

REQUEST FOR PROPOSAL - AUDIT SERVICES

The Board of County Commissioners, Yellowstone County, Montana, will receive sealed proposals from interested parties for Audit Services for fiscal years 2024, 2025, 2026 and 2027.

Proposals must be labeled "Audit Services Proposal" and must be submitted or delivered to the Board of County Commissioners, P.O. Box 35000, Billings, MT 59107 or delivered to the Board of County Commissioners on the third floor of the Stillwater Building, 316 North 26th Street, Room 3101 by 5:00 p.m. Monday June 5th, 2023. All proposals submitted or delivered will be time and date stamped. All proposals submitted or delivered time and date stamped later than 5:00 p.m. June 5th, 2023 will not be opened. All proposals received by this time and date will be opened and read aloud at 9:30 a.m. June 6th, 2023 in the Commissioner Board Room, 3rd Floor, Room 3108 of the Stillwater Building, 316 North 26th Street, Billings, MT 59101.

All proposals will become the property of Yellowstone County and will not be returned to the applicant. Yellowstone County will not pay for any information herein requested, nor is it liable for any costs incurred by the applicant in obtaining this information.

All Montana laws pertaining to Resident Bidders and Montana Made Products must be adhered to if applicable.

The Board of Commissioners will award the contract resulting from this Request for Proposals to the bidder receiving the highest number of points on criteria outlined in "VI. Evaluation of Proposals" section of the RFP. The Board reserves the right to reject any or all proposals received, to waive informalities to evaluate the proposals submitted, and to accept the proposal which best serves the interests of Yellowstone County.

Done by order of the Board of County Commissioners of Yellowstone County, Billings, this 11th day of April 2023.

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

John Ostlund, Chairman

(Seal)
ATTEST:

Jeff Martin, Yellowstone County Clerk and Recorder

I INTRODUCTION

The Commissioners of Yellowstone County invite independent certified public accountants licensed to practice in the State of Montana, and authorized by the State Department of Administration to audit local government entities, to submit proposals for the performance of audit related examinations of the financial statements and records of Yellowstone County for the periods beginning July 1, 2023 and ending June 30, 2027. More specifically, we are soliciting proposals for four (4) individual audits of the 2023-2024, 2024-2025, 2025-2026 and 2026-2027 fiscal years.

Sealed proposals must be received by 5:00 p.m. Monday June 5th, 2023, to the Board of County Commissioners, Yellowstone County, P.O. Box 35000, Billings, Montana 59107, or delivered to Room 3101 of the Stillwater Building. Bids must be labeled "Audit Services Proposal".

Please contact Jennifer Jones, County Finance Director, P.O. Box 35003, Billings, MT 59107, jjones@yellowstonecountymt.gov should you have any specific questions regarding the proposals.

II. DESCRIPTION OF ENTITY AND RECORDS TO BE AUDITED

Yellowstone County is a commission form of government, with a total FY23 expenditure budget of approximately \$158 million. The County is a Class 1 county with a population estimated at 167,146.

The number of funds established in the general ledger and reported by the county in the FY22 financial statements are:

	<u>General Ledger</u>	<u>Reported As</u>
General (& 10 Special Revenue & 3 clearing)	14	1
Special Revenue – Major	5	4
Special Revenue – Non-major	24	22
Special Revenue- RSID's	134	1
Debt Service – Major (RSID)	9	1
Debt Service – Non-major	3	3
Capital Projects - Major	1	1
Capital Projects - RSID Construction	1	1
Enterprise	2	2
Internal Service	3	3
External Investment trust Fund	78	1
Custodial Funds	34	1

The Annual Comprehensive Financial Report (ACFR) issued and audited under this RFP will be presented in compliance with effective GASBs and any other generally accepted accounting principles.

The County has received unqualified opinions on its ACFR throughout recent history. The FY22 ACFR is on the County's website at <https://www.yellowstonecountymt.gov/finance/CompRpt/compreport22/index.asp>

Yellowstone County budget report is on the County's website at <https://www.yellowstonecountymt.gov/finance/Budget/budget22/index.asp>

The following is a description of the systems, records and procedures employed to report the financial activity of Yellowstone County:

A. ORGANIZATIONAL STRUCTURE / MANAGEMENT POLICIES / PROCEDURES

1. A detailed handbook cataloging all policies and procedures of the County is available.
2. The County uses centralized purchasing and payroll systems to generate warrants. County warrants are also generated by District and Justice Courts to pay juries, witnesses and restitution. The Treasurer's office also redeems warrants for school districts. All warrants are redeemed electronically.
3. The County uses a position classification and compensation pay plan. Most County employees are compensated by this method and are paid twice a month, including Metra temporary employees.

The County currently has bargaining agreements with two unions. Teamsters Local No. 190 represents Road, Metra, Deputy County Attorneys and Detention Facility employees. MFPA represents the County Courthouse unit and Sheriff Deputies. The County has about 498 full-time equivalent employees of which about 60% are represented by collective bargaining agreements. There are six negotiated collective bargaining agreements.

