



## REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES AND FINANCIAL STATEMENT PREPARATION

September 26, 2022

City of Springfield  
2 East Central Street  
Springfield, MN 56087  
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- I. **GENERAL INFORMATION** - The City of Springfield is requesting proposals from qualified firms of certified public accountants to prepare and audit its financial statement for the fiscal years ending December 31, 2022, December 31, 2023, and December 31, 2024. These audits are to be performed in accordance with the generally accepted auditing standards and the standards for financial audits set forth in the Government Auditing Standards as issued by the Comptroller General of the United States and Minnesota Legal Compliance Audit Guide for Local Government audit requirements. There is no expressed or implied obligation for the City of Springfield to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. The City of Springfield 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 of Springfield and the firm selected.
  - a. **Terms of Engagement** - Three-year contract is contemplated, subject to the annual review by the Springfield City Council and the annual availability of an appropriation.
  - b. **Subcontracting** - No subcontracting will be allowed without the expressed prior written consent of the City of Springfield.
- II. **NATURE OF SERVICES REQUIRED**
  - a. **General** - The City of Springfield is soliciting the services of qualified firms of certified public accountants to prepare and audit its financial statements for the fiscal years ending 2022, 2023, 2024.
  - b. **Scope of Work to be Performed** - The City of Springfield desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The auditor shall also be responsible for performing procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards (GAAP). Assistance will be provided by the City for implementing GASP Statement No. 68, Fund Balance Reporting and Governmental Fund Type Definitions, effective 2020.
  - c. **Auditing Standards to be Followed** - To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the Government Auditing Standards as issued by the Comptroller General of the United States and the provisions of the Minnesota Legal Compliance Audit Guide for Local Governments (pursuant to MN Statute 6.65).
  - d. **Reports to be Issued** - Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports:



- i. A report consisting of the Basic Financial Statements and Supplemental Information.
  - ii. Combined and individual fund statements.
  - iii. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
  - iv. A report on compliance and on internal control over financial reporting based on an audit of financial statements.
  - v. A report on compliance with applicable laws and regulations.
  - vi. The reports on compliance shall include all instances of noncompliance.
  - vii. Reportable conditions that are also material weaknesses shall be identified as such in the report.
  - viii. Non-reportable conditions discovered by the auditors shall be reported in a separate Letter to Management which shall be referred to in the report(s) on internal controls.
  - ix. Auditors shall assure themselves that the City Clerk, City Manager, and City Council are informed of each of the following:
    1. The auditor's responsibility under generally accepted auditing standards.
    2. Significant accounting policies.
    3. Management's judgements and accounting estimates
    4. Significant audit adjustments.
    5. Other information in documents containing audited financial statements.
    6. Disagreements with management.
    7. Management consultation with other accountants.
    8. Major issues discussed with management prior to retention.
    9. Difficulties encountered in performing the audit
    10. Legal compliance findings.
    11. Significant deficiencies.
    12. Control deficiencies.
    13. Management recommendations.
    14. Financial analysis
    15. Update of resolved (and unresolved) issues from prior years.
  - x. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Clerk, City Manager, and to the City Council.
- e. **Working Paper Retention 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 Springfield 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 Springfield, State Auditor, US General Accounting Office (GAO), parties designated by the federal or state governments or by the City of Springfield as part of an audit quality review process. 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 GOVERNMENT

- a. **Principal Contacts** - The auditor's principal contact will be the City Clerk (Amy Vogel) who will coordinate the assistance to be provided by the City of Springfield to the auditor.
- b. **Background Information** - The City of Springfield is located in Brown County, Minnesota. The most recent official population estimate is 2,027 (2020 Census). The Village of Springfield was incorporated in 1881 and the Village became the City of Springfield in 1923. The City of Springfield is considered a "Home Rule" charter city, one of 107 such cities in the state. In short, the Charter is a voter approved constitution governing the City and the authority of elected officials and staff. Home rule charter cities can exercise any powers in their locally adopted charters as long as they do not conflict with state laws. The City's governing body consists of a Mayor and four Council Members. Council members serve overlapping terms of office. The City's fiscal year is the calendar year. Incode accounting software is used for all financial operations and utility billing. An electronic copy of the most recent audit of the City, year ending 2021, is available upon request. The City of Springfield participates in the Public Employee Retirement Association of Minnesota (PERA) pension plan. The City's Governmental Funds are the funds used for most governmental functions. These funds include the following:
  - i. General Fund: General Government, City Council, Administration, Elections, Audit, Treasurer, Assessing, City Attorney, Planning and Zoning, Technology, Police, Fire Department, Civil Defense, Streets, Parks, Swimming Pool, Campgrounds, Interfund Transfers, and Airport
  - ii. Special Revenue Funds: Community Center, Economic Development Authority (EDA), Library, Medical Center, and Rec-Complex
  - iii. Debt Services Funds: All debt excluding that associated with Electric, Water, Sanitary Sewer, Stormwater Utilities, and Economic Development Authority Rental Apartments
  - iv. Capital Project Funds: Capital Improvements and Equipment Purchases
  - v. Permanent Funds: Altermatt, Rothenburg, Roiger Trust Funds
  - vi. Enterprise Funds: Ambulance, Electric, Water, Sanitary Sewer, Stormwater, and Economic Development Authority Rental Apartments
  - vii. Tax Increment Financing Funds: St Johns Lutheran Home, MAT Holdings Inc., Clements Lumber Inc., and Schwartz Farms Inc.



