

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent
Audit Committee Chairman

FROM: Paul Navazio
Director of Finance

SUBJECT: Consideration of Timeline/Process for Solicitation and Selection of Firm to serve as the District's Independent External Auditor for fiscal year ending June 30, 2021.

**STRATEGIC
PLAN REFERENCE(S):** Long Range Principles #2

DATE: September 23, 2020

I. RECOMMENDATION

That the Audit Committee review and provide feedback on the process and timeline for selecting a firm to serve as the District's Independent External Auditor, for the fiscal year ending June 30, 2021.

II. BACKGROUND

Eide Bailly is currently in the fifth and final year of its contract to provide Independent External Audit services for the District. A solicitation and selection process is required, issuance of a formal Request For Proposal (RFP) process to select a firm to provide external audit services beginning with the fiscal year ending June 30, 2021.

It is anticipated that the solicitation process will commence in the coming weeks in order to solicit proposals from a pool of qualified firms, and subsequent evaluation and selection process in order meet the State of Nevada's requirement that the Board of Trustees report its selected external audit firm to the State no later than March 30, 2021 (per NRS 354.624).

Board Policy 15.10 establishes that the procurement process for selecting the District's Independent Auditor falls within the purview of the Board-appointed Audit Committee, whose recommendation is to be presented to the Board of Trustees for final approval.

This agenda item has been prepared to review with the Audit Committee the process undertaken the last time the District issued a formal RFP for Independent Audit Services, and suggested timeline for this year's procurement process.

Audit Committee Calendar Request For Proposal	
Audit Committee to Review RFQ and outline process	September 30, 2020
Send out Request for Proposal	October 1-15, 2020
RFP Responses Due	November 15-30, 2020
Evaluate RFP Responses w/Audit Committee Interview of Finalists (if necessary)	December
Audit Committee Recommendation	By December 30, 2020
Board of Trustees Approval	January 2020

Staff is seeking input and feedback from the Committee before finalizing an updated RFP document and initiating the procurement process leading to selection of the District's next Independent Auditor.

Attachment:
Copy of (2010) Request for Proposal

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



The Incline Village General Improvement District (IVGID) is hereby requesting proposals from qualified professional firms to provide auditing services pertaining to the financial records of the District.

Qualified firms or individuals should submit five copies of a sealed proposal or email meeting the terms of this RFP, no later than:

Wednesday, October 27, 2010
4:00 PM

To Ramona B. Cruz
Director of Finance, Accounting, and Information Technology
IVGID
893 Southwood Boulevard
Incline Village, NV 89451

Email: AuditServicesProposal@ivgid.org.

Proposals should be clearly marked on the outside:

"Audit Services Proposal"

Submittal of responses before Wednesday, October 27, 2010 at 4:00 PM is encouraged. Questions pertaining to this RFP should be directed to Director of Finance, Accounting, and Information Technology Cruz at (775) 832-1169; e-mail rbc@ivgid.org

This selection will be made without regard to race, religion, creed, color, sex, sexual orientation, or national origin.

John Bohn
Incline Village General Improvement District
Trustee and Chair Audit Committee
September 08, 2010

This RFP contains 14 pages.

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



TABLE OF CONTENTS

- I. The Organization
- II. The Incline Village General Improvement District Audit Committee
- III. The Plan
- IV. The Project
 - A. Scope of Work
 - B. Proposal Requirements
 - 1. Cover Sheet
 - 2. Table of Contents
 - 3. Technical Information
 - a. Understanding of Objectives
 - b. Qualifications Statement
 - c. Project Approach
 - d. Project Schedule
 - e. Proposal Format
 - 4. Fee Schedule
 - 5. Out-of-Pocket Costs
 - 6. Other Information
 - C. Terms
 - 1. Management
 - 2. Preparation of Proposal
 - 3. Submission of Proposal
 - 4. Selection Process
 - 5. Acceptance or Rejection
 - 6. Schedule
 - 7. Professional Services Agreement
 - 8. Billing and Payment
 - 9. Assignment
 - 10. Adjustment of Scope of Services

Request for Proposal (RFP)

