

**Rocky Mountain Development Council, Inc.
Request for Proposals
Audit Services**

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Section I – General Information

Rocky Mountain Development Council, Inc. (RMDC) is a non-profit (501) (c) (3) agency created and operated for the purpose of (in a broad definition) serving low-income families and individuals of all ages in the Lewis and Clark, Broadwater and Jefferson Counties of the State of Montana, to achieve economic betterment and relief of poverty. RMDC is designated as a community action agency as defined in 42 U.S. Code, Sections 2781 and 2837, and as such aids in the delivery of social services and stimulation of county development through its own activities or through collaboration with other appropriate agencies. RMDC is directed by a nineteen member Board of Directors. Daily management is provided through an Executive Director who is hired by and responsible to the Board.

RMDC's headquarters are located in the Neighborhood Center, 200 South Cruse Avenue, Helena, Montana. The mailing address is Rocky Mountain Development Council, Inc., P.O. Box 1717, Helena, Montana, 59624-1717. RMDC provides services primarily within the counties of Broadwater, Lewis and Clark, and Jefferson. Some programs serve larger areas, up to state-wide.

RMDC is seeking proposals for auditing services from qualified accounting firms. RMDC is subject to an annual audit under OMB Circular A-133. In addition, RMDC's Retirement Plan is subject to an annual audit in accordance with the Employment Retirement Security Act of 1974, as amended, including the Internal Revenue Code of 1986. Qualified firms may submit proposals for one or both audits.

Additional information concerning RMDC, the required audit services, and the request for proposal process follows.

Section II – Description of Entity to be Audited

General Description

Two audits are required. One audit must cover RMDC's consolidated financial statements, accompanying notes, and schedules. As required by generally accepted accounting principles, the 2009 consolidated financial statements include RMDC, Rocky Mountain Front Properties, Inc. (RMFP), RMDC Eagle Rock, Inc., Penkay Eagles Manor, Inc., Eagle Manor II Residences, LP (EMII), Eagle Manor III Residences, LP (EMIII), Eagles Manor Project No. 2, Inc., and Big Boulder Residences, LP (Big Boulder). A description of the entities follows.

Entities Included in Consolidated Financial Statements

RMDC Eagle Rock, Inc. – Not-for-Profit Entity

RMDC Eagle Rock, Inc. was organized in November 2003 by RMDC as a 501 (c) 3 supporting organization and as such provides supportive services to the low income residents of Penkay Eagles Manor, EMII, and EMIII. These services primarily relate to the provision of a congregate meal program to the residents, and maintenance and housekeeping services. RMDC holds the majority of the Board of Directors positions and has provided financial support to RMDC Eagle Rock, Inc.

Rocky Mountain Front Properties, Inc. – For Profit Entity

RMFP is a wholly owned for-profit organization created in June 2004 by RMDC to own and operate an eight-unit low-income senior-housing complex located in Augusta, Montana. RMDC also holds the majority of the Board of Directors positions.

Penkay Eagles Manor, Inc.

Penkay Eagles Manor, Inc. was formed in June 2006 by RMDC to develop and operate rental housing for low-income senior and disabled individuals. The organization serves as the general partner for EMIII and the sole member of RMDC Eagles Manor II, LLC, which is the general partner for EMII. RMDC holds the majority of Penkay Eagles Manor, Inc.'s Board of Directors positions.

Eagles Manor III

EMIII was organized in July 2006 by RMDC to develop and operate rental housing for low-income senior and disabled individuals. Since its creation the organization constructed and began operating a 30-unit housing facility on the same campus as Penkay Eagles Manor in Helena. Penkay Eagles Manor, Inc. and Homestead Equity Fund are the general and limited partners, respectively. RMDC holds the majority of Penkay Eagles Manor, Inc.'s Board of Directors positions and is the guarantor for the project.

Eagles Manor II

EMII was organized in December 2006 by RMDC to develop and operate rental housing for low-income senior and disabled individuals. RMDC Eagles Manor II, LLC is the general partner and MPEG Special Fund II, L.P. the limited partner. In January 2008 EMII acquired Eagles Manor 2, which adjoins Penkay Eagles Manor. EMII has operated the facility since the acquisition.

Big Boulder Limited Partnership

Big Boulder Residences Limited Partnership was organized in April 2009 by RMDC to develop and operate rental housing for low-income senior and disabled individuals. RMDC Big Boulder, LLC is the general partner and RMDC is the stand-in limited partner.