## IV. TIME REQUIREMENTS

- a. **Proposal Calendar** - The following is a list of key dates up to and including the date proposals are due for submission:
  - i. Monday, September 26, 2022 - Request for proposal issued
  - ii. Thursday, November 10, 2022 at 4:00p.m. - Due date for proposals
  - iii. Early December – if needed, interviews with select firms
  - iv. December 20, 2022 - Council selection
- b. **Schedule for the 2022 Fiscal Year Audit** - In early January 2023, a preliminary meeting will be held to discuss any potential audit problems and the interim work to be performed and to develop a schedule for the audit process.
  - i. The City of Springfield will have all records ready for audit and all management personnel available to meet with the firm's personnel in March 2023. The auditor shall complete all field work as agreed upon by City Staff.
  - ii. The auditor shall have drafts of the audit report(s) and recommendations to the management available for review by the end of May 2023, unless otherwise agreed upon by City Staff.
  - iii. City Staff will complete their review of the draft reports as expeditiously as possible. It is not expected that this process should exceed two weeks. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports.
  - iv. Once all issues for discussion are resolved, the final signed report shall be delivered to the City of Springfield within ten working days, but no later than one week prior to the exit meeting with the City Council.
  - v. The exit meeting with City Council will be held no later than the regular June Council meeting of each year.
  - vi. A similar time schedule will be developed for audits of future fiscal years.

## V. AUDIT RESPONSIBILITIES

- a. **City Staff Assistance** - City Staff will be available during the audit to assist the firm by providing information, documentation, and explanations.
- b. **Work Area and Equipment** - The City of Springfield will provide the auditor with reasonable workspace, tables, and chairs. The auditor will also be provided with access to a photocopier/scanner/FAX machine, and an internet connection.
- c. **Report Preparation** - Report preparation and editing shall be the responsibility of the auditor, including any visual presentations for the City Council. The City of Springfield will require an official copy of the financial statements and final audit report as well as an electronic copy. Ten paper copies shall be produced for the City's use.
- d. **State Reporting** - The auditor shall complete and submit all forms mandated to be sent to the State for reporting purposes, unless otherwise, discussed with the City Clerk.



## VI. PROPOSAL REQUIREMENTS

- a. The Proposer shall submit an original and an electronic copy of the complete proposal to:
  - i. City of Springfield
  - ii. 2 East Central Street
  - iii. Springfield, MN 56087
  - iv. Email: [joe.stremcha@springfieldmn.org](mailto:joe.stremcha@springfieldmn.org)
- b. The proposal shall include:
  - i. Title page – Title page showing the request for proposal subject; the firm’s name, address, email, and telephone number of the contact person; and the date of the proposal.
  - ii. Table of Contents
  - iii. 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 a firm and irrevocable offer for 90 days.
  - iv. Detailed Proposal – The detailed proposal should follow the order set forth in Section VII and VIII of this request for proposals.
  - v. Executed copies of Proposer Warranties (Appendix A).
  - vi. Schedule Proposed Fees for the 2022, 2023 and 2024 audits (Appendix B).
  - vii. The City of Springfield reserves the right, where it may serve the City’s best interest, to request additional information or clarifications from the proposers. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

## VII. TECHNICAL PROPOSAL

- a. **General Requirements** - The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Springfield in conformity with the requirements of this request for proposal.
  - i. The Technical 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 proposal requirements.
  - ii. The Technical 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, Item No.





B through G must be included. They represent the criteria against which the proposal will be evaluated.

- b. **Independence** - The firm should provide an affirmative statement that it is independent of the City of Springfield as defined by generally accepted auditing standards.
  - i. The firm should also list and describe the firm's professional relationships involving the City of Springfield or any of its agencies for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
  - ii. In addition, the firm shall give the City of Springfield written notice of any relevant professional relationships entered into during the period of agreement.
- c. **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.
- d. **Firm Qualifications and Experience** - The proposer 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 the 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, the number and nature of the staff to be so employed on a part-time basis, and the number and nature of the staff to be employed on a temporary basis.
  - i. The firm shall also provide information on the results of any federal or state desk reviews of its audits during the past three 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 years with state regulatory bodies or professional organizations.
  - ii. The firm should provide a list of government-related references that the City can contact.
- e. **Partner, Supervisory and Staff Qualifications and Experience** - Identify the principal supervisory and management staff, including engagement partner, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is licensed to practice as a certified public accountant in Minnesota.
  - i. Provide information on the government auditing experience of each person and overall experience of each person.
  - ii. Provide as much information as possible regarding the number, qualifications, and experience of the specific staff to be assigned to this engagement. Indicate how the quality of the staff, over the term of the engagement, will be assured.





