

City of Montrose  
Purchasing Division  
433 South First Street  
PO Box 790  
Montrose, CO 81402



# REQUEST FOR PROPOSAL

## Annual Financial Audit

**Issue Date:** February 11, 2021

**Bid Number:** 21-010

**Agent/Contact:** Shani Wittenberg

**Submissions Must Be Received by:** March 8, 2021 at 2:00 pm Colorado Time

### ADMINISTRATIVE INSTRUCTIONS

The City of Montrose is requesting proposals through the Request for Proposal process to perform an annual financial audit of the books and records of the City of Montrose. Proposals will be publicly received and registered on March 8, 2021, 2:00 PM at Montrose City Hall, 433 S. 1st Street, Montrose, CO 81401. Late proposals will not be accepted and it is the responsibility of the proposers to ensure that proposals (including signed addenda) arrive in the City's purchasing office by 2:00 PM on the date listed above.

Complete bid packets can be downloaded from the City web page at [www.cityofmontrose.org](http://www.cityofmontrose.org) under Department Services, Purchasing, and Open Bids. Addenda will be posted to the website and it is the proposer's responsibility to download, review, sign, and include addenda with their proposal.

The City reserves the right to accept or reject any or all proposals, to waive irregularities and/or informalities and to disregard all non-conforming, non-responsive, unbalanced or conditional proposals. The City of Montrose complies with all Equal Opportunity requirements. All qualified proposers will receive consideration without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap or age. The project is also bid according to the City of Montrose local preference policy in effect on the date of the bid opening and detailed in the official Municipal Code of the City of Montrose, Section 1-16-4(B).

## **GENERAL TERMS AND CONDITIONS**

These General Terms and Conditions apply to all Offers made to the City of Montrose (hereafter "City") by all prospective vendors/proposers (herein after referred to as "Bidder") regarding City Solicitations including, but not limited to, Invitations to Bid, Requests for Proposals, Requests for Quotes, and Requests for Qualifications (hereafter "Solicitation" or Bid Solicitation).

### **A. CONTENTS OF BID**

1. Bidders shall thoroughly read the project requirements and specifications, and shall examine any drawings and documents which may be incorporated into the Bid documents. As Bid documents frequently change for each Solicitation, veteran Bidders shall not assume that this Solicitation contains the same terms and conditions that were supplied in prior Solicitations. The City is not obligated to identify either minimal or substantial modifications to Bid documents.
2. Bidders shall make all investigations necessary to thoroughly inform themselves regarding the plant and facilities affected by the delivery of services, materials, and equipment as required by the Bid conditions. No plea of ignorance by the Bidder of conditions that exist, or may hereafter exist, as a result of failure to fulfill the requirements of the contract documents, will be accepted as the basis for varying the requirements of the City or the compensation to the Bidder.
3. Bidders are advised that all City contracts are subject to all legal requirements contained in City Ordinances and State and Federal Statutes governing purchasing activities.
4. Bidders are required to state the exact intentions of their offer to the City via this Solicitation and must indicate any variances to the terms, conditions, and specifications of this Solicitation, no matter how slight. If variations are not stated in the Bidder's Offer, it shall be construed that the Bidder's Offer fully complies with all conditions identified in this Solicitation.

### **B. CLARIFICATION AND MODIFICATION OF BID SOLICITATION**

1. Apparent silence or omissions within this Bid Solicitation regarding a detailed description of the materials and services to be provided shall be interpreted to mean that only the best commercial practices are to prevail and that only materials and workmanship of first quality are to be used.
2. If any Bidder contemplating submitting a Proposal under this Solicitation is in doubt as to the true meaning of the specifications, the Bidder must submit a written e-mail request for clarification to the City's Agent/Contact. The Bidder submitting the request will be responsible for ensuring that the City receives the request at least seven (7) calendar days prior to the scheduled bid opening or as noted in the special conditions.
3. Any official interpretation of the Bid Solicitation must be issued in writing by the City's Agent/Contact who is authorized to act on behalf of the City, or by the City's Legal Department. The City shall not be responsible for other interpretations offered by employees of the City who are not authorized to act on behalf of the City for this project.

4. If necessary, the City may issue a written addendum to clarify or inform of substantial changes which impact the technical submission of Bids. Addenda will be posted to the website and it is the Bidder's responsibility to download addenda. The Bidder shall certify its receipt of the addendum by signing the addendum and returning it with its Bid. In the event of a conflict with the original Bid Solicitation documents, addenda shall supersede all other documents to the extent specified. Subsequent addenda shall govern over prior addenda only to the extent specified.

