

Request for Proposals

RFP-24 - 1025

Financial and Compliance Auditing Services

For the

MONTROSE RECREATION DISTRICT



Request for Proposals (RFP)

Financial and Compliance Auditing Services

I. REQUEST FOR PROPOSALS

- A. The Montrose Recreation District, hereinafter referred to as the MRD, is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2024, with the option, on mutual agreement, of auditing the District's financial management practices for the up to three additional fiscal years. These audits are to be performed in accordance with applicable standards and state regulations governing Colorado Special Districts. The District intends to enter into an agreement for these services, with an initial term of one (1) year. At the District's sole discretion, the contract may be extended for not more than three (3) one-year periods.

Firms will have prior experience conducting similar audits for governmental agencies within Colorado, with preference for those with experience with special districts.

Questions regarding RFP requirements must be received by Mari Steinbach, through email at mari@montroserec.com by 2:00pm MT on Monday, November 11. Late questions will not receive responses.

THE DEADLINE FOR ALL PROPOSALS is Monday, December 30, 2024 at 2:00pm MST. Any proposal not received by the date and time specified shall not be accepted. Faxes of Proposals will not be accepted. Parties must submit their proposal via email to mari@montroserec.com as well as the physical address defined below under specifications.

It is the sole responsibility of each Respondent to ensure its Proposal is received by the MRD by the date and time stated in this RFP. Late Proposals will not be accepted.

SPECIFICATIONS

B. GENERAL INFORMATION: The Montrose Recreation District is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2024, with the option, on mutual agreement, of auditing the District's financial management practices for up to three additional fiscal years. There is no expressed or implied obligation for the Montrose Recreation District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

A four-member committee will evaluate proposals submitted. During the evaluation process the Montrose Recreation District reserves the right, where it may serve the organization's best interest, to request additional information or clarifications from the firms, or to allow corrections of errors or omissions. At the discretion of the Montrose Recreation District's Evaluation Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Montrose Recreation District 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 Montrose Recreation District and the firm selected.

To be considered, four copies and one electronic copy of the proposal must be received at the Montrose Recreation District office, 16350 Woodgate Road, Montrose, CO 81401, and to mari@montroserec.com by 2:00 p.m. on Monday, December 30, 2024, to the attention of Mari Steinbach, Executive Director. The Montrose Recreation District reserves the right to reject any or all proposals submitted. The proposals will be recorded, but not publicly opened, on Monday, December 30, 2024 at 2:15 p.m. at District office.

It is anticipated that the selection of a firm will be completed by February 28, 2025. Following the notification of the selected firm, it is expected a contract will be executed between both parties by March 31, 2025.

II. NATURE OF SERVICES REQUIRED

- A. **Scope of work to be performed:** The Montrose Recreation District desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles for governmental entities and specifically for Title 32 Special Districts. The audit must also meet all federal requirements for single audits of federal and state grant programs, as applicable.
- B. In addition to the audit, the firm shall be required to prepare the annual Financial Statements and Report of Independent Certified Public Accountants in accordance with generally accepted accounting principles, all applicable legal requirements, and Colorado Revised Statutes.
- C. The resulting audit shall meet with all compliance of applicable sections of Section 29-1 C.R.S. and is to be filed directly with the State Auditor no later than July 30, or no later than September 30 when granted an extension by the State Auditor.
- D. A management letter and other reports or correspondence relating to findings or recommendations in connection with this audit shall also be presented and filed as indicated above.
- E. The successful firm shall submit an audit program or plan along with dates and a list of what will be required from District staff ("Prepared by client" listing) well in advance of the commencement of field work.
- F. The audit opinion letter and comprehensive financial report shall be formally presented for acceptance to the Board of Directors at a regular meeting by the partner in charge.
- G. The successful firm shall provide additional auditing, compliance reporting, cost allocation services, technical assistance, or fulfill additional GASB requirements as necessary or as requested.
- H. Additional alternatives are requested for internal audits to measure the efficiency and effectiveness of financial management practices to include:
 - a. Financial Management Audit to review policies and procedures of District-performed tasks and systems.

These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget (OMB) Subpart F of 20CRF 200, *Audits of States, Local Governments, and Non-Profit Organizations* and any other applicable regulations that may be required. The Financial Statements shall be presented in a format in accordance with the Governmental Accounting, Auditing, and Financial Reporting Standards.

It is contemplated that the selected firm will express an unqualified opinion on the financial statements. If during the performance of the audit, it appears probable that an unqualified opinion cannot be issued, the selected auditing firm must promptly notify the Executive Director and Deputy Director in writing, stating all matters which preclude the issuance of an unqualified opinion.