AUDITING SERVICES Incline Village General Improvement District



I. The Organization

The Incline Village General Improvement District (IVGID) is a local public agency, chartered in 1961 under Chapter 318 of Nevada law to provide utility and recreation services to the residents and visitors of Incline Village. Incline Village is a planned recreational community located on the northeastern shore of Lake Tahoe. In 1995, the Crystal Bay General Improvement District (CBGID) was merged with IVGID. The merger came about as a need arose for CBGID to have their water system revamped. Incline Village and Crystal Bay have a permanent population of about 9,300 and peak summer and winter populations of up to 20,000+. IVGID directly operates a water system and sewer system; a downhill ski area with six chairlifts; two golf courses; a 37,000 square foot recreation center; three beaches; an outdoor swimming pool; a tennis complex and a variety of parks, athletic fields, and support facilities. A trash system is operated under private contract. IVGID's most recent partnership is with the Hyatt Regency Lake Tahoe running their sports shop.

District operating activities are physically dispersed (18 locations) across the 14 square miles of the Incline Village/Crystal Bay community. The District adheres to a decentralized management philosophy, generally, organizing these activities into four operating and four administrative and technical support entities accounting, payroll, purchasing, human resources, and information systems activities are centrally provided services while most financial management is decentralized to the operating units.

IVGID is governed by a five-member Board of Trustees, locally elected to four-year overlapping terms. The Board hires a General Manager, who in turn hires and supervises the staff; the General Manager serves as the organization's chief executive officer.

IVGID has total assets of about \$126 million and net equity of \$100 million. It has a 2010-2011 \$31.3 million annual operating budget in addition to \$18.3 million in annual planned capital improvements and \$3 million in debt service expenditures. It has 110 full-time year-round employees and up to 350 seasonal employees at one time or full time equivalents of 242. Total sources of revenues are derived primarily from charges for services, Recreation and Beach Facility Fees, and capital grants. The Utility operations generate about 30% of the total sources revenue while our recreational operations (Community Services and Beach Enterprise Fund) generate about 60%. The main revenues from our recreational areas are Golf (18%), Facilities (6%), Ski (25%), Parks and Recreation (19%), Beach (3%) and recreation and beach facility fee (29%) which are annual charges assessed to each property within IVGID each year. About 5 % of total sources of revenues are derived from state and local taxes. More detailed information on the IVGID Annual Budget Fiscal Year 2010-2011 can be found on IVGID's web site www.ivgid.org under Resources/Financial Reporting.

IVGID annually processes approximately 7,200 accounts payable checks, 9,800 payroll checks and auto deposits, issues 930+ W-2s, and 100+ 1099s.

Request for Proposal (RFP)

AUDITING SERVICES Incline Village General Improvement District



IVGID just recently installed a new information system called MSGovern. There are two major components to the new information system which are FMS (Financial Management System) and HRMS (Human Resources Management System). IVGID has the following modules installed: General Ledger, Payroll, Accounts Payable, Fixed Assets, Project and Work Order Cost, Inventory, Purchasing, Cash Receipts and Misc. Accounts Receivable and Human Resources. IVGID also uses a time collection system to capture hours worked by our hourly, part-time, and seasonal workforce.

IVGID has six interfaces built from network-based point-of-sale systems to MSGovern (Utility, Golf, Food and Beverage, Ski, Parks and Recreation, Hyatt Sport Shop). The transfer of data from the IVGID systems is through a standard formatted XML file to a MSGovern developed web-service, which accepts and processes the file. If no errors are detected in the file, a batch is created for posting to FMS.

II. The Incline Village General Improvement District Audit Committee

The Government Finance Officer's Association (GFOA) recommended practices suggest the establishment of an audit committee which has direct oversight of the work of any independent accountants engaged for the purpose of preparing or issuing an independent audit report, review, or attest services. Likewise, the audit committee should be established in such a manner that all accountants thus engaged report directly to the audit committee. IVGID's Audit Committee Policy 15.1.0 established the IVGID Audit Committee in January 2009. The successful bidder will work directly with the IVGID Audit Committee.

The responsibility of the Audit Committee is to provide independent review and oversight of the District's financial reporting processes, internal control and independent auditors. This is accomplished by a review of the proposed scope of the annual audit with the independent auditors. The Audit Committee will also review and approve the independent auditors' management report on the organization's financial statement at the conclusion of the audit and as well as management's responses. The management report is the auditor's communication of findings during their audit.