- iii. 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.
  - iv. The City of Springfield must be notified in writing if consultants and firm specialists mentioned in response to this request for proposal would be changed. Notification shall be done prior to any change.
  - v. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.
- f. **Similar Engagements with Other Government Entities** - For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (minimum of 3, maximum of 5) performed in the last three years that are similar to the engagement described in this request for proposal. These engagements should be ranked based on total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. For city engagements, indicate whether or not the Comprehensive Annual Financial Report received the GFOA Certificate of Achievement for the most recent audit.
- g. **Specific Audit Approach** - The proposal should set forth 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. The proposal should include sample formats for required reports.

## VIII. DOLLAR COST PROPOSAL

- a. **Total All-Inclusive Maximum Price** - The dollar cost 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.
- i. The audit contract is to include telephone inquiries and other assistance related to the audit and further audits requiring a minimum amount of time.
  - ii. The City of Springfield will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost proposal. Such costs should not be included in the proposal.
  - iii. The first page of the dollar cost proposal should include name of the firm and a total all-inclusive Maximum price for the 2022, 2023 and 2024 engagements.
  - iv. The second page of 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. Any out-of-pocket expenses including those for firm personnel for its employees if it should become necessary for the City of Springfield to



request the auditor to render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendation 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 of Springfield and the firm. Any such additional work agreed to between the City of Springfield and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost proposal.

- v. Payments will be held pending delivery of the firm's final reports and submission to the reports to the state. Should the selected auditor not make any deadlines set forth in this proposal, payment shall be held.
- vi. Detail spreadsheets shall be made available that verify the billing for the period billed. An electronic copy would be preferred. Line items that should be shown on the spreadsheet include: service date and time, employee name, rate, time billed, amount billed, description of work performed, and any miscellaneous expenses associated with the audit. Spreadsheet should also include any hours or expenses that are part of the audit but not billed.

## IX. EVALUATION PROCEDURES

- a. **Review of Proposal** - The City of Springfield reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.
- b. **Evaluation Criteria** – Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The selection process will include, but not be limited to, the following criteria:
  - i. **Mandatory Elements** –
    1. The audit firm is independent and licensed to practice in Minnesota.
    2. The firm has no conflict of interest regarding any other work performed by the firm for the City of Springfield.
    3. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
    4. The firm submits a copy of its last external quality control review report, and the firm has a record of quality audit work.
  - ii. **Technical Quality**
    1. **Expertise and Experience** – The firm's past experience and performance on comparable government engagements. And 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.
2. Audit Approach – Adequacy of proposed staffing plan for various segments of the engagement, adequacy of sampling techniques and adequacy of analytical procedures.
  3. Price – Cost will be a factor in the selection of an audit firm. However, price will not be the sole determining factor in the selection process.
- c. **Oral Presentation** – During the evaluation process, the City may, at its discretion, request one or all firms to make an oral presentation. Such presentation will provide firms with an opportunity to answer any questions the City may have on a firm's proposal. Not all firms may be asked to make such oral presentation.
  - d. **Right to Reject Proposals** – The City of Springfield reserves the right without prejudice to reject any or all 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 of Springfield and the firm selected.



## **APPENDIX A PROPOSER GUARANTEES**

Proposer warrants that it is willing and able to comply with State of Minnesota laws with respect to foreign (non-state of Minnesota) corporations.

Proposer warrants that it will provide professional liability (errors and omissions) insurance for all claims it may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Proposer's professional services with the following minimum limits: \$1,000,000 per occurrence; \$2,000,000 annual aggregate. Such insurance must be maintained for a period of at least three (3) years, following completion of services.

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

The proposer certifies that it can and will provide and make available at a minimum, all service set forth in Section II, Nature of Services Required.

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

Signature of Official:

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Name (typed or printed):

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Title:

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Firm:

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Date:

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# CITY OF SPRINGFIELD

2 EAST CENTRAL STREET, SPRINGFIELD, MINNESOTA 56087

TEL. 507-723-3500 Fax 507-723-6210



**APPENDIX B  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE  
2022, 2023, AND 2024 FINANCIAL STATEMENTS**

EXPENSES	2022	2023	2024
Partners			
Managers			
Supervisory Staff			
Audit Staff			
Other Personnel (Specify)			
<b>Subtotal:</b>			
Other: Report Prep/Processing			
Process State-mandated Reports			
Out-of-pocket expenses			
Meals and Lodging			
Transportation			
Other (Specify)			
<b>Subtotal:</b>			
<b>Total All-inclusive price for audit services:</b>			