

MEMORANDUM

TO: Board of Trustees

THROUGH: Mike Bandelin
Interim General Manager

FROM: Bobby Magee
Interim Director of Finance

SUBJECT: Request for Proposals (RFP) for Forensic Auditing Services

DATE: September 27, 2023

I. RECOMMENDATIONS

That the Board of Trustees make a motion to:

Approve the DRAFT of the RFP for Forensic Auditing Services and Direct Staff to Issue the RFP to the Vendor Community on September 29, 2023.

II. DISTRICT STRATEGIC PLAN

This action supports Long Range Principle #2, Finance; *“The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial polices for operating budgets, fund balances, capital improvement and debt management.”*

- *Comply with State and Federal regulations.*
- *Develop and maintain a long term plan to sustain financial resources.*

III. BACKGROUND

Overview

On August 24, 2023 the Board of Trustees directed staff to develop an RFP for Forensic Auditing Services. (Item C.3) The DRAFT RFP is the document that will be used to communicate to interested and qualified firms the background and needs of IVGID with respect to the Forensic Due Diligence Audit, and related reports based on any findings or recommendations.

The recommended document includes completing the entire process, and making a recommendation for contract award to the Board of Trustees on November 8, 2023. The Scope of Work and Reports to Be Issued outlines the expected work product of the selected Firm. Finally, the scoring criteria for selecting the highest rated firm will follow a two-phase process.

In Phase I, the written responses received from interested Firms will be scored using the following recommended criteria:

- a. Qualifications (35%)
- b. Experience (Projects of similar size and scope) (20%)
- c. Technical Approach and Methodology (35%)
- d. Pricing (10%)

This approach places an emphasis on finding the “most qualified” Firm. As a result of the Phase I scoring, a recommendation for contract award may be made by the RFP Selection Committee (Committee). A more likely outcome is that the Interim Director of Finance, also serving as the RFP Project Manager, will create an interview list of Firms who still have a reasonable chance of winning the contract based upon the outcome of Phase I scoring by the Committee. Firms that are deemed to be in the competitive range will be invited back for Phase II (Interviews), where the Committee will have an opportunity to interview the list of Firms and intended individuals who are proposed to work on the engagement. If Phase II is necessary, the final recommendation for contract award to the Board from the Committee will be based 100% off of the scoring of the Phase II Interviews only.

VI. FINANCIAL IMPACT AND BUDGET

The recommended action has no direct impact to the budget; however, as a result of the completion of the RFP process the Finance Department will make a future recommendation for funding the Forensic Audit at a later date, based upon completed contract negotiations with the highest rated firm.

V. ALTERNATIVES

The impact of delaying the finalized RFP would be to continue with current operations, absent any type of independent risk assessment for potential of fraudulent activities.

*** DRAFT ***

REQUEST FOR PROPOSALS

FORENSIC AUDITING SERVICES FOR INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Forensic Due Diligence Audit
September 29, 2023**

Introduction

The Incline Village General Improvement District (IVGID) is seeking proposals from qualified auditing firms for Forensic Auditing Services (Project).

The selected firm shall:

1. Express an opinion on the legitimacy of IVGID spending and whether the spending habits of the IVGID are deemed appropriate;
2. The auditor will examine the following questions in relation to all funds and departments:
 - a. Is there any suspected evidence that fraud, theft, waste, abuse or collusion occurred in relation to any aspect of the financials?
 - b. Were all applicable local, state and federal policies, regulations and laws adhered to?
 - c. Did IVGID employees and officials act diligently, and in the interest of the District?
3. The above list is not meant to constitute an exhaustive list of duties. The final contract negotiated with the selected firm may include other services. Proposers are also invited to describe other services or functions that they would recommend.

A Request for Proposal process is different from an Invitation to Bid. The District expects vendors to propose creative, competitive solutions to the District's stated problem or need, as specified herein.

Background

In 1961, the community of Incline Village was being developed by the Crystal Bay Development Company. In order to pay for improvements, IVGID was created by Washoe County on June 1, 1961 authorizing the newly created District to levy taxes to pay for improvements and for five elected Trustees to set up and run the District.