Eagles Manor Project No. 2, Inc.

Eagles Manor Project No. 2, Inc. was formed in December 1975 to develop and operate rental housing for low-income senior and disabled individuals. The organization serves as the sole member of RMDC Big Boulder, LLC, which is the general partner for Big Boulder Residences Limited Partnership. RMDC assumed majority membership of the organization's Board of Directors in March 2008.

Retirement Plan and Trust Audit

The second audit covers the Rocky Mountain Development Council, Inc. Retirement Plan and Trust. RMDC has both a defined contribution profit sharing plan and a 401(k) option for its employees. The plan operates on a calendar year basis. The agency makes regular contributions to the plan and generates an annual accounting for the plan administrator of the exact contribution for each employee. RMDC currently does not offer a matching contribution for the 401(k) option. Administrative services for the plan are provided by Employee Benefits Resources. The assets are invested in the American Fund family and held by Capital Bank and Trust.

Budgets

The agency generally maintains budgets for each fund. Budget information is not presented on the financial statements as the Board does not formally approve individual budgets.

Central Administration

RMDC provides centralized administration and support for RMDC, RMDC Retirement Plan and Trust, and its affiliated entities. RMDC has approximately thirty programs funded by various federal, state and local government agencies. RMDC accounts for its centralized administrative costs in a separate program called the Indirect Cost Pool (IDC). RMDC utilizes a federally approved indirect cost rate to charge individual programs for centralized administrative and support costs.

Financial Management

RMDC's Finance Department is comprised of eleven staff. The Director of Finance is a CPA with ten years of healthcare administration experience, seven years of fiscal management experience for social services organizations, and eleven years of accounting and fiscal management experience with governmental and for-profit organizations. The Accounting Manager is a former CPA with a bachelor's degree in Accounting and six years experience at RMDC. The three senior accountants each hold four-year accounting degrees and one is a Certified Public Accountant. This group possesses extensive accounting experience involving for-profit, non-profit, and governmental organizations.

RMDC's accounting system is Sage MIP Fund Accounting. This is a fund based application designed specifically for grant management. It maintains financial information for RMDC's fiscal year (June 30) as well as the various grant periods. This feature provides RMDC with the ability to produce financial data (balance sheet and income statements with budget to actual comparisons) for each grant and related time period. RMDC maintains approximately 130 funds.

The accounting system maintains a detailed general ledger utilizing standard double-entry accounting. The system generates budget to actual income statements, trial balances, and accounting data is maintained in accordance with Generally Accepted Accounting Principles.

The accounting system also maintains a complete subsystem for accounts payable and payroll. The subsystems post directly to the general ledger and contain a complete set of reports and on-line inquiries. Source documents are referenced and easily traced through the accounting system.

The accounting system maintained by RMDC emphasizes the importance of internal controls to reduce the risk of asset loss and help ensure the reliability of financial data and compliance with laws and regulations. The most significant controls are documented in the RMDC Financial Policies and Procedures Manual. The manual covers procedures for routine maintenance of accounts, cash controls, payroll, accounts payable, travel, property management, leases, contracts, insurance, and budgets. The manual contains references to both OMB Circulars for cost principles and uniform requirements for grants administration. The manual is reviewed periodically to ensure appropriate and adequate policies are in place.

To help provide adequate segregation of duties, each program manager is assigned the responsibility for authorizing expenses to a specific grant, managing the program, and monitoring budgets. The finance staff is responsible for processing the receipts and disbursements, ensuring all transactions are properly authorized, generating monthly reports and budget review documents and preparing reports to funding sources.

Transaction Activity

RMDC received approximately \$11.2 million of funding during the fiscal year ended June 30, 2009 from numerous sources of which approximately \$6.6 million is from federal grants.

RMDC processed 6,971 vouchers for payment during Fiscal Year 2009 and issued approximately 5,059 checks from the accounts payable system.

Journal entries are used to record receipts, some allocations, and adjustments. RMDC processed 1,992 journal vouchers and 520 cash receipt journals in Fiscal Year 2009 generating approximately 22,000 individual debit or credit transactions.