B. ACCOUNTING RECORDS AND REPORTS

The County has a fully automated financial system which is structured under the (BARS) Budgetary Accounting and Financial Reporting System designed by the State of Montana. The system is generally a batch processing system with on-line inquiry into most accounting and tax receivable functions. The general ledger and property tax software has been developed by Tyler Technologies and is updated periodically by Tyler Technologies.

C. INTERNAL AUDITING

The County does have an Internal Audit Department consisting of an elected official and 1.5 FTE staff people. This department is primarily responsible for auditing all the claims/payables and does periodic reviews and cash count reconciliations of numerous County departments.

III. NATURE OF SERVICES REQUIRED

- A. The services shall include a full financial and legal compliance audit of the funds in the basic financial statements of Yellowstone County for four (4) fiscal years. The audit examination shall result in financial statements prepared in conformity with generally accepted accounting principles for local governments that will conform to all applicable GASB Statements.
- B. The audit shall meet requirements as issued by the Federal Office of Management and Budget (OMB), and any other pertinent federal or state regulations.
- C. The final audit report shall include, but not be limited to the following:
 - 1. Review of the transmittal letter, management discussion and analysis, and supplement schedules on which the auditor expresses no opinion.
 - 2. An independent auditor's report expressing an opinion on the financial statements conducted in accordance with generally accepted auditing standards.
 - 3. A single audit section, if applicable, with the following auditor's reports issued in accordance with the appropriate auditing standards and any other schedules required by the single audit act.
 - 4. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
 - 5. Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on each major program and on internal control over compliance in accordance with OMB Circular A.
 - 6. Schedule of Findings.
 - 7. Any other State or Federally required statements or opinions (newly mandated requirements are subject to increase fee negotiation if substantial additional work is necessitated).
 - 8. Any other such matters as shall be mutually agreed upon.

- D. The auditor shall file the comprehensive audit report to the State Department of Administration.
- E. The auditor shall provide copies of their Management Letter with any material findings relative to economy, efficiency or effectiveness in operations that may be noted along with the recommendations for improvement. It should disclose any lack of compliance with State statutes, regulations and/or ordinances. It should also contain a statement of how previously noted deficiencies or recommendations contained in prior audit reports have been acted upon.
- F. We recognize that the working papers traditionally belong to the auditor; however, we request that the successful bidder retain the work papers for at least three years after the completion of the field work and that these work papers must be available for examination by authorized representatives of any applicable federal audit agency, or Yellowstone County.
- G. If the auditor believes that a change in or addition to work is beyond the general scope of this (RFP) that will require additional compensation, they must notify the County in writing before beginning that work and must obtain written approval from the Board of County Commissioners.
- H. Payment for audit services will be made on a percentage of completion basis.
- I. Should the successful audit firm fail to materially perform its duties to the standards contained in this RFP, Yellowstone County reserves the unilateral right to terminate the remaining term of the engagement.

IV. MANDATORY QUALIFICATIONS OF THE AUDITOR

- A. Description and history of audit firm.
- B. Relevant prior governmental auditing experience.
- C. Affirmation that the respondent is properly licensed.
- D. Affirmation that the respondent does not have a record of substandard audit work, that they are approved by the State Department of Administration to conduct audits of local governments, and that the respondent will comply with appropriate state statutes.

V. ENTITY ASSISTANCE

- A. In order to keep costs down, Yellowstone County personnel will provide assistance to the auditors, including the preparation of the ACFR, confirmations, schedules and analysis of accounts. A detailed description of this assistance is noted in Exhibit B.
- B. The County will pay for the cost of printing the ACFR.
- C. The County will provide the ACFR for audit in a compliant format. If during the course of the audit, the County requires assistance in preparing a compliant report, then a written amendment to the contract should be negotiated between the County and the audit firm.

VI. EVALUATION OF PROPOSALS

Yellowstone County will evaluate the proposals and make their selection based on several factors with weighted point ranges per committee member, which are noted below:

- A. Cost. 25 pts maximum
- B. Past performance and governmental audit experience with entities of similar size and structure. 25 pts maximum
- C. Ability and willingness to meet time requirements. 20 pts maximum
- D. Location of office. 15 pts maximum
- E. Size and structure of firm, including experience and availability of audit team. 15 pts maximum

100 points maximum per Committee member

An Audit Selection Committee will be utilized to evaluate submitted proposals. The Audit Selection Committee will submit their recommendation to the Board of County Commissioners. The Board of County Commissioners will make the determination in awarding the audit contract.

INSTRUCTIONS FOR PROPOSALS

Sealed proposals containing five (5) copies shall be delivered to Board of Yellowstone County Commissioners, Room 3101 of the Stillwater Building by 5:00 p.m. on Monday June 5th, 2023.

Please specify "Audit Services Proposal" on your proposals. **Proposals must include:**

A. Completed Exhibit C – Audit Bid.

B. Qualifications of the Auditor.

1. Description and history of audit firm.
2. Location of office from which personnel will be assigned.
3. Recent governmental audit report(s) for which the firm has performed similar work.
4. Total professional auditing staff available and the auditing experience of those who may be assigned to work on this audit.

Please make yourself familiar with any applicable state laws or guidelines, and please obtain answers for any of your questions before providing an audit proposal.

