieldwork by April 15th each year. A schedule for interim work, fieldwork, and draft reports will be determined upon completion of the auditor selection process. An earlier time schedule may be developed for audits of future fiscal years.

The final audit will be presented to the Windom City Council no later than the first Tuesday in June, with all paperwork submitted by noon the preceding Friday. Both hard copies and electronic versions of the audit are required.

### **SUBMISSION**

The written proposal should include all attachments and exhibits, submitted as follows: one copy of the written proposal to the City of Windom Finance Department in a sealed envelope **no later than noon CST on September 24, 2021** or electronically via email to Cheryl.ulferts@windommn.com. Proposals received after the deadline will not be accepted. Any material changes made by the City to the RFP will be in writing and distributed to the known Vendors. Modifications or corrections to the proposal received after the closing date will be rejected.

The evaluation process consists of the following steps:

1. The proposals will be evaluated by an adhoc committee assisted by the City Council.
2. The Finance Director shall be included on this committee, and specific input will also be received from department staff directly involved with the performance of the audit.

Selection of the successful proposal will be at the sole discretion of the City Council. The City Council reserves the right to reject any or all proposals and to waive formalities.

**THE CITY COUNCIL REQUESTS THAT ONCE PROPOSALS HAVE BEEN SUBMITTED, NO UNSOLICITED CONTACT OR DISCUSSIONS CONCERNING THESE PROPOSALS BE MADE PRIOR TO THE EVALUATION OF ALL PROPOSALS.**

**QUALIFICATIONS AND APPROACH**

1. Cover letter. A signature by a principal or officer having the authority to negotiate and contractually bind and extend the terms of the written proposal is required.
2. Executive Summary. In a brief narrative, describe the proposed procedure by setting forth the overall approach and plans to meet the requirements of the RFP. The contents of the narrative are to demonstrate to the City that the Vendor understands the objective of the financial audit and the level of effort necessary to successfully provide the services. The narrative should stipulate how the Vendor plans to provide the services with qualified staff and to meet the required deadlines.
3. Company. Provide company name, address, telephone, fax, email, and information regarding the Vendor's stability, length of time in business, business history, company size, description of audit staff available, and a list of all public sector audits in Minnesota during the past five years. Include the size of the city and a contact name and telephone number. Highlight specific experience with cities providing Telecommunication Services as well as cities utilizing Tax Increment Funds. The City has reserved the right to accept or reject any changes made to the proposed audit team members.
4. Audit Approach. Describe the Vendor's general approach to managing the project, including specific plans to manage, control, and supervise the project in order to ensure satisfactory provision of services. Provide a project schedule designed to meet the requirements of the City, as well as scheduling and control methodology that will be used to ensure the schedule will be met.
5. Consultants or Sub-Vendors/Contractors. Describe the Vendor's business and reporting relationship with any consultants and/or sub-vendors/contractors. The City desires to enter into one contract with one Vendor, who will be responsible for all work and products. Any other arrangements must be fully disclosed to the City.
6. Listing of at least three municipal references with contact name, telephone number, and email address.

## **COST PROPOSAL SUMMARY**

1. The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. The cost for a Single Audit (if it is needed) should be separately stated. Please also separately state the compilation report for the EDA.
2. The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.
3. Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month.
4. The proposal submitted in response to this RFP will be incorporated as part of the final contract with the selected Vendor.
5. Should any discrepancies or omissions be found in the RFP or if there is doubt as to their meaning, the Vendor shall notify the City at once. The City will send written instruction or addenda to all Vendors.
6. The City shall not be responsible for oral interpretations.
7. All responses, inquiries, and correspondence relating to this RFP including all reports, charts, displays, schedules, exhibits and other documentation produced by the Vendor that are submitted as part of the proposal and not withdrawn prior to the scheduled closing date shall, upon receipt by the City, become property of the City.
8. All costs are to be stated in exact amounts. All costs must be detailed specifically in the Vendor Cost Quotations Summary section of the proposal. No additional charges (i.e., sales tax, transportation, container packaging, installation, training, etc.) will be allowed unless so specified in the response.
9. The contract entered into by the successful Vendor and the City shall be interpreted construed and given effect in all respects according to the State of Minnesota.

## **AWARD**

It is the intent of the City to award audit services for the three fiscal years ending December 31, 2021, 2022 and 2023 or for the five fiscal years ending December 31, 2021, 2022, 2023, 2024, and 2025. Although cost is an important factor in deciding which proposal will be selected; it is only one segment of the criteria used to evaluate

audit firms. The City reserves the absolute right, in its sole discretion, to award a contract, if any, which under all circumstances will best serve the public interest. The City reserves the right to reject any or all proposals or to make no award at all, to determine whether any alternate proposals are equal to the specifications and general requirements, and to accept proposals with minor variations from the specifications and/or conditions. The City shall take into consideration the proposal's confirmation with specifications, suitability to requirements, delivery, terms, and any other item stated in the specifications. A Vendor's past performance will be a factor in making an award.

After award, all written proposals are open to public inspection. The City assumes no responsibility for the confidentiality of information offered in a proposal. The RFP is worded so as not to elicit proprietary information. If proprietary information is submitted as part of the proposal, it must be labeled as proprietary and accompanied with a request that the information shall be returned by the City to the submitter. Any proposal submitted with a blanket statement or limitation that would prohibit or limit such public inspection may be considered non-responsive and shall be rejected.

### **RESPONSE AND CONTRACT REQUIREMENTS**

The Vendor must agree to adhere with strict conformity to the specifications and agrees, if this response is accepted, to contract with the City to provide all necessary personnel to do all the work specified in the specifications, in the manner and time prescribed, and will accept payment for the prices set forth.

The Vendor is required to carefully examine the site of the specifications, contract forms, work contemplated, and it will be assumed that the Vendor investigated and is satisfied as to the conditions to be encountered, as to the character, quality, and quantities of work to be performed as to the requirements of the proposal. It is mutually agreed that submission of the information shall be considered prima facie evidence that the Vendor made such examination.

Failure on the part of the Vendor to comply with the requirements and conditions of this RFP may subject the response to rejection. The burden of proof of compliance with this specification lies with the Vendor.

### **EVALUATION CRITERIA**

The Project Team evaluating the proposal will base the evaluation on criteria including, but not limited to, the following list (in no order of priority):

- The audit firm is independent and licensed to practice in Minnesota;
- The firm has no conflict of interest with regard to any of the work performed by the firm for the City;
- The firm adheres to the instruction in this request for proposals on preparing and submitting the proposal;
- The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work;

- The firm's past experience and performance on comparable government engagements, specifically with cities providing Telecommunication Services and cities utilizing Tax Increment Funds;
- 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;
- Adequacy of proposed staffing plan for various segments of the engagement;
- Thoroughness of approach to conducting the audit of the City and demonstration of the understanding of the objectives and scope of the audit;
- Commitment to timeliness in the conduct of the audit; and
- Maximum fees to conduct the audit.

### **INQUIRIES**

Prior to submission deadline, questions may be directed to:

Cheryl Ulferts  
Finance Director  
City of Windom  
PO Box 38  
449 9<sup>th</sup> St  
Windom, MN 56101  
507-831-6129  
Email address: [cheryl.ulferts@windommn.com](mailto:cheryl.ulferts@windommn.com)