Sub-Recipients

RMDC has a number of sub-recipients. Each sub-recipient is responsible for their own audit, if required. RMDC has a monitoring program in place to obtain and review audits when required. Therefore, sub-recipient audits are not included in this request for proposal.

Section III – Nature of Services Required

Rocky Mountain Development Council

The auditor will examine the consolidated financial statements of the Rocky Mountain Development Council, Inc. as of and for the years indicated in Section V – Period of the Audits. The audit will be a Single Audit performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the provisions of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and the Single Audit Act of 1984, and will include tests of the accounting records of RMDC and its affiliated organizations and other procedures necessary to express an opinion that the financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles and to report on RMDC's compliance with the laws and regulations and its internal accounting controls as required for a Single Audit.

As required by the Single Audit Act of 1984, the audit will include tests of transactions of Federal assistance programs for compliance with applicable laws and regulations.

RMDC staff members will prepare the financial statements and footnotes and accompanying information.

RMDC Retirement Plan

The auditor will perform an audit of the Plan's financial statements as of and for the years listed in Section V – Period of the Audits. RMDC serves as the trustee, and therefore, the Plan is subject to a full audit as required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security act of 1974. The auditor is required to express an opinion on the financial statements and schedules taken as a whole.

The audit will be performed in accordance with generally accepted auditing standards which will include a review of internal control and tests of transactions to the extent necessary.

RMDC will prepare the draft financial statements and schedules.

Section IV – Mandatory Qualification of the Auditor

RMDC will only consider auditors possessing the following qualifications:

Is properly licensed for public practice as a certified public accountant or a public accountant in the State of Montana.

Meets the independence requirements of the Government Auditing Standards issued by the Comptroller General of the United States.

Does not have a record of substandard audit work.

Section V – Period of the Audits

RMDC, Inc.

Each RMDC audit covers a one-year period, from July 1 through June 30.

RMDC, Inc. Retirement Plan

Each audit of the RMDC Retirement Plan and Trust covers a one-year period, from January 1 through December 31.

Section VI – Term of the Engagement

<u>Entity:</u>	<u>Audit Year Ended:</u>
Rocky Mountain Development Council, Inc.	June 30, 2010
	June 30, 2011
	June 30, 2012
RMDC Retirement Plan and Trust	December 31, 2010
	December 31, 2011
	December 31, 2012

The initial contract will be for three years. The audit contract may be extended (one or two years at a time) up to a total of five years at RMDC's option and with the agreement of the audit firm. The price of each additional year will be negotiated at the time of the extension. The contract will not be extended past a five year period.

Section VII – Entrance/Exit Conference Requirements

Entrance Conference

An entrance conference will be held with appropriate RMDC staff, members of the Budget Committee of the Board and any other interested Board members. The first portion of the meeting is generally without the Board members present and the staff members of the Agency and audit firm work out details of time lines, audit schedules, and responsibilities. When the Board members join the group, they will be given a summary of the agreed upon schedule and procedures. Board members will then be given the opportunity to meet with the auditors without staff present.

Exit Conference

An exit conference is required before submission of the final report. The audit firm will notify the RMDC Director of Finance of any findings so responses can be prepared prior to the exit conference. An exit conference will be held with appropriate RMDC staff, members of the Budget Committee of the Board, and other interested Board members. The conference will generally focus on findings and the RMDC recommended responses. The firm may wish to review the financial statements, highlight certain areas or offer additional comments.

The firm will also be asked to make a brief appearance at the full Board meeting to discuss the audit and answer any questions before the Board acts on acceptance of the audit.

Section VIII – Assistance Available to Proposers

Previous Auditors

Previous audit working papers will be made available to the successful proposer. Arrangements must be made with the prior CPA firms. Contact information for each firm follows.

RMDC Single Audit

AZ & Co., P.C., P.O. Box 1040, Helena, MT 59624. Their telephone number is 442-1040. A copy of the most recent audit report is available on the RMDC website at <http://www.rmdc.net>

RMDC Retirement Plan and Trust Audit

Douglas Wilson and Company, PC, P.O. Box 2845, Great Falls, MT 59403. Their telephone number is 761-4645. A copy of the most recent audit report is available on the RMDC website at <http://www.rmdc.net>

Staff Available for Assistance – During the RFP Process

Firms may request information for the purpose of clarification of points necessary for the successful completion of their proposals. Please contact Chuck Virag, Senior Accountant, at 457-7321 for answers to questions that arise as a result of the request for proposal. Such questions will in no way extend the deadline for proposal submission.

