

REQUEST FOR PROPOSALS (RFP)
TO PROVIDE AN ANNUAL AUDIT OF
THE CITY OF RAPID CITY, SOUTH DAKOTA
For the Year ended December 31, 2004

1. Name of contracting party--City of Rapid City, SD

Return your proposal to:

Mr. Jim Preston, Finance Officer
City of Rapid City, SD
300 Sixth Street
Rapid City, SD 57701

Inquiries concerning your proposal should be directed to Coleen J. Schmidt, Assistant Finance Officer, at 394-4169.

2. Audit Schedule

- a) A written proposal is due before the close of business (5:00 p.m., MDT) on September 30, 2004. Two copies of the proposal should be submitted.
- b) After reviewing all proposals received, the City will award the audit engagement, contingent upon authorization by the Auditor General, on or about October 18, 2004. Personal interviews may be required to aid in the award process.
- c) The selected Auditor will begin work as soon as practical. Audit fieldwork must be completed and 35 copies of the final report issued on or before June 30, 2005 unless a later date is mutually agreed upon.

3. Scope of Audit

- a) An annual fiscal and compliance audit shall be made of the financial statements of all funds and account groups of the City of Rapid City for the year ended December 31, 2004, subject to authorization by the Auditor General. This will include all departments, agencies, boards, commissions and other organizations over which the City exercises oversight responsibility. Additionally the City was sponsor for various Federally-assisted programs, including but not limited to Community Development Block Grants, Police Hiring Supplement, Airport Improvement Programs, and Transit Capital and Operating Grants. The standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133 will apply. The City has implemented the financial reporting model described in GASB Statement 34.

Ketel Thorstenson, LLP, performed the most recent audit for the Calendar Year 2003.

Should the City Council fail to make an appropriation for the cost of an annual audit in its annual appropriation ordinance, the audit contract would be null and void. In that event, a biennial audit period would apply the following year. The engagement letter must be reissued in that case, and the estimated audit fee may be adjusted.

- b) The audit must be performed in accordance with the guidelines of the Auditor General and generally accepted government auditing standards for financial and compliance audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133. The City has implemented the financial reporting model described in GASB Statement 34.
- c) The purpose of the audit is to issue an opinion on the General Purpose Financial Statements of the City of Rapid City, and report on its compliance with applicable legal requirements and its internal control structure in accordance with those standards and OMB Circular A-133.

By April 1, 2005 the City shall have closed and balanced all accounts and shall have prepared the following financial statements for all funds examined by the auditor. Financial statements will conform to requirements of GAAFR and to requirements of the South Dakota Department of Legislative Audit.

The City will furnish camera-ready copy of the financial statements, notes to the financial statements and statistical data. Financial statements presented shall include:

1. Statement of Net Assets.
2. Statement of Activities
3. Governmental Funds combined fund balance sheets.
4. Statements of revenue, expenditures and changes in fund balance by fund.
5. Statements of net assets, revenues and expenses, and changes in net assets and statement of cash flows for enterprises and internal service funds.
6. Various financial and statistical tables.

The City will supply office space and will make Finance Office staff available to assist the Auditor. The general ledger, revenue and expenditure records, payroll, utility billing and parking ticket functions are computerized on a Hewlett Packard 3000, Series 935.

The Auditor shall express an unqualified opinion on the financial statements of all funds. If unable to express an unqualified opinion, the Auditor shall state the reasons for the disqualification or disclaimer of

opinion. Weaknesses noted in internal controls shall be first reviewed with the Finance Officer and Assistant Finance Officer and included in a separate letter to management.

4. Audit Report Review and Processing

- 1) The Auditor General will review a draft of the audit report, and may request to review the related working papers, prior to acceptance of the completed report as required by SDCL 4-11-7.
- 2) The audit firm is required to print reports and distribute them as promulgated in the Auditor General's guidelines.
- 3) Auditor's Comments, if any, are required to be included as a part of the final report.
- 4) We will respond to any Auditor's Comments or reported instances of noncompliance noted in the report. Our response must be included in the report along with our corrective action plan, if any.
- 5) The Auditor shall retain working papers for a minimum of three years from fieldwork date unless notified in writing by the cognizant federal agency or the Auditor General to extend the minimum retention period. The Auditor shall make his working papers available to the Auditor General, federal Inspectors General or their representatives, and subsequent Auditors upon request.

5. Auditor Qualifications

- a) The Auditor hired to perform the audit must possess current firm and individual permits to practice from the South Dakota Board of Accountancy.
- b) The Auditor shall affirm that any persons involved in planning, directing, conducting substantial portions of the fieldwork or reporting on the audit are in compliance with the Continuing Education and Training requirements of Government Auditing Standards.
- c) The Auditor shall state that his firm has undergone a Quality Review or that it will undergo a Quality Review in accordance with Government Auditing Standards.
- d) The names and qualifications of the staff members who will actually conduct the audit fieldwork and report on the audit shall be provided.
- e) The Auditor shall affirm that he and any assistants are independent from the City of Rapid City, its management, and each of its component units and subrecipients.

6. Compensation and Terms of Payment

- a) Submit an estimate of the anticipated audit hours required, current billable hourly rate(s) and approximate all-inclusive cost. To facilitate the estimation process, the books and records of the City shall be available for inspection during normal business hours.
- b) Estimate your all-inclusive annual fee if the contract were extended for additional years upon mutual consent.