The County reserves the right to reject any and all proposals submitted and to request additional information from respondents. The award will be made to the firm which, in the opinion of the County, serves the best interests of Yellowstone County.

EXHIBIT A

Estimated Time Schedule for Selection and Engagement of Auditors

<u>COUNTY SCHEDULING</u>	
Commissioners' approval of RFP	April 11 th , 2023
Advertise (Request for Proposal)	April 14 th , 2023 April 21 st , 2023
Return Deadline for RFP	June 5 th , 2023 (5:00 p.m.)
Open Bids	June 6 th , 2023 (9:30 a.m.)
Selection of Auditors	Fall 2023

<u>COUNTY AND AUDIT FIRM SCHEDULING</u>	
Discuss Scheduling with County	June 1, each year
Close Financial Records	August 31, each year
Work papers and 1st draft of ACFR Completed	September 30, each year
Auditors field work to begin	October, each year
Completion of audit field work	November 15, each year
Opinions to County	December 10, each year
Annual Comprehensive Finance Report to Print	December 15, each year
Report Issued, Management Letter Issued	December 15, each year
Exit Conference	January, each year

Note: All scheduling estimates (except for RFP deadline) are subject to change, but should be considered as operating guidelines.

Exhibit B

PREPARED BY CLIENT (PBC) WORKPAPERS

1. Trial Balance.
2. Schedule of accrued interest by fund at year-end.
3. Computation of accrued interest at year-end.
4. List of cash by fund.
5. List of cash by investment.
6. Market Value of Investment Pool.
7. Bank reconciliation for each bank account at year-end.
8. Reconciliation of Treasurer's Cash to General Ledger Cash to Report Cash.
9. Schedule of all transfers between any cash accounts from 6/27 to 7/11.
10. List of warrants outstanding at year-end.
11. Schedule (by fund) of beginning taxes receivable, tax assessment, collections, adjustments and ending balance receivable at year-end, by fund.
12. Schedule of taxable values used to levy current year tax.
13. Listing of mill levies.
14. Schedule of protesting taxes receivable by year, by fund, and by taxpayer.
15. Schedule, by RSID, of special assessment deferred receivable with beginning and ending balances reconciled to year-end balance.
16. Schedule of principal and interest assessed on special assessments.
17. Schedule of interfund transfers.

EXHIBIT B, PREPARED BY CLIENT (PBC) WORKPAPERS, continued

18. Schedule of interfund payable/receivables.
19. Detail of all accounts receivable.
20. Listing of inventory recorded at year-end.
21. Detail of any short term debt during the year.
22. Detail listing of Proprietary Fund asset purchases and retirements.
23. Detail listing of capital assets showing beginning balance and additions less retirements/sales = ending balance. Computation of accumulated and annual depreciation.
24. Detail listing of all debt, including compensated absences, with additions and deletions and necessary future debt service schedules.
25. Copies of any new note or bond agreements entered into during the year.
26. Listing of accounts payable, by fund and by vendor, at year-end.
27. Listing of accrued liabilities or additional payables at year-end.
28. Information of any violations of finance-related or contractual provisions and any actions taken.
29. Schedule of intergovernmental revenue.
30. Schedule of Expenditures of Federal Awards in report format.
31. Description of the activities accounted for in the major funds, internal service fund type and fiduciary fund types.
32. Copies of grant reports and files.
33. Preparation of confirmations and correspondence chosen by auditor.
34. Debt maturity schedules.

EXHIBIT B, PREPARED BY CLIENT (PBC) WORKPAPERS, continued

35. Detail listing of accrued sick and vacation liability.
36. Computation of year-end tax receivable allowances.
37. Schedule of reconciling items from fund statements to government-wide statements.
38. Original and final budgets for general and any major special funds.
39. Detail of extraordinary or significant items that will need to be separately presented.
40. Calculation schedule to support major fund determination.
41. Detail of any depreciation expense that is allocated to functions for shared capital assets.
42. Preparation and printing of the ACFR.

**EXHIBIT C
AUDIT BID**

RESPONDENT FIRM

BID for FY 2024 Audit as described in Yellowstone County RFP \$ _____

BID for FY 2025 Audit as described in Yellowstone County RFP \$ _____

BID for FY 2026 Audit as described in Yellowstone County RFP \$ _____

BID for FY 2027 Audit as described in Yellowstone County RFP \$ _____

Estimate the total hours and resulting all-inclusive maximum fee for the requested work, separately stated for each fiscal year. Attach a statement of hourly rates to be charged for each staff classification. Please note the auditors will not be reimbursed for any travel, per diem, photocopying, telephone or related expenses of the audit unless incurred at the specific request of the County.

The above named firm complies with all guidelines as outlined in the audit Request for Proposal (RFP) and is currently eligible to perform governmental audits by the Montana Department of Administration. The firm will comply with the appropriate Federal and State statutes and regulations with regard to performing Yellowstone County’s audit, and does not have a record of substandard audits.

PLEASE NOTE ANY EXCEPTIONS TO RFP:

Principal / Owner Signature

Date

Principal / Owner (please type name)

Phone