Staff Available for Assistance – During the Audit

The Finance staff will be available to prepare schedules requested and will prepare the financial statements and notes.

The RMDC staff is accustomed to preparing the schedules, information and reports listed below for the single audit. The audit firm will need to provide their own list of basic requirements prior to June 30 of each year.

- Trial Balance – agency wide or by entity
- Schedule of Federal Financial Assistance
- Schedule of total revenue by fund type
- Reconciliation of net assets
- Copies of Board of Director meeting minutes and budget committee meeting minutes
- Schedule of compensated absences
- Analysis of long-term debt
- Analysis of indirect cost charges
- Bank reconciliations
- Schedule of transfers
- Schedule of fixed assets (beginning-additions-deletions-ending)
- Depreciation schedule
- A/P aged listing
- A/R aged listing – Preschool – with subsequent receipts
- Schedule of inventory (account listing by object code)
- A/R listing – federal and nonfederal receivables
- Copy of quarterly payroll reports for each fiscal year period
- Payroll reconciliations
- Preliminary analytical review schedules
- Schedules supporting insurance allocation
- Schedules supporting building rent and computer network allocation
- Chart of account listings
- Copies of any new contracts, debts or lease agreements, etc.
- Updated listing of Board of Directors and Budget Committee members

The RMDC staff is accustomed to preparing the schedules, information and reports listed below for the Retirement Plan and Trust audit. The audit firm will need to provide their own list of basic requirements prior to May 1 of each year.

- Form 5500 and related support
- Schedules and investment account statements supporting asset changes and balances
- Employee data

Representation Letters

Representation letters will be signed by the Executive Director and the Director of Finance.

Reconciliations

All balance sheet accounts are reconciled at the fiscal year end, and copies of the reconciliations will be available to the auditors. Some of the additional reconciliations performed are payroll and W-2's, inter-fund transfers and allocations, and revenue and expenses by fund.

Location of Work Areas

A Conference room that will accommodate four staff members will be made available.

Proposers Conference

A proposers' conference will not be held.

Federal Oversight Agency

The Federal cognizant agency responsible for audit review is:

DHHS OIG Office of Audit
1961 Stout St.
Denver, CO 80294-3538

The Federal agency responsible for the approval of the indirect cost allocation plan is:

U.S. Department of Health and Human Services
Division of Cost Allocation
90 7th Street, Suite 4-600
San Francisco, CA 94103

Section IX – Reports Required

Please see Section VIII for references to the previous audit reports issued for RMDC and the RMDC Retirement Plan and Trust. These reports reflect the anticipated content of future audit reports. As circumstances and regulations change, the report content requirements must be modified to comply.

Section X – Time Requirements

Proposed Time Schedule for Selection and Engagement of Auditors:

Mail request for proposal	May 5th
Return deadline for RFP	May 20th
Proposer Interviews at RMDC’s discretion	June 7th – 11th
Make final selection and notify proposer	June 18th

Tasks and Tentative Schedule for 2010 RMDC Audit:

List of reports and schedules to be prepared by agency staff	August 2nd
Agency staff completion of all schedules and draft reports	October 15th
Entrance conference	October 18th
Field work to begin	October 25th
Completion of field work	November 26th
Exit conference, finalize financial statements and report to Board	December 13th
Board presentation	December 16th

Tasks and Tentative Schedule for 2010 RMDC Retirement Plan and Trust Audit:

List of reports and schedules to be prepared by agency staff	April 2, 2011
Agency staff completion of all schedules and draft reports	May 13, 2011
Entrance conference	May 16, 2011
Field work to begin	May 17, 2011

Completion of field work	June 10, 2011
Exit conference, finalize financial statements and report to board	June 14, 2011
Board presentation	June 16, 2011

Section XI – Contractual Arrangements

Payment for services rendered will be made monthly as work progresses. Ten percent (10%) of the total amount due shall be withheld from the payment made to the auditor pending acceptance of the final audit report by the Board.

Section XII – Report Timing

A formal exit conference is to be held with the Budget Committee upon completion of the fieldwork. The auditor will participate with RMDC management in the presentation of the final report to the full Board. Refer to Section X for the proposed audit time schedule.

Management reports should be submitted as part of the audit report.

