

REQUEST FOR PROPOSALS (RFP)

Professional Auditing Services

Issue Date: January 6, 2016



RFP – PROFESSIONAL AUDITING SERVICES
CLOSING DATE: January 29, 2016
CLOSING TIME: 5:00 pm
PROCUREMENT CONTACT: Mark S. Estes Executive Director PHONE: 434-575-4240, ext. 23

Proposals Requested for Halifax County Service Authority:

Location Of Where Work Will Be Performed:

Halifax County Service Authority, 2529 Houghton Avenue, South Boston, VA 24592

Period of Contract: One (1) year (initial) with two (2) additional one (1) year extensions.

Proposals Will Be Received Until the Date and Time Noted Above; **5:00 PM on January 29, 2016**

All Technical Inquiries for Information Should Be Directed To:

Arnetta F. Roberts, Director of Finance, Telephone Number: (434) 575-4240, ext. 22.
Email: aroberts@hcsa.us.

PROPOSALS SHOULD BE MAILED and/or HAND DELIVERED DIRECTLY TO:

Attn: Mark S. Estes, Executive Director
Halifax County Service Authority
2529 Houghton Avenue
South Boston, VA 24592

In compliance with this request for proposals and to all the conditions imposed herein, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

Name and Address Of Firm:

Date: _____

By: _____
(Signature in Ink)

_____ Zip Code: _____

Name: _____
(Please print)

FEI/FIN NO. _____

Fax Number: (____) _____

Title: _____

E-Mail Address: _____

Phone Number: _____

RETURN THIS PAGE WITH YOUR PROPOSAL

**REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES
HALIFAX COUNTY SERVICE AUTHORITY
JANUARY - 2016**

1. INTRODUCTION AND GENERAL INFORMATION

The Halifax County Service Authority (the "Authority") is seeking proposals from qualified independent firms of certified Public Accountants to perform an audit of the Authority's financial statement for the fiscal year ending June 30, 2016 with the option on the part of the Authority to extend the contract for two (2) additional 1 year terms. The successful auditor shall furnish all labor, materials, equipment, and supervision necessary for the audit services.

2. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The Authority desires the auditor to express an opinion on the fair presentation of the financial statements of the Authority in conformity with generally accepted accounting principles. The Audit must also comply with the provisions of OMB Circular A-133 since the Authority is the recipient of grant and loan awards from the Federal Government.

1. Financial Audit – The Auditor will examine the financial statements of the Authority in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the Specifications for Audits of Authorities, Boards, and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The examination shall result in the preparation of financial statements for the audited records of the Authority with the Auditor's opinion thereon. The Auditor's opinion shall be unqualified and the Auditor shall furnish to the Authority on a timely basis its reasons for disclaiming an opinion, issuing a qualified opinion, or rendering an adverse opinion.
2. The Auditor shall also conduct the examination in accordance with Government Auditing Standards and State and Local laws and regulations where applicable.
3. The Auditor shall take necessary actions and conduct appropriate tests as required to insure the audit report complies with the provisions of OMB Circular A-133. In addition to this audit the Auditor will conduct such review of the Authority's records as deemed sufficient to provide the certifications to Rural Development required under the Authority's Letter of Conditions dated July 9, 2010. Said Letter of Conditions is included with this Request for Proposals (RFP).
4. The Auditor shall issue a report on internal controls to the Authority's Board of Directors containing recommendations to strengthen internal control in accordance with the Specifications for Audits of Authorities, Boards, and Commissions.
5. The Auditor shall provide an original (along with electronic copy) of the financial statements and Auditors reports for the Authority not later than October 31, of each year.