Another primary function of the Audit Committee is to make a recommendation to the Board of Trustees as to the appointment of the independent auditors. As required by Nevada Revised Statutes (NRS) 354.624, the Board of Trustees selects the auditors to conduct the District's annual audit on or before March of the fiscal year under audit.

III. The Plan

IVGID is currently requesting written proposals to conduct its annual financial audit for fiscal year ending June 30, 2011. Proposals submitted will be evaluated by the three-member IVGID Audit Committee, the Director of Finance, Accounting, and Information

Request for Proposal (RFP)

AUDITING SERVICES Incline Village General Improvement District



Technology, and the Controller. During the evaluation process, the Audit Committee and IVGID reserve the right, where it may serve IVGID's best interest, to request additional information or clarifications from proposers. At the discretion of the IVGID Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

IVGID submits its Comprehensive Annual Financial Report to the GFOA of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. IVGID has received this award the last consecutive eight years.

Responses to this proposal must be on the Proposer's letterhead stationery and submitted with five copies.

Responses must be received in the general offices of IVGID on or before Wednesday, October 27, 2010 at 4:00 PM, and at that time will be formally opened and acknowledged. Proposals not received at or before the time indicated will be deemed non-responsive and shall not be considered in the subsequent evaluation proceedings.

Because of the need for constant communication between IVGID and the successful Proposer, it is desirable that the successful Proposer be located within the Lake Tahoe-Reno-Carson City general area.

IV. The Project

This Request for Proposals is for the purpose of obtaining qualified proposals to perform a district wide financial audit of IVGID, covering individual fund and account groups, combining financial statements, and combined financial statements for the fiscal year ending June 30, 2011.

The audit is 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 (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments, as well as examination for compliance with procedures established by Charter, Ordinance, Policy, Practice or where applicable, State and Federal laws or regulations. The audit shall be performed in accordance with the applicable provisions and auditing standards of NRS 354.624.

IVGID reserves the right to exercise an option to renew an audit agreement resulting from this RFP, in single fiscal year increments. Renewals shall be solely at the discretion of the IVGID Board of Trustees. Renewals shall be available for five years after the initial award.

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



Five copies of a draft audit report, including required financial statements and supplementary sections, will be delivered to the Audit Committee on or before September 30, 2011. Traditionally, District Staff has prepared the draft audit report for the auditors. IVGID reserves the right to request the audit firm to prepare the draft audit report.

The final audit report, including required financial statements and supplementary sections, will be completed and presented to the IVGID Audit Committee on or before October 31, 2011. Traditionally, District Staff has prepared the final audit report for the auditor's final approval before presented to the IVGID Audit Committee. IVGID reserves the right to request the audit firm to prepare.

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



A. Scope of Work

The audit shall include sufficient tests of individual funds, account groups, and combining and combined financial statements, as necessary to render an opinion on the Comprehensive Annual Financial Report. IVGID may meet the requirements for an audit under the Single Audit Act.

The audit shall also include an examination of our system of internal controls, financial transactions and accounts, financial statements, and federal and state compliance, all to ascertain and determine the following:

The existence of effective control over and accounting for revenues, expenditures, assets, and liabilities;

That reports to state and federal agencies contain accurate and reliable information;

That financial statements are fairly presented in accordance with generally accepted accounting principles;

And that IVGID has met state and federal compliance requirements.

The auditor's report shall:

Include the combined financial statements, the combining statements, and individual funds and account groups;

Include supplementary information consistent with prior years audit reports;

Identify the statements examined and the period of time involved;

State for identification purposes the various programs under which IVGID has received state and federal grant funds, and the amounts received;

Verify that the audit was conducted and completed in accordance with generally accepted auditing standards as established by the American Institute of Certified Public Accountants; and

Provide a report on the fair presentation of the financial statements as well as the fair presentation of the financial statements of individual funds and account groups in relation to the general-purpose financial statements taken as a whole in conformity with generally accepted accounting principles (GAAP).

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



The auditor's comments concerning compliance and internal control shall:

Include discussion of any weakness constituting or contributing to non-compliance with system(s) of internal control, with separate identification of material weakness;

Identify by nature and impact any material instances in which non-compliance of terms and conditions of the agreements with provisions of state law shall possibly materially affect financial statements and reports;

Include comments as to how accurate and complete are financial reports and claims for advanced or reimbursed funds to state or federal agencies;

Comment as to the disposition and implementation of the recommendations of the audit of the prior year;

The auditors shall also:

Provide a management letter which details areas of concern or items which do not comply with existing policies, procedures, or legal requirements that are not required to be presented within the audit report.