### **C. PRICING, COLLUSION, AND TAXES**

1. Current Prices. Bid Proposals must be fixed and firm unless stated otherwise in the Bid Solicitation.
2. Discounts. Discounts shall not be considered in determining the lowest net cost for Bid evaluation purposes. Payment terms shall be as set forth in any contract executed between the City and the Bidder. Payment by the City is deemed to be made on the date of the mailing of the check, or as otherwise set forth in any contract executed between the City and the Bidder.
3. Collusion. The Bidder, by affixing its signature to this Proposal, certifies that its Proposal is made without previous understanding, agreement, or connection either with any persons, or entities offering a Bid for the same items, or with the City. The Bidder also certifies that its Bid is in all respects fair, without outside control, collusion, fraud, or otherwise illegal action. To ensure integrity of the City's public procurement process, all Bidders are hereby placed on notice that any and all Bidders who falsify the certifications required in conjunction with this section shall be prosecuted to the fullest extent of the law.
4. It shall be understood and agreed that Bid Offers submitted by persons and entities are done so independently of any other offers, and that Bidders will not knowingly participate in solicitations where there exists a conflict of interest with their entity and a member of City staff or their immediate family.
5. Taxes. Bidders will neither include Federal, State, nor applicable Local excise or sales taxes in bid prices, as the City is exempt from payment of such taxes. The Colorado Department of Revenue, Certification of Exemption for Colorado State Sales/Use Tax account number for the City of Montrose is 98-01805-0000. An exemption certificate will be provided, where applicable, upon request.

### **D. PREPARATION AND SUBMISSION OF BID**

1. The Proposal must be typed or legibly printed in ink. The use of erasable ink is not permitted. All corrections made by the Bidder must be initialed in ink by the Bidder or its lawful agent.
2. Bid Proposals must contain a manual signature of an authorized agent of the Bidder in the space provided on the Bid Proposal Form. If the Bidder or its lawful agent fails to sign the Bid Proposal Form, its Bid shall be considered non-responsive and ineligible for award.
3. Unit prices shall be provided by the Bidder on the Bid Proposal Form when required in conjunction with the prescribed method of award. The Bidder shall enter "No Bid" for each item where a unit

price will not be offered. Where there is a discrepancy between the unit price and the extension of prices, the unit price shall prevail.

4. The delivery and/or completion date(s) provided by the Bidder, if required, must be stated in calendar days, following receipt of order/contract or official notice to proceed.
5. All information and supplemental documentation required in conjunction with this Bid shall be furnished by the Bidder with its Bid Proposal. If the Bidder fails to supply any required information or documents, the City, in its sole discretion, may consider the Proposal non-responsive.
6. The accuracy of the Bid is the sole responsibility of the Bidder. No changes in the Proposal shall be allowed after the submission deadline, except when the Bidder can show clear and convincing evidence that an unintentional factual mistake was made, including the nature of the mistake and the price actually intended.
7. The Bid Proposal Form shall be enclosed in a sealed envelope and addressed to the City. The envelope shall clearly identify the bid number and title when submitted to the City. The Bidder shall also include its name and address on the outside of the envelope.
8. The City's Bid Proposal Form, which is attached to this Bid Solicitation, must be used when the Bidder is submitting its Bid Proposal. The Bidder shall not alter this form unless instructed to do so in writing by the City. Failure to use the City's Bid Proposal Form may result in the Bid being considered non-responsive.
9. Offers in response to formal Bid Solicitations will not be accepted by facsimile or electronic transmission. Only signed written offers will be considered responsive, and eligible for possible award. Bidders shall provide Proposal Forms, Statement of Work/Technical Offer Section, Special Conditions, Specifications and Pricing Form, and any other mandatory submittals with the bid.
10. Bidders who qualify their Proposals by including alternate contractual provisions should be aware that the City does not negotiate the terms of its contracts, and will ordinarily declare such Bid Proposals non-responsive. Once bids have been opened, the City shall not consider any subsequent submissions of alternate terms and conditions.
11. Bid Bonds (5% of total bid price) and performance and payment bonds (100% of total bid price) are required on construction projects over \$50,000.
12. Insurance certificates are required after a Notice of Award has been issued. Costs for additional coverage must be accounted for in the Bidder's proposal cost.
13. Bid Proposals received after the submission due date and time prescribed for the solicitation shall not be considered.