The auditor shall be responsible to directly contact the Executive Director and Deputy Director should concerns raised during the District audit warrant such contact.

C. AUDITING STANDARDS TO BE FOLLOWED: To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted audit standards.

D. REPORTING REQUIREMENTS: Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report of examination of the financial statements stating the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards. It must include an opinion as to whether the statements conform to generally accepted accounting principles.
2. A letter to management containing comments on compliance, recommendations for improvements, and any other comments deemed pertinent by the auditors and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters. Four (4) copies of the management letter will be provided to the Montrose Recreation District, in addition to an electronic copy.
3. A report on internal control and compliance in accordance with the standards for financial and compliance audits contained in the Standards of Audits of Government Organizations, Programs, Activities, and Functions issued by the U.S. General Accounting Office; the provisions of the Single Audit Act and the provisions of OMB Uniform Guidance Subpart F of 2 CFR 200.

Within the required reports on internal controls and compliance, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, the following conditions shall be considered reportable:

- Material weaknesses
- Instances of noncompliance
- Irregularities and illegal acts (auditors shall be required to make an immediate, written report of all irregularities and illegal acts or implications of illegal acts of which they become aware to the Executive Director and Deputy Director)

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

E. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS: All working papers and reports must be retained at the auditor's expense, according to the appropriate statutory retention requirements, unless the firm is notified in writing by the Montrose Recreation District 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:

- Montrose Recreation District
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the City of Montrose or the Montrose Recreation District as part of an audit quality review process
- Auditors of entities of which the Montrose Recreation District is a sub-recipient of grant funds

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 GOVERNMENT / Background

A. BACKGROUND: The Montrose Recreation District is a special district authorized through Title 32 of the State of Colorado statutes. It serves an area of approximately 500 square miles with an estimated population of 42,360. For greater detail on the District's operations and activities, visit the District's website: www.montroserec.com and visit State of Colorado Department of Local Affairs: <https://cdola.colorado.gov/>

B. FISCAL YEAR: The Montrose Recreation District's fiscal year begins on January 1 and ends on December 31.

C. FUND STRUCTURE: All funds, account groups, and all activities that are considered to be a part of the reporting entity will be included in the work. The Montrose Recreation District uses the following fund types in its financial reporting for 2024:

FUND TYPE	QUANTITY OF LEGALLY ADOPTED ANNUAL BUDGETS
General Fund	1
Capital (Projects) Improvement Fund	1
Conservation Trust Fund	1
Sales Tax Fund	1
Capital Reserve Fund	1

D. COMPUTER SYSTEMS: Hardware used by the recreation district is standardized: Desktop and various laptops are supported by networked printers and scanners. Software impacting financial records includes: Windows 10 (operating system), Caselle Connect software as contracted through and operated by the City of Montrose, MIP Fund Accounting, and RecTrac.

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

A. Executive and Administrative Division: The Executive Director, Deputy Director, and Accounting Services Specialist shall all be available to collect and provide District documents during the audit process to assist the firm by providing information, documentation and explanations. Other staff will assist as directed and needed.

V. PROPOSAL REQUIREMENTS

A. SUBMITTAL

The proposals should be sent to the following address, via mail or in-person drop-off:

AUDIT RFP
Montrose Recreation District
Attn: Mari Steinbach, Executive Director
16350 Woodgate Road
PO Box 63
MONTROSE, CO 81402

B. PROPOSAL

The purpose of the Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Montrose Recreation District 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 this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Proposal should address all the points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following items must be included, as they represent the criteria against which the proposal will be evaluated.

1. Independence

The firm should provide an affirmative statement that it is independent of the Montrose Recreation District as defined by applicable standards.

2. License to Practice in Colorado

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Colorado.

3. Firm Qualifications and Experience

The firm 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 the nature of professional staff to be employed on this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the firm is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted, if applicable.

The firm is 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 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.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement.

Audit personnel may be changed at the discretion of the firm, provided that replacements have substantially the same or better qualifications or experience.

5. Prior Engagements with the Montrose Recreation District

List separately all engagements within the last five (5) years with the Montrose Recreation District, ranked on the basis of total staff hours and type of engagement (audit, management advisory services, etc). Indicate the scope of work, date, and the name and telephone number of the principal client contact.