If any irregularities and illegal acts are discovered the 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 directly to the Audit Committee.

The Project Manager shall be present at an exit conference session to discuss the draft audit report with the Audit Committee and be available for when the final audit report is presented to the full Board of Trustees at the first Board meeting in November 2011.

The auditors shall be wholly responsible for all personnel, supplies, and equipment.

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



B. Proposal Requirements

The Proposal Format contained herein shall be considered a guide for response by Proposers, and should, insofar as possible, be followed in form so as to permit accurate point-by-point comparisons of each proposal with that of other responders.

All Proposals shall include the following information:

1. Cover Sheet
2. Table of Contents
3. Technical Information
 - a. State in as succinct a manner as possible, in your own words, your understanding of the objectives of the audit.
 - b. Qualifications Statement
 - 1) Name, address, and phone number of principal office. List years at its present location, and number of full time professionals employed, by type. If the firm has multiple offices, identify the office out of which IVGID will be serviced. Indicate whether the Proposer is an individual, partnership, or corporation. If a corporation, give the name of the state of incorporation.

Indicate the name, title, address and telephone number of the person in the Proposer's organization who shall be responsible for the content of the proposal and to whom any questions should be addressed.
 - 2) Name, resume and responsibility of each professional member of the project team. Identify which member of the project team will be primarily responsible for performing each task in the Scope of Work. Structure of the project team, including definition of the legal status of any joint venture (where more than one firm shares in project authority). Resumes should include training and experience in performing audits.
 - 3) List of recent projects which are similar to the proposed work with IVGID indicating the year completed, and listing the proposed project team members working on those projects. Selectively list past projects which are major or relevant. Include all work pertaining to public agencies within Nevada, and all work pertaining

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



to general improvement districts, utility operations, and recreation operations. Please indicate which projects have been submitted for the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

- 4) List of at least five client references, including contact persons and telephone numbers, pertaining to projects referenced under paragraph 3, above. At least two references should pertain to projects in Nevada. Indicate which members of the project team worked on the referenced projects and in what capacity.
- 5) Submit copies of at least two Financial Statements and Auditor's Reports from the listed past projects, which are comparable to the project at hand.
- 6) Describe the methodology proposed for use in conducting the audit, including a completion timetable.
- 7) Discuss the rationale for the approach.

c. Project Approach

Statement of approach to project. Identify any alterations or additions to the Scope of Work, as identified in this RFP, which are necessary or recommended to accomplish the objectives identified herein. Identify what technical services are available, and how they would be used in the proposed project. Identify any alternative analysis to be conducted. Estimate approximate number of hours that IVGID staff is expected to work on the audit in preparing schedules, worksheets, or developing information for the Project Team.

d. Project Schedule

Provide a step-by-step project schedule and task description from start to completion.

e. Proposal Format

Proposal responses shall be clear, concise, prepared as briefly and economically as possible, and must provide definitive response to all the information required in this RFP.

Failure to respond in the manner provided may result in disqualification of the Proposer's response.

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



4. Fee Schedule

Provide a guaranteed fee schedule for the project. The fee schedule must include the performance of all tasks outlined in this RFP and the proposal including separately identifying the Single Audit fee. The guaranteed fee will also cover all subsequent reports/letters issued associated with opinion on financial statements audited by the auditors

State under what circumstances, if any, the maximum fee could be exceeded.

Identify any and all expenses which IVGID would bear directly to accomplish the objectives identified herein, and include a budget for same.

The proposer should offer the opportunity to give alternative fees based on IVGID staff performing tasks. Also, in the event IVGID chooses to have the proposer prepare both the draft and final audit report those fees should be separately indentified as well. A copy of IVGID's June 30, 2009 CAFR can be found on IVGID's web site www.ivgid.org under Resources/Financial Reporting.

5. Out-of-Pocket Costs

Describe each category of reimbursable costs and estimate the total cost for each category. For example, list telephone, travel, meals, etc., for which you expect IVGID to reimburse your firm, if any. Calculate the total cost for all categories combined.

6. Other Information

Supply any other information you feel pertinent in defining your attributes as they relate to the project at hand.