Currently IVGID’s structure includes eight departments overseen by a General Manager, who reports to the Board of Trustees. The departments include Information Technology, Human Resources, Finance, Administrative Services, Parks and Recreation, Ski, Golf and Community Services, and Public Works. IVGID has a total of nine bank accounts that support total appropriations of \$116.3 million in fiscal year 2023-24. The budget includes 259 full time equivalent positions to support ongoing operations. The spending plan includes total net appropriations of \$7.2 million in the General Fund, \$16.2 million in Utility Fund operations, \$22.8 million in the Community Services Fund, \$6.6 million in the Beach Fund, and a total of \$72.4 million in multi-year Capital Improvement Projects across all funds.

Schedule of Events

It is the goal of IVGID to select and retain a Firm by November 8, 2023. In preparation for that action, the following **tentative** schedule of events has been prepared:

Event	Date	Time
Request for Proposals Released	9/29/23	N/A
Final Questions Due	10/5/23	Before 4:00 P.M. PDT
Responses to Questions Released	10/10/23	N/A
Proposals Due	10/17/23	Before 4:00 P.M. PDT
Interviews (If Necessary)	Week of 10/23/23	N/A
Notification of Tentative Selection	10/30/23	N/A
Tentative IVGID Board Meeting to Consider Awarding Contract	11/8/23	6:00 P.M. PDT

IVGID reserves the right to amend, withdraw and cancel this RFP. IVGID reserves the right to request or obtain additional information about any and all submittals before making an award. IVGID also reserves the right to seek clarification from any Proposer about any statement in its proposal that IVGID finds ambiguous.

Scope of Work

The following items provide an abbreviated scope of work for completion of the Project. The Firm is encouraged to expand on this scope, as it deems necessary, to provide a complete work product.

Based upon the issues involved in this matter, IVGID believes the review will require the assistance of a qualified forensic accountant to complete a due diligence review of its books and records for fiscal years 2018-19 through 2022-23 in all of the following areas:

- Investigation, research and providing answers relating to questions regarding compliance with generally accepted accounting principles (GAAP) and pronouncements from the Government Accounting Standards Board (GASB).

- Factual investigation, including interviews, and document review to determine that IVGID is in compliance with all guidelines and requirements pertaining to all aspects of financial management as set forth by any federal program requirements, the State of Nevada and IVGID policies.
- Assistance in document and data collection, management, and repository services, as required.
- Assistance with policies and procedures as they pertain to all aspects of the conduct and management of the finances of IVGID, including but not limited to financial transactions, financial reporting, and conflicts of interest.

In addition, the selected Firm shall:

- Complete a current state fraud risk assessment based on current operations.
- For those areas identified as higher risk, perform analytical procedures over the transactions in those cycles or processes.
- Propose any addition testing to be considered by IVGID for completion of the Project.

Report(s) To Be Issued:

- A report identifying whether any irregularities, illegal acts, or suspected evidence of fraudulent activities were detected in connection with all funds and departments identified at IVGID.
- The report shall detail any evidence or suspected evidence of illegal or irregular acts, and contain recommendations for the correction of conditions that may lend themselves to irregular or illegal acts.
- The report should cite relevant laws or regulations; where findings in the Project are related to irregularities, the report should identify best practices.
- The Firm 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.
 - Non-reportable conditions discovered by the Firm shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.
 - Report(s) regarding irregularities or suspected illegal acts shall be immediately sent, as they become evident, to the following parties: General Manager and Director of Finance.

Time Schedule for Project:

The forensic auditor will submit for review and approval by the Project Manager a schedule of audit functions as follows:

- Interim work start and completion dates.
- Detailed audit plan and a list of all schedules and assistance to be provided by IVGID.

- Expected date final report will be issued to the IVGID management team and the Board of Trustees.

Special Considerations:

- If irregularities or illegalities are discovered as a result of the forensic audit, IVGID anticipates that the audit report will be submitted to legal authorities for review.
- In the event of civil or criminal proceedings, the city expects that the forensic auditor will make him or herself available.

Auditing Standards to be Followed:

To meet the requirements of this RFQ, the audit should be performed in accordance with the American Institute of CPA's (AICPA) Forensic & Valuation Services Statement on Standards for Forensic Services. In addition, the AICPA's Code of Professional Conduct will apply to all services offered by members, or representatives of member Firms.

District Project Team and Management

Interim Director of Finance Bobby Magee will be IVGID's Project Manager and will have overall responsibility and accountability for the project. Various IVGID Staff will work directly with the Firm to coordinate access to any needed documents or access to systems. IVGID shall be responsible for providing the following:

- 1) Access to documents requested by the Firm.
- 2) Access to systems as requested by the Firm.