#### **E. VENDOR APPLICATION AND RETENTION ON BIDDERS' LIST**

The City does not maintain a bidder's list. Register to receive an automated email notification of new bids by visiting [www.cityofmontrose.org](http://www.cityofmontrose.org) - Department Services - Purchasing – Bid Notification.

#### **F. MODIFICATION OR WITHDRAWAL OF LEGITIMATE OFFERS**

1. Bidder offers may be modified in the form of an official written notice, and must be received prior to the due time and date set forth in the Bid Solicitation. Each modification submitted must have the Bidder's name and return address and the applicable bid number and title clearly marked on the face of the envelope. If more than one modification is submitted, the modification bearing the latest date of receipt by the City will be considered the valid modification.
2. Bids may be withdrawn prior to the due time and date set for the Solicitation, provided it is in the form of an official, authorized written request.
3. Proposals may not be modified or withdrawn after the due date and time set for the Bid opening for a period of ninety (90) calendar days. If a Bid Proposal is modified or withdrawn by the Bidder during this ninety (90) day period, the City may, at its option, place the Bidder on suspension and may not accept any further Bid Proposals from the Bidder for a period set by the City following the Bidder's modification or withdrawal of its Proposal. The City may reject an offer, in whole or in part, as set forth in the City of Montrose Municipal Code and the City's Procurement Manual.

#### **G. EVALUATION OF OFFERS**

1. Offers shall be evaluated based upon their responses to the questions and requests for information in this Bid Solicitation, and based upon whether and to what degree they comply with the instructions set forth herein. Thoroughness, accuracy, veracity, and professionalism in the responses shall be taken into account.
2. The City may, in its sole and absolute discretion:
  - a. Reject any and all, or parts of any or all, Bid Proposals submitted by prospective Bidders;
  - b. Re-advertise this Solicitation;
  - c. Postpone or cancel the Bid process for this Solicitation;
  - d. Waive any irregularities or technicalities in proposals received in conjunction with this Solicitation;
  - e. Determine the criteria and process whereby Proposals are evaluated and awarded.
3. A Proposal may not be accepted from, nor any contract be awarded to, any person or entity which is in arrears to the City upon any debt or Contract or which is in default as surety or otherwise upon any obligation to the City.
4. No Contract shall be awarded to any person or entity which has failed to perform faithfully any previous contract with the City, the State or Federal government for a minimum period of one (1) year after said previous Contract was terminated for cause.
5. A Proposal may not be accepted from, nor any Contract awarded to, any person or entity which has pending litigation against the City at the date and time of the Bid Opening.

#### **H. AWARD OF CONTRACT**

1. The City's Agent/Contact is authorized to handle initial contacts regarding any protest of the solicitation or award of a City contract, or any claim arising out of the performance of a City contract, with the City Manager's approval. Any actual or prospective Bidder or Contractor who has a grievance in connection with the solicitation or award of a contract shall first seek resolution of the matter with the City's Agent/Contact.
2. If the City Manager or City designee does not, within thirty (30) days after receiving a protest, or within such longer period as may be agreed upon by the parties, issue a written decision on the protest or make a determination that award of the contract is necessary, the protest shall be considered denied.
3. By law, the City reserves the right to accept or reject any or all proposed bids, or any combination of them, and to waive any informality or irregularity in the bid or in the bidding.
4. Successful Bidders shall comply with all local, state, and federal directives, ordinances, rules, orders, and laws as applicable to, and affected by, the Bid Proposal.
5. No Bidder shall be excluded from consideration for award in conjunction with this solicitation on the basis of race, color, creed, national origination, handicap, or sex, or be subjected to discrimination under any contractual award administered by the City.

#### **L. CONTRACTUAL OBLIGATIONS**

1. In order to ensure the efficient utilization of tax dollars, successful Bidders shall comply with all contractual obligations contained in the Contract Documents, as set forth in the contract signed by the City and Bidder. A sample contract that Bidder will be expected to sign is supplied with these Bid Documents.

## **SPECIAL CONDITIONS**

### **A. PRE-BID CONFERENCE**

A pre-bid meeting will not be held for this project.

### **B. CONTACT PERSON**

During the course of this request process, from issuance until a recommendation for award, Bidders shall not initiate contact related to this request with anyone other than the officially designated individual:

For this bid the contact is Shani Wittenberg at (970) 240-1462 or email: [swittenberg@cityofmontrose.org](mailto:swittenberg@cityofmontrose.org)

Failure to abide by this requirement may result in disqualification from further participation in this process.