Instances of fraud, and/or illegal acts, or indications of such, including all questioned costs, must be covered by separate written report to the federal department or agency which provided the federal assistance funds.

RMDC will produce the final reports for distribution.

Section XIII – Working Papers

The successful firm will retain the working papers for a minimum of three years after the date of the audit report issuance to the auditee, unless the State notifies the contractor to extend the retention period. The working papers must be available for examination by the authorized representatives of the federal audit agency, the Inspector General, state agencies, county government, and RMDC.

Section XIV – Right to Reject

The Board reserves the right to reject any or all proposals received as a result of this request. The Board will not pay for any information contained in the proposals. The Board will not be liable for costs incurred by firms prior to issuance of an agreement. The Board may negotiate separately with any source in any manner necessary to serve the best interests of RMDC. The award will be made to the firm which, in the opinion of RMDC, is best qualified to perform the audit.

Section XV – Format of RFP Response

To simplify and expedite the review process and obtain the maximum degree of information for evaluation purposes, the proposal must be organized in the manner specified below. Firms seeking both engagements must submit a separate proposal for each audit.

Title Page

Show the RFP subject, the name of the proposer's firm, physical and mailing addresses, telephone number, name of contact person, and date of submission with the period which the proposal is effective.

Table of Contents

Include a clear identification of the material submitted by section and by page number.

Letter of Transmittal

Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work within the time period. Include the names of persons authorized to represent the firm, their title, email and physical addresses, and telephone number. Limit the letter to two pages. A person authorized to contractually commit the firm must sign the letter.

Profile of the Audit Firm

State whether the firm is local, regional, or national.

Give the location of the office from which the work is to be performed and the number of partners, managers, supervisors, and other professional staff employed at that office.

Describe the range of activities performed by the local office such as audit and accounting, tax and/or management advisory services. (There is the potential that RMDC will seek tax preparation or tax advisory services).

Describe the firm's experience with performing audits comparable to those required by RMDC or the RMDC Retirement Plan and Trust.

State whether the firm's staff are properly licensed to practice as certified public accountants.

State whether the firm meets the independence standards of the GAO Standards of Audit of Governmental Organizations, Programs, Activities and Functions and applicable auditing standards.

State if the firm does or does not have a record of substandard work. If there is a record of substandard work, please explain.

State whether the firm has received a peer review within the last three years. Attach opinion letter. (We may also ask for the Peer Report).

State whether the firm has been the object of any disciplinary action during the last three years. Provide a description of any actions and the outcome.

Audit Team's Qualifications

Identify the staff members who will work on the audit; noting staff members not located in Helena. Include resumes for each person to be assigned to the audit. The resumes should include a description of professional work experience in the area of non-profit and single audits or retirement plans, and a listing of continuing education received in the applicable subject area within the past three years. The resumes may be included as an appendix. Indicate each individual's responsibility relative to the audit and the amount of time he or she will devote.

References

Provide the names and telephone numbers of three client officials who can be contacted as references. The audits performed for these clients must be comparable in complexity and scope with those required by RMDC or the RMDC Retirement Plan and Trust.

Additional Technical Information

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be included in this section. The proposer's general information publications, such as directories or client lists, should not be included. If there is no additional information to present, state "There is no additional information we wish to present."

Proposers Approach to Examination

Submit a work plan to accomplish the scope of the audit. The work plan should include time estimates for each significant segment of work and the staff level to be assigned, and how those time estimates fit the proposed time line of the audit.

Compensation

A cost schedule stating the number of hours necessary, and hourly rate by staff classification, including the resulting totals per staff category, and a schedule of travel costs and other out-of-pocket expenses should be submitted to justify the all inclusive maximum fee to be stated in this section of the proposal.

Section XVI – Submission of Proposals

RMDC must receive five (5) copies of each proposal by 5:00 PM on Thursday, May 20, 2010. Proposals may be submitted by mail or hand-delivery to RMDC. Submit hand-delivered proposals to the Receptionist at 200 So. Cruse Avenue. Faxed or emailed proposals will not be accepted.