B. Auditing Standards to be Followed

To meet the requirements of this request for proposals the Audit shall be performed in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*; and *Specifications for Audits of Authorities, Board, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

C. Reports to be issued:

Following the completion of the audit of the fiscal year's financial statements, the Auditor shall issue:

- A report on the fair presentation of the Authority's financial position, including results from operation and cash flows in conformity with generally accepted accounting principles.
- A report on compliance and internal controls over financial reporting based on the audit of the financial statements.
- A report on compliance and internal controls that shall include all material instances of non-compliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.
- Certificates of no default as required by the Authority's financing agreements.
- In the required report(s) on compliance and internal controls the Auditor shall communicate any reportable conditions found during the audit. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions that are also material weaknesses shall be reported in a separate letter to management which shall be referred to in the reports(s) on compliance and internal controls. The Auditor 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 to the Authority's Finance Committee and the Board of Directors.

The Auditor shall assure themselves that the Finance Committee and the Board of Directors is informed of each of the following:

- The Auditor's responsibility under generally accepted auditing standards;
- Significant accounting policies;
- Management judgments and accounting estimates;
- Significant audit adjustments;
- Other information in documents containing audited financial statements;
- Disagreements with management;
- Management consultation with other accountants;
- Major issues discussed with management prior to retention;
- Difficulties encountered in performing the audit.

The Auditor will be required to present the report to the Authority's Board of Directors at a regularly scheduled meeting.

D. Working Paper Retention and Access to Working Papers

The Auditor's programs and workpapers will be available for routine review by the Authority upon request. The Auditor will retain workpapers related to the Authority's audit for three years after final issuance of the audit reports and make such workpapers available to the Auditor's successor in the event of a contract termination without additional charge to the Authority or successor auditor. The Authority will have all right, title, and interest in or to all specified or unspecified interim and final products, work plans, project reports and or presentations, data, documentation, computer programs and/or applications, and documentation developed or generated during the completion of this project, including without limitation, unlimited rights to use, duplicate, modify, or disclose any part thereof, in any manner and for any purpose, and the right to permit or prohibit any other person including the Auditor from doing so.

3. DESCRIPTION OF THE “AUTHORITY”:

The Halifax County Service Authority was chartered on June 30, 2007 pursuant to the Water and Waste Authorities Act, Chapter 51 Title 15.2 of the Code of Virginia 1950 as amended by the Board of Supervisors of Halifax, County, the Town Council of South Boston, and the Town Council of Halifax. The Authority is authorized to acquire, finance, contract, operate, and maintain water treatment and distribution systems, sewer collection and treatment systems, and other facilities or combinations thereof, and to borrow money and issue its revenue bonds to pay all or any part of the cost of such systems and facilities and related financing costs. The Authority is governed by a seven member Board of Directors who regularly meet once a month and hold special meetings as required.

4. TIME REQUIREMENTS

The following is a list of key dates up to and including the date proposals are due to be received: (subject to change)

Request for proposal issued:	January 6, 2016
Due date for receipt of proposals	January 29, 2016
Discussions with selected proposers	Feb 1, to Feb 5, 2016
Award of Contract	February 18, 2016
Starting date of contract	April 1, 2016

5. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

Data for the audit is available from the Halifax County Service Authority Finance Director Arnetta F. Roberts (434) 575-4240, ext. 22

6. PROPOSAL SUBMISSION

To be considered 1 original and 3 copies of a proposal responsive to this request should be submitted to the Authority by 5:00 pm January 29, 2016:

By mail: Attn.: Mark S. Estes –Executive Director
Halifax County Service Authority
2529 Houghton Avenue, South Boston, VA 24592

Other delivery: Attn.: Mark S. Estes –Executive Director
Halifax County Service Authority
2529 Houghton Avenue, South Boston, VA 24592

The Authority reserves the right to reject any and all proposals submitted. Proposals submitted after the above date and time will not be accepted. The Authority will not assume responsibility for reproduction where an insufficient number of copies have been supplied. In any such case, the Authority in its discretion may choose to notify the Proposer of the deficiency and request that an adequate number of copies be submitted within 24 hours. Failure to supply sufficient numbers of copies will be grounds for the Authority to reject the proposals. Electronic submission of proposals is not acceptable and any such proposals will be rejected.

