

Town of Lodge Grass Request for Audit Services

GENERAL TERMS AND CONDITIONS OF PROPOSALS

(These items apply to and become a part of the proposal. No exceptions to these terms & conditions will be considered.)

1. Proposals must include a signature of authorized agent. Be sure that the subject line of the email is "Audit Proposal 2026."
2. No Proposer may withdraw his/her proposal for a period of thirty (30) days after the date and hour set for the opening of proposals.
3. The Proposer shall show in the proposal the total cost of the audit for each fiscal year, with a minimum of budgeted hours by type of staff, hourly rate proposed by type of staff and total "not-to-exceed fee", including expenses.
4. Any exceptions or deviations from written specifications shall be shown in writing and attached to the Proposal form.
5. The Town of Lodge Grass reserves the right to reject any and all Proposals and to waive any technicalities in the Proposal.
6. Proposal price shall be valid for a period of thirty (30) days after the opening date.

AWARD OF PROPOSAL

This Proposal shall be awarded to the firm whose proposal is judged most responsive to the Proposal and is most advantageous to the Town of Lodge Grass, considering the factors identified in the Proposal.

1. The Lodge Grass Town Council shall have the authority to award the contract.
2. The contract shall be awarded to the lowest Proposer meeting specifications. In determining "lowest proposer", in addition to price, the following factors shall be considered:
 - The ability, capacity, skill and experience of the Proposer to fulfill the terms of the contract or provide the service required.
 - Whether the Proposer can fulfill the terms of the contract or provide the service promptly or within the time specified without delay or interference.
 - The character, integrity, reputation, judgment, experience and efficiency of the Proposer.
 - The quality of fulfillment of the terms of previous contracts or services.
 - The previous and present compliance of the Proposer with laws and ordinances relating to the contract or service.

- The sufficiency of the financial resources and ability of the Proposer to fulfill the terms of the contract or provide the services required.
- The quality, availability and adaptability of the contractual services to the particular use required.
- The number and scope of the conditions attached to the Proposer.

SECTION I – GENERAL SPECIFICATIONS

The Town of Lodge Grass is incorporated under the applicable laws of the State of Montana and operates under a Mayor/Council form of government. The Town provides municipal services necessary for the health and well-being of its citizens, including fire protection, streets, parks, water, wastewater, and necessary administrative services to support these activities.

Based upon the criteria for determining the reporting entity, the Town is considered to be an independent reporting entity and has one discrete component unit, the Two Rivers Authority. The Town maintains its internal accounting records on a modified cash basis (for budgetary accounting purposes) during the year.

SECTION II – SERVICES REQUIRED

A. General

The Town is soliciting the services of qualified firms or individuals to audit its financial statements for the fiscal years ending June 30, 2024 and June 30, 2026. The Town is also requesting a review of its financial statements for fiscal years ending June 30, 2025. It is anticipated that the firm selected to serve as the Town's independent auditor will be first considered for any required audits after this original contract. These audits are to be performed in accordance with the generally accepted auditing standards and the standards applicable to financial statement audits of Government Auditing Standards as issued by the Comptroller General of the United States, as well as the provisions set forth in this RFQ.

In addition, the auditor will be required to conduct a compliance audit over major federal award programs in accordance with requirements of the Single Audit Act and OMB Circular A-133, if federal awards expended exceed \$750,000 per fiscal year before 2025 or \$1,000,000 per fiscal year after 2025.

B. Scope of Work

The Town desires the auditor to audit the financial statements to express opinions on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles. The opinion units will include: The Town's governmental activities, business-type activities, each major fund, and the aggregate remaining funds.

The entities included in the scope of this audit are those identified in Section One. The combining and individual financial statements and schedules for non-major funds, and other non-required supplementary information schedules will be presented for purposes of additional analysis.

The Management Discussion and Analysis will be presented as required supplementary information, utilizing financial information from audit report to audit report. The auditor will be responsible for applying certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, the auditor is not expected to audit the information nor express an opinion on it.

The independent accounting firm should be familiar with the State of Montana statutes dealing with financial matters of Montana Cities and Towns.

C. Other Considerations

In addition to the opinions on the basic financial statements, the auditor will be required to issue the by-product report on internal control and compliance over financial reporting in accordance with Government Auditing Standards. A separate management letter shall be prepared by the firm setting forth findings and recommendations relative to other internal control findings, fiscal affairs and other significant observations of the accounting firm during the course of the audit. All reports required by the Single Audit Act and OMB Circular A-133 must be provided, if applicable.

The accounting firm will be readily available to answer questions throughout the year and meet with Town staff if requested.

D. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties:

- The Town of Lodge Grass,
- Parties designated by the federal or state government or by the Town as part of an audit quality review process, and
- Auditors of entities of which the Town is a recipient or 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.

SECTION III - REPORT REQUIREMENTS AND RESPONSIBILITIES

The Town's Finance Department will prepare end-of-year adjusting entries with the assistance of the auditing firm, will provide financial system information, available external generated information for the auditor and a draft of the financial statements. The auditing firm will prepare confirmations. Town-wide Departments will be available during the audit to assist the audit firm by providing information, documentation and explanations.

The Town will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to all telephone lines and photocopying facilities.

The auditor will be responsible for providing any proposed adjusting entries for the Town staff for review and acceptance. The audit firm will also provide a list of immaterial audit differences not proposed for adjustment. Once the audit is completed, the audit firm will supply the Town with a digital copy and 3 hard copies of signed audit opinions and related reports. These reports must be submitted within a reasonable amount of time to be completed and filed per State and Federal regulations.

The firm may be required to present the final report to the Lodge Grass Town Council. The firm will file the report with the Department of Administration, Local Government Services Bureau, Audit Review Section and to the Federal Audit Clearinghouse, if applicable, in a timely manner meeting all applicable filing deadline requirements, upon completion of the audit.

SECTION IV - THE SELECTION PROCESS

A. Town staff will review all proposals and may contact selected references provided by the accounting firm. After the proposals have been scored and ranked based on qualifications and responsiveness, the sealed cost information will be opened and the firms will be ranked based upon their total all-inclusive maximum price. An interview with the proposer may also be requested by the Town depending on the scoring of the proposing firms. The rankings will then be compared, and an accounting firm will be recommended to the Town Council.

B. Proposals should be structured in substantially the same format and order listed below:

- Table of Contents
 - Include a clean identification of the material by section and page number.
- Scope
 - Clearly define your understanding of the scope of services required.
- Personnel
 - Identify the supervisors, including auditor in-charge or senior accountants who will work on the audit. Identify staff from other than the proposing office and list

their home office(s). Resumes for each supervisory person assigned to the audit should be included and specific expertise indicated. Resumes may be included as an appendix. Include name and phone number of the person authorized to answer questions about the proposal.

- Audit Approach
 - Clearly define the firm's approach to conducting the audits.
- Profile of the Firm
 - State whether your firm is local, national or international. Give the location of the office from which the work is to be done and the number of partners, managers, seniors and other professional staff employed at that office. Describe the range of activities performed by the local office in the governmental area.
- Governmental Experience
 - Describe local office governmental auditing experience for the last three (3) years and give names of current clients. Provide names and telephone numbers of client officials responsible for those audits listed. Before the acceptance of the firm's engagement letter, the successful accounting firm must certify to the Town that the audit staff assigned to this audit has met the Government Auditing Standards requirements for continuing education.
- Additional Data
 - Give any additional information considered essential to this Proposal. Firms are requested to include results of their most recent external quality control review, including any letter of comments. Firms are encouraged to explain how they are able to assist the Town in implementing new accounting pronouncements. Also identify any potential impairments to auditor independence that may exist between the firm and the Town of Lodge Grass.

C. Fee Proposals

Fee Proposals submitted in response to this RFQ should be a maximum all-inclusive price to perform the audit, review and all services to be provided as previously mentioned. The sealed cost information should include a total price for the audit for 2024 fiscal year through the 2026 fiscal year. Include in the proposal a minimum of the following information for both fiscal years:

- Budgeted hours by type of staff,
- Hourly rate proposed by type of staff, and
- Total not-to-exceed fee, including expenses.

D. Other

All proposing firms may contact the Town Clerk or Mayor. Contact with any members of the Lodge Grass Town Council regarding this RFQ may be grounds for elimination from the selection process.

The most recent audit report, 2018-2019, will be available via an electronic copy and can be e-mailed upon request.

Specific financial or budget information will be made available for the years being proposed, upon e-mailed request to Town Treasurer.

Progress payments will be made on the basis of hours worked and interim billings shall cover a period of not less than a calendar month.

SECTION V - INSTRUCTIONS FOR PROPOSAL SUBMITTAL

One searchable electronic copy must be submitted to the Clerk, Town of Lodge Grass, 212 Hester Ave, PO Box 255, Lodge Grass, Montana 59050, sherry.house@townoflodgegrass.com or Andrew Lehr at drewlehr@lehraccounting.com, no later than 3 p.m. Thursday, November 5, 2026. Failure to deliver Proposal on time will result in rejection of the Proposal.

The Town of Lodge Grass reserves the right to reject any and/or all Proposals.