

# West Central Texas Municipal Water District

## **REQUEST FOR PROPOSALS TO CONDUCT AN INDEPENDENT FINANCIAL AUDIT**

### **I. INTRODUCTION**

The West Central Texas Municipal Water District (District) is requesting proposals from qualified certified public accounting firms to audit financial statements for the fiscal years ending September 30, 2018, September 30, 2019, and September 30, 2020. The audit is to be performed in accordance with U.S. generally accepted auditing standards and requirements of the Texas Commission on Environmental Quality (TCEQ).

The proposals will demonstrate the firm's qualifications by providing experience and credentials of those who will be assigned to the project, a history of similar audits conducted by the firm, the fee structure and an estimate of the total cost for the audit.

There is no express or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, a proposal must be received at 410 Hickory Street, Abilene, Texas by 3:00 P. M., March 27, 2018. The District reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the District's Finance Committee assisted by District Staff.

During the evaluation process, the Finance Committee of the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from any firm or person submitting a proposal, or to allow correction of errors or omissions. The District may request clarifications regarding the proposal, or ask for an oral presentation from the firm submitting a proposal as part of the evaluation process.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

Selection of an audit firm to conduct final contract negotiations based on proposals submitted will be made by the District Board at its regular board meeting which is currently scheduled for May 16, 2018.

The District will reserve the right to negotiate contracts with a selected alternative firm in the event contract terms satisfactory to the District are not negotiated with the first firm selected.

Questions regarding this Request for Proposals should be directed to Mr. Chris Wingert, P.E. by calling (325) 673-8254.

## **II. OBJECTIVE**

The District is soliciting the services of a qualified certified public accounting firm to audit its financial statements for the Fiscal Years ending September 30, 2018, 2019, and 2020. This audit is to be performed in accordance with the provisions contained in this request for proposal. The auditor shall express an opinion on the fair presentation of its financial statements in conformity with U.S. generally accepted accounting principals. The auditor shall also be responsible for performing certain limited procedures involving specific supplementary information required by the Governments Account Standards Board as mandated by U.S. generally accepted auditing standards and/or other procedures as contained in recent District audits, which are available for review in the District offices during normal business hours.

## **III. DESCRIPTION OF THE DISTRICT**

The District is a conservation and reclamation district, created under Article XVI, Section 59, of the Texas Constitution for the purpose of supplying water to the cities of Abilene, Anson, Albany and Breckenridge. The District is comprised of all of the territory contained within the corporate limits of the four member cities. The Board of Directors of the District is appointed by the governing bodies of the cities it serves.

The District uses the modified accrual basis of accounting for its day to day operations. Under this method, revenues are recorded when they are both measurable and available. Expenditures, other than interest and principal payments on long-term debt, are recorded when the liability is incurred. The audited financial statements will be presented in accordance with GASB Statement 34, or current revision thereof.

The District adopts its Budget for the General Fund and the Capital Projects Fund on a basis consistent with generally accepted accounting principles. General Fund appropriations lapse at each year's end. Budgets may be properly amended during the year as needed by the Board of Directors.

## **IV. TIME REQUIREMENTS**

Request for Proposals issued	February 13, 2018
Due date for proposals	March 27, 2018
Selection of firm	May 16, 2018 (or shortly thereafter)
Date audit may commence	November 12, 2018

Twelve (12) bound copies of a draft of the auditor's report shall be submitted to the District no later than the fifth working day following December 31<sup>st</sup> of each year.

Thirty (30) bound copies (or Staff requested amount) of the final auditor's report shall be submitted no later than the first working day following January 20<sup>th</sup> of

each year. Two formal presentations describing the audit report results shall be made to the Finance Committee and the District's Board. These presentations are done typically during the January-February time frame.

**V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

District personnel will be available during the audit to assist the firm by providing information, documentation and explanations. Coordination between District personnel and the auditing firm will be provided by the General Manager.

The District will provide the auditor with reasonable work space, tables and chairs. The auditor will also be provided access to telephone lines, photocopying facilities, internet access and fax machines as needed.

The latest annual audit report, Board Meeting minutes, records, contracts, lease agreements and other key documents will be available for review by the auditors if requested during normal business hours.

**VI. PROPOSAL REQUIREMENTS**

a) Submission of Proposals.

Sealed proposals shall be addressed to Mr. Chris Wingert, P.E., General Manager at the following address:

West Central Texas Municipal Water District  
P.O. Box 2362  
Abilene, Texas 79604

The envelopes shall be clearly marked REQUEST FOR PROPOSALS – FINANCIAL AUDITOR, and must be received no later than the date and time listed above in order to be considered. Each proposal must include items listed in c) through k) below.

b) General Requirements.

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake a Financial Audit of the District in conformity with the requirements of the request for proposals. As such, the substance of the proposal will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify, in general terms, an audit approach that will meet the request for proposal requirements.

c) Structure.

The proposal should be printed on standard 8½” by 11” paper, suitable for photocopying. It should feature a title page including the name of the firm, contact information and date of the proposal. It should also include a table of contents listing all information making up the proposal. Supplementary material, such as company brochures, may be included within the proposal envelope, but separate from the proposal itself.

- d) Independence.  
The firm should provide an affirmative statement that it is independent of the District.
- e) Licensed to Practice in Texas.  
An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Texas.
- f) Firm Qualifications and Experience.  
The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement.
- g) Partner, Supervisory and Staff Qualifications and Experience.  
The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each person is licensed to practice as a certified public accountant in Texas.
- h) Work History and References.  
The proposal shall provide a brief history of the firm's recent experience conducting similar audits with governmental entities. Status of the audit, completion date and a third party reference should be provided on at least two of the recent audits.  
  
Proposer shall also list any past experience with the District and the outcome of that experience.
- i) Fee Structure and estimated time.  
Proposer shall provide their proposed fee structure including hourly rates, overhead, multipliers, incidentals and travel rates. Proposer shall also provide the estimated time needed to submit the draft and final audit reports.
- j) Estimated total fee.  
Proposer shall provide an estimated price for the work for all three years.
- k) Execution.  
A qualified individual, authorized to sign on behalf of the proposing company shall sign and date the proposal. His/Her name and position shall be clearly marked below the signature. The company shall provide a certification that the person signing is authorized to execute a contract with the District.

## **VII. EVALUATION PROCEDURES**

Proposals submitted will be evaluated by the Finance Committee and Staff of the District.

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

### **a. Mandatory Elements**

- (1) The audit firm is independent and licensed to practice in Texas.
- (2) The firm has no conflict of interest with regard to any other work performed by the firm for the District.
- (3) The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

### **b. Technical Qualifications**

#### **(1) Expertise and Experience**

- (a) The firm's past experience and performance on prior engagements with the District.
- (b) The firm's past experience and performance on similar engagements with other governmental entities.
- (c) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

### **c. Fee Estimate**

**ESTIMATED COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.** The District will review the fee to insure it is fair and reasonable.

During the evaluation process, the Finance Committee, at its discretion, may request any one or all firms to make oral presentations. Such presentation will provide firms with an opportunity to answer any questions the Finance Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentation. The Finance Committee will recommend to the Board of Directors the most qualified firm.

Submission of proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

**THE WEST CENTRAL TEXAS MUNICIPAL WATER DISTRICT RESERVES THE RIGHT WITHOUT PREJUDICE TO REJECT ANY OR ALL PROPOSALS.**