6. Similar Engagements with Other Government Entities

List the most significant engagements performed in the last two (2) years that are similar to the engagement described in this request for proposal, based on the office that will be directly responsible for this project. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal shall include a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as the District's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Firms will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. An estimate of the time and costs to complete the work. Include the level of staff and number of hours to be assigned to each proposed segment of the engagement
An estimate of the time and cost to complete the work.

- c. Sample size and the extent to which statistical sampling is to be used in the engagement, and how it will be used
- d. Extent of use of computer-assisted software in the engagement and how it will be used
- 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 Montrose Recreation District's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

8. 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 Montrose Recreation District staff.

9. Summary of Professional Fees and Expenses

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Montrose Recreation District will not be responsible for expenses incurred in preparing and submitting the technical proposal or the cost proposal. Such costs should not be included in the proposal.

The first page of the cost proposal should include the following information:

- a. Name of firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Montrose Recreation District
- c. A total all-inclusive maximum price for each engagement for each of the years 2024, 2025, 2026, 2027.
- c. If an additional alternative as outlined in Section II., H. is submitted, detail that proposal as outlined in Section 7., a – h., above.

V. MISCELLANEOUS

The issuance of this RFP and the receipt and evaluation of Proposals do not obligate the MRD to select a Respondent, to enter into any agreement, or to pay any costs incurred in responding to this RFP or negotiating an agreement. Selection of any Contractor and execution of a contract is dependent on approval in accordance with applicable City laws and policies and the MRD's receipt of any required Certificates of Insurance and applicable endorsements. No Proposal shall constitute business terms of any eventual agreement except as expressly agreed by the MRD. The MRD reserves the right to modify this RFP or the selection process, to cancel this RFP, to reject or accept any Proposal, and to waive any informalities or irregularities in any Proposal, without liability, at any time.

All Proposals shall become the property of the MRD, will not be returned, and will become a public record. Respondents may request parts of their Proposals to remain confidential by indicating such in the Proposals and on the appropriate proprietary or financial pages, which must be clearly marked. The MRD will take reasonable steps to keep confidential only documents actually prevented from disclosure under the Colorado Open Records Act ("CORA" or "Act"), C.R.S. § 24-72-201, *et seq.*, including notifying the Respondent of a CORA request and allowing the Respondent to take steps to prevent disclosure. Under no circumstances may an entire Proposal be marked or identified as proprietary or confidential. **By submitting a Proposal, each Respondent agrees to hold the MRD harmless from any claims arising from the release of confidential or proprietary information not clearly designated as such by the Respondent or where the MRD has notified the Respondent of a request, and from any claims arising from the release of documents not protected from disclosure under the Act.**

Respondents are cautioned not to undertake any activities or actions to promote or advertise their submittals, other than discussions with MRD staff as described in this RFP. After the release of this RFP, Respondents are not permitted to make any direct or indirect contact with members of the Selection Committee, the Board of Directors or media on the subject of this RFP, except in the course of MRD-sponsored presentations. Violation of these rules is grounds for disqualification of the Respondent.

VI. EVALUATION PROCEDURES

A. EVALUATION COMMITTEE

Proposals will be evaluated by a committee appointed by the Executive Director, and will include at least one member of the Board of Directors.

B. REVIEW OF PROPOSALS

The evaluation committee will use a point formula during the review process to score proposals. Each member of the Evaluation committee will score each proposal individually first. The full Evaluation committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite score for each firm.

The Montrose Recreation District reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. 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.

1. Mandatory Elements
 - a. The audit firm is independent and licensed to practice in Colorado
 - b. The firm has no conflict of interest with regard to any other work performed by the firm for the Montrose Recreation District
 - c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
 - d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work
2. Technical Quality: (Maximum Points – 70)
 - a. Expertise and Experience
 - 1) The firm's past experience and performance on comparable government engagements
 - 2) 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
 - 3) Experience with similar computer systems as used by the District
 - b. Audit Approach
 - 1) Adequacy of proposed staffing plan for various segments of the engagement
 - 2) Adequacy of sampling techniques
 - 3) Adequacy of analytical procedures
3. Price: (Maximum Points – 30)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

D. ORAL PRESENTATIONS

During the evaluation process, the evaluation committee may, at its discretion, request the eligible firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Evaluation Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. FINAL SELECTION

The Montrose Recreation District intends to award the bid by February 28, 2025. Following notification of the firm selected, it is expected that a contract will be executed between both parties by March 31, 2025.

F. 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 Montrose Recreation District and the firm selected.

The Montrose Recreation District reserves the right to reject any or all proposals.