Proposal Content and Requirements

To be considered for Forensic Auditing Services, your **Proposal Contents** must be clearly marked and shall include the following:

Proposals shall not exceed 50 pages in length, including any appendix materials, using a minimum 11-point font size type. Resumes of all proposed staff working on the project should be included. A typical proposal submittal should follow the format provided below:

- 1) Transmittal Letter: Include any information your Firm believes should be highlighted from its proposal or any key considerations for the selection committee to consider that are not covered in the proposal requirements. Consultant will also include in the transmittal, any exceptions taken to IVGID's Standard Consulting Agreement.
- 2) Firm Experience: Provide a general overview of your Firm's experience at providing Forensic Auditing Services for other governmental agencies.
- 3) Firm's Approach to Project: Consultant shall describe its approach in implementing and managing the project to a successful completion. This includes how the Consultant shall meet the stated goals within the scheduled time of completion, the ability to work with a multi-disciplinary project team, including IVGID staff, and other Consultants if necessary.

- 4) Project Team: Describe your Project team, including title, office location and contact information. Include the key individuals and sub-Consultants that will actually be responsible for conducting the project's technical activities and for management of the project. Include a percent-time availability table for the project manager and key staff, who will be actively working on the audit. An organization chart should be provided showing the inter-relation of all the project team members, both District and Consultant.
- 5) References: Provide at least three references for the key individuals on the Project team. This section should provide a short description of the project and your Firm or staff members' role, and a specific contact person with phone number. The selection committee will be focusing on project performance and will be requesting input as to conformance with schedules and budgets.
- 6) Submit manpower-loading matrix indicating an estimate of hours to complete the services as described in this Request for Proposals. The estimate should be an itemized staffing breakdown in spreadsheet form, indicating personnel classification and hours for each Consultant team member for each work task.
 - a) This section will not include any estimate of costs.
- 7) Appendix materials submitted should be limited to résumés of proposed key staff relevant to the scope of work.

Proposed Compensation

Firms shall submit a total firm-fixed project cost in a separate electronic file. The Cost Sheet has been provided as an attachment to this RFP. Fixed cost proposals provided will be evaluated using a normalized scoring method. The cost proposal for the selected firm will form the basis of negotiations for the contract.

Evaluation Criteria

IVGID reserves the right to amend, withdraw, and cancel this RFP. IVGID also reserves the right to reject all responses to this RFP at any time prior to agreement execution. Furthermore, IVGID reserves the right to request additional information about any and all Proposals that in IVGID's sole opinion is necessary to assure that the Company's competence, number of qualified employees, business organization, experience, and financial resources are adequate to perform the Services.

All Proposals shall be reviewed to verify that the Firm has met the minimum requirements as stated in this RFP. Proposals that have not followed the rules, do not meet minimum content and quality standards, and/or do not provide references will be rejected as non-responsive.

Consultants will be evaluated on the basis of the following criteria for Phase I of the final scoring:

- a. Qualifications (35%)
- b. Experience (Projects of similar size and scope) (20%)
- c. Technical Approach and Methodology (35%)

d. Pricing (10%)

Firms deemed within the competitive scoring range will be invited to participate in Interviews, if necessary. The competitive scoring range shall be at the sole discretion of IVGID, and a contract may be recommended to the Board of Trustees after Phase I scoring only.

Phase II of the scoring, if necessary, will be based 100% off of the Final Interview process. If Phase II is necessary, the recommendation for contract award to the Board of Trustees shall be made solely upon Phase II scoring with no consideration given to Phase I scores.

Submittals

Interested parties shall submit one electronic copy of its response to this RFP, in PDF format, to bma@ivgid.org no later than 4 P.M. PDT, October 27, 2023. A separate PDF file containing the cost proposal shall be sent by the same deadline, which may be attached as a separate email if needed.

RFP: Forensic Auditing Services for IVGID 9/29/23

Offeror / Firm's Name _____

Total Fixed Price for All Items Identified in the Scope of Work \$ _____

Note: Fixed Price is the Amount Firms will be Evaluated Upon

Proposed Hourly Rates for any Additional Services Suggested by the Offeror:

Job Title	Hourly Rate
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
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