Request for Proposal (RFP)

AUDITING SERVICES Incline Village General Improvement District



C. Terms

1. Management

The project will be managed by IVGID's Controller with oversight by the Audit Committee. The Audit Committee will coordinate the auditor's activities with those of the IVGID Staff, Board of Trustees, and others. During the course of the audit, the Controller shall provide:

Prior years audit reports; analysis of requested asset, liability, revenue, and expenditure accounts as required in the Project Approach; a year-end working trial balance; and access to all accounting system records.

2. Preparation of Proposal

If requested by the Audit Committee, the proposers must attend a scheduled pre-proposal conference and become aware of all facets of the project.

Irregularities or lack of clarity in this RFP should be brought to the attention of the Director of Finance, Accounting, and Information Technology for clarification or correction.

All copies of the response to the RFP shall be signed by a person authorized to submit proposals in the name of the firm.

All changes in the response shall be initialed, in ink, by the person signing the response.

3. Submission of Proposal

Proposals and attachments thereto, shall be submitted in one sealed envelope addressed to the Incline Village General Improvement District, 893 Southwood Boulevard, Incline Village, NV 89451, Attention of Ramona B. Cruz, Director of Finance, Accounting, and Information Technology with the sealed envelope clearly marked on the outside "Auditing Services Proposal"

If submittal is by email then the proposal and attachments must be in PDF format. All email proposals must be received prior to or at the specified receiving time at the following email address AuditServicesProposal@ivgid.org. Should you elect to submit your proposal via email, please be sure to confirm receipt of your emailed proposal.

Envelopes and emails containing the responses to the RFP shall clearly indicate the name and address of the Proposer.

Proposals received after the specified time shall be rejected.

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



4. Selection Process

Proposals will be reviewed by the IVGID Audit Committee, Director of Finance Accounting and Information Technology, and the Controller with a recommendation submitted to the Board of Trustees for award. Selection will be based upon the qualifications of the firm and subconsultants, if any; qualifications of the project team; project references; proposed project approach and scope of services; proposed schedule; project team's current and anticipated commitments to other projects; related project experience; and fees, among other factors.

The selection process will be based on a point system for certain qualifications and issues as determined by review team.

5. Acceptance or Rejection

IVGID reserves the right to accept or reject any and all proposals submitted, in part or in whole, and to extend the deadline for submission, without advance notice.

6. Schedule

The following tentative schedule has been established for the project:

Request for Proposals sent out	September 08, 2010
Pre Proposal Conference	September 22, 2010
Proposals due back to IVGID	October 27, 2010 at 4:00 PM
Award Contract	January 26, 2011
Audit Ski Area Operations	As soon as possible after award
Audit Parks and Recreation Operations	Before May 2011
Audit Golf Operations	June 2011
Audit Beach operations	June 2011
Field Work	August 15, 2011 through September 16, 2011
Submit Draft Audit Report	September 30, 2011
Exit Conference	October 12 2011
Submit Final Audit Report	October 31, 2011 to Audit Committee

7. Professional Services Agreement

This Request for Proposals outlines the more significant terms and conditions of the professional services agreement. Other terms and conditions will be specified prior to

Request for Proposal (RFP)

AUDITING SERVICES
Incline Village General Improvement District



execution of this agreement. Failure to reach agreement on all terms and conditions may cause rejection of the proposal.

8. Billing and Payment

Billing shall be monthly in the form of progress payments, accompanied by progress reports. Payment shall be made within 30 days of billing, with 10% retained by IVGID until such time as the final audit report has been presented and accepted by the IVGID Board of Trustees.

9. Assignment

The agreement for professional services, or any portion thereof or work there under, shall not be assigned without the prior written consent of IVGID. No changes shall be made in the composition or assignments of the project team, without the prior written consent of IVGID.

10. Adjustment of Scope of Services

IVGID reserves the right to modify the scope of services, prior to execution of the professional services agreement, without advance notice. IVGID also reserves the right to negotiate changes in other aspects of any proposal, including fees, prior to execution of the professional services agreement, whether before or after award. Failure to reach agreement on all terms and conditions may cause rejection of the proposal.

IVGID further reserves the right to make adjustments to the scope of services, after execution of the professional services agreement. Such adjustments shall be made through mutual agreement of the parties, based upon the actual increase or decrease in hours of services required and stated fees, including discounts, if any.