### **C. QUESTION DEADLINE**

All questions regarding this Request for Proposal shall be directed by email to the individual listed above.

The deadline for receipt of questions from Bidders in regards to this RFP is 12:00 noon on March 1, 2021.

Responses will be prepared by the City in an addendum and published on the City of Montrose web site at: [www.cityofmontrose.org](http://www.cityofmontrose.org) under Department Services, Purchasing, Open bids, and this bid name. The responses in writing are the only official answers.

### **D. SUBMITTAL INSTRUCTIONS**

The City desires to receive a clear, concise, economical presentation of the vendor's proposal. Bidders shall submit the following with their bid:

1. The bid packet beginning with "Special Conditions" section.
2. Submit signed bid addendum(s).
3. Submit a bid packet in a sealed envelope with the bid number and project name in the lower left hand corner of envelope, with the bidders name clearly written on the envelope.
4. An electronic copy of Items 1 through 3 emailed to [swittenberg@cityofmontrose.org](mailto:swittenberg@cityofmontrose.org) after bid opening

Submit all of the above in a sealed envelope with the bidder's name, bid number, and project name clearly written on the envelope. Failure to submit a proposal in the manner indicated may be cause for it to be considered 'non-responsive' and ineligible for consideration and subsequent award.

## **PROPOSAL FORM - PAGE 1**

**SUBMITTED BY:**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**CERTIFICATION:** (if a Submission is Offered):

The undersigned hereby affirms that:

- He/she is a duly authorized agent of the Bidder;
- He/she has read the General Terms and Conditions, the Special Conditions and any technical specifications that were made available to the Bidder in conjunction with this Bid and fully understands and accepts these terms unless specific variations have been expressly listed on the Bid Proposal Form;
- The Submission is being offered independently of any other Bidder and in full compliance with the collusive prohibitions specified in the General Terms and Conditions of this solicitation; and
- The Bidder will accept any awards made to them as a result of this Solicitation for a minimum of ninety (90) calendar days following the date and time of the bid opening.

By: \_\_\_\_\_  
Manual Signature of Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Typed/Printed Name of Agent

\_\_\_\_\_  
Title of Agent

Include Original with Submission

Affix Manual signature of authorized agent.

## PROPOSAL FORM - PAGE 2

**Company Name:** \_\_\_\_\_

**VARIATIONS:**

The Bidder shall identify all variations and exceptions taken to the General Terms and Conditions, the Special Conditions, and any Technical Specifications in the space provided below; provided, however, that such variations are not expressly prohibited in the Bid documents. For each variation listed, reference the applicable section of the bid document. If no variations are listed here, it is understood that the Bidder's Proposal fully complies with all terms and conditions. It is further understood that such variations may be cause for determining that the Bid Proposal is non-responsive and ineligible for award:

Page #: \_\_\_\_\_ Item # of Section: \_\_\_\_\_

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## **STATEMENT OF WORK**

### **I. SPECIFICATIONS**

- A. GENERAL INFORMATION:** The City of Montrose is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2020, with the option, on mutual agreement, of auditing the City's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with applicable standards.

There is no expressed or implied obligation for the City of Montrose to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

During the evaluation process the City of Montrose reserves the right, where it may serve the City of Montrose'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 City of Montrose or the Evaluation Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Montrose 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 Montrose and the firm selected.

To be considered, three copies and one electronic copy of the proposal must be received at 433 S. First Street, Montrose, CO 81402 by 2:00 p.m. on March 8, 2021. The City of Montrose reserves the right to reject any or all proposals submitted.

A three-member committee will evaluate proposals submitted.

It is anticipated that the selection of a firm will be completed by March 15, 2021. Following the notification of the selected firm, it is expected a contract will be executed between both parties by April 15, 2021.

### **II. NATURE OF SERVICES REQUIRED**

- A. SCOPE OF WORK TO BE PERFORMED:** The City of Montrose desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

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 City Manager and Finance Director in writing, stating all matters which preclude the issuance of an unqualified opinion.

The auditor shall be responsible to directly contact the City Manager and the Finance Director should concerns raised during the City audit warrant such contact.

- B. 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.
- C. 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. An agreed upon number of copies of the management letter will be provided to the City, 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. Findings of ineligible expenditures must be represented in enough detail for management to be able to clearly understand them. An agreed upon number of copies of the Single Audit report will be provided to the City, in addition to an electronic copy.