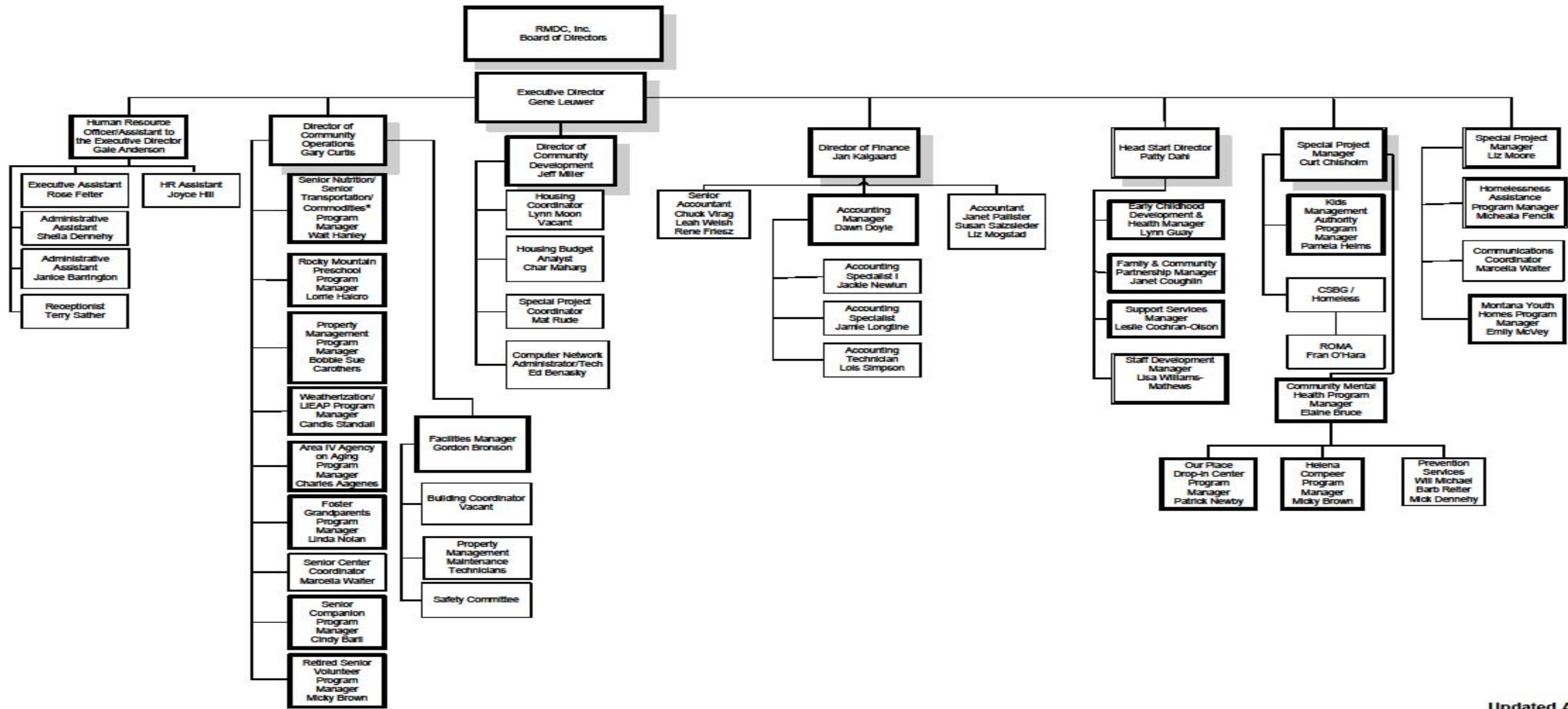
Section XVII – Evaluation of the Proposals

RMDC will form a committee to evaluate proposals received. This committee will present the results of its evaluation to the Board's Budget Committee. The Budget Committee will recommend to the full Board which proposal or proposals to accept. RMDC will complete this process in a timely manner. At a minimum, the selection will be based upon the following factors.

- The proposer's commitment to meet audit requirements.
- The proposer's qualifications including independence, peer review results, depth of services, and record of disciplinary action.
- The proposer's prior experience and success with similar engagements.
- The qualifications of proposed audit staff and managers.
- The level of direction and supervision to be exercised over audit team.
- The cost of audit services.
- The viability of the proposed work plan. Does the work plan reflect how the audit objectives will be successfully accomplished?
- Positive references from organizations receiving services from the firm that are comparable to those sought by RMDC.

Appendix A

Rocky Mountain Development Council, Inc. Organizational Chart



Updated April 23, 2010