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 City Manager and the Finance 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.

**D. 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 City of Montrose 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 Montrose
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the City of Montrose as part of an audit quality review process
- Auditors of entities of which the City of Montrose 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

**A. BACKGROUND:** The City of Montrose serves an area of 18.1 square miles with an estimated population of 19,698. For greater depth of the City's demographics and area of civil involvements, please visit the City's website: [www.CityofMontrose.org](http://www.CityofMontrose.org).

**B. FISCAL YEAR:** The City of Montrose's fiscal year begins on January 1 and ends on December 31.

**C. FUND STRUCTURE:** The City of Montrose uses the following fund types in its financial reporting for 2020:

FUND TYPE	QUANTITY OF LEGALLY ADOPTED ANNUAL BUDGETS
General Fund	1
Public Safety Fund	1
Special Revenue Funds	11
Debt Service Funds	1
Permanent Funds	2
Capital Projects Funds	4
Enterprise Funds	4
Internal Service Funds	4

**D. COMPUTER SYSTEMS:** Hardware used by city departments 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 (G/L, A/P, A/R, Projects/Grants, Budget, Cash Receipting, HR, and Utility Billing), and MuniRevs (Sales/Use Tax).

**E. ENTRANCE CONFERENCES, PROGRESS REPORTING AND EXIT CONFERENCES**

The City of Montrose will expect at a minimum the following meetings:

1. Entrance conference: The purpose of this meeting will be to discuss prior audits. This meeting will also be used to establish overall liaison for the audit and to make arrangements for needs of the auditor.
2. Progress conference: The purpose of this meeting will be to discuss the status and to identify the key internal controls or other matters to be tested.
3. Exit conference: The purpose of this meeting will be to summarize the results of the fieldwork and to review findings.

In addition, the auditor shall provide written reports on the progress of the audit as determined during the entrance conference. Also, the auditor shall have representatives available on the night the City Council accepts the audit report.

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

- A. FINANCE DEPARTMENT AND CLERICAL ASSISTANCE: The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. Documentation will be provided in an electronic form if requested by the auditor.
- B. WORK AREA: The City of Montrose will provide the auditor with reasonable workspace.
- C. REPORT PREPARATION: The Finance Department staff will be responsible for providing any reports that the auditor needs. The auditor shall provide all recommendations, revisions and

suggestions for improvement to the Finance Director. A report, including [a] draft auditor's report(s) shall be delivered to the Finance Director by June 30, 2021.

- D. The Finance Director and the Evaluation Committee will complete their review of the draft report as expeditiously as possible. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director within five working days. It is anticipated that this process will be completed and the final report accepted by the City Council prior to July 31, 2021 and each year thereafter.

## V. PROPOSAL REQUIREMENTS

### A. SUBMITTAL

Both Technical and Cost proposals should be sent together to the following address:

AUDIT RFP  
CITY OF MONTROSE  
433 S. First Street  
PO Box 790  
MONTROSE, CO 81402

### B. TECHNICAL PROPOSAL

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 Montrose 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 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 proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed cost proposal). 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 City of Montrose as defined by applicable standards. The firm should provide an affirmative statement that it is independent of all of the entities included in this proposal. In addition, the firm shall give the City of Montrose written notice of any professional relationships entered into during the period of their engagement.

#### 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 City of Montrose

List separately all engagements within the last five (5) years with the City of Montrose, ranked on the basis of total staff hours and type of engagement (audit, management advisory services, etc). Indicate the scope of work, date, engagement partners, total hours, office location for specific engagement, 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 five (5) 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 City of Montrose'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. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- 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 City of Montrose'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 City of Montrose.

**C. Cost Proposal**

1. Summary of Professional Fees and Expenses

The 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.

The City of Montrose 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 City of Montrose
- c. A total all-inclusive maximum price for each engagement for the years 2020, 2021, 2022.
- d. Terms of payment  
Periodic payments will be made during the course of the engagement in accordance with the contract.

**VI. EVALUATION PROCEDURES**

**A. EVALUATION COMMITTEE**

Proposals will be evaluated by a committee appointed by the City Manager.

## 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 City of Montrose 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 City of Montrose
- 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
- 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 City Council will award the bid by April 6, 2021. Following notification of the firm selected, it is expected that a contract will be executed between both parties by April 9, 2021.

**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 City of Montrose and the firm selected.

The City of Montrose reserves the right to reject any or all proposals