Proposals submitted will be reviewed by a committee comprised of Board members and staff of the Authority. The selection criteria to be used in the evaluation of this proposal are detailed in Section 8 and include both technical ability and timeliness of audit. The contract is expected to be awarded at a regularly scheduled Board meeting on February 18, 2016.

Report preparation, including editing and printing shall be the responsibility of the Auditor. The timeline for having drafts available for review of the recommendations to management and the audit reports by the Authority shall be decided upon the award of engagement following the end of the fiscal year.

7. PROPOSAL REQUIREMENTS

Proposals should be as thorough and as detailed as practical so that the Authority may properly evaluate the Proposer's capabilities to provide the required services. The following items must be submitted as a complete proposal:

1. Title Page
Show the RFP subject, the name of the Proposer's firm, local address, telephone number, email address, name of the contact person, and date.
2. Letter of transmittal and representations of the Proposer to include:
 - a. The qualifications and experience of the firm in auditing similar entities; including names, addresses, and telephone numbers of at least three (3) persons who may be contacted for reference. The auditing experience should be described in detail, always scope of work, dates, and type of reports issued. State the number of years the firm and managing office have been in business, Identify locations of other offices that will be involved in performing the scope of services and their role in the services.
 - b. A list of the personnel to be assigned to the audit engagement, including a list of their professional qualifications and relevant experience.
 - c. The Proposer's approach to the audit engagement, interface with personnel, effects of electronic data processing, audit risk and materiality, and timing of the audit work.
 - d. The name, position, and the telephone number of the contact person authorized to conduct negotiations and discuss the proposal.
 - e. A statement of assurance that the firm is independent in accordance with the code of Professional Ethics of the AICPA and will comply with all Federal, State, and Local laws and regulations in the performance of this engagement.
 - f. A statement indicating the firm's participation in an external quality control review program and a copy of the most recent external quality control review report.
 - g. A description of the firm's participation in governmental financial organizations such as the Government Finance Officers Association (GFOA), Virginia GFOA, etc., as well as the firm's participation in the GFOA certificate program, AICPA sponsored or other comparable quality programs.
 - h. A statement of assurance that all requirements stated in this Request for Proposal are acceptable and will become part of the final contract.
 - i. An approximate date the audit will begin (including preliminary field work) and end, as well as approximate dates for delivery of the financial statements and Auditor's reports. Please note that there will be special certifications required from the Auditor to enable the Authority to comply with federal grant and loan requirements. These certifications will be due on dates separate from the Audit reports.
3. Inquiries concerning the request for proposals should be made to :
Mark S. Estes -Executive Director
2529 Houghton Avenue
South Boston, Virginia 24592
Phone – 434-575-4240 ext. 23
Email: mestes@hcsa.us

4. Acceptance of Proposals:

Proposals shall be signed by an authorized representative of the firm. All information requested must be submitted. Failure to submit all requested information may result in the rejection of the submission. Mandatory elements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.

The original and each copy shall be bound in a single volume. All documentation submitted with the proposal shall be contained in that single volume.

The Authority reserves the right to accept or reject any and all proposals. To waive informalities, and to reissue any request for proposals. The Authority reserves the right to contract with firms not party to the resultant contract for similar work if it determines this to be in its best interest.

5. Deadline for Submission:

To be considered for selection, the Proposers must submit a complete response to the Request for proposal. One (1) original and four (4) copies of each proposal must be received by the Authority,

Attn: Mark S. Estes, Executive Director
Halifax County Service Authority
2529 Houghton Avenue
South Boston, Virginia 24592

No later than 5:00 pm on January 29, 2016.

8. EVALUATION PROCEDURES

Proposals meeting the mandatory elements will be evaluated and scored for technical qualifications. The following represents the principal selection criteria which will be considered during the evaluation process.

A. Mandatory Elements:

- a. The firm is independent and licensed to practice in Virginia.
- b. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- c. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

B. Technical Qualifications:

- a. The skill, experience, independence, and training of the firm and specified persons who will be performing the service required.
- b. The Proposers understanding of the Authority's system of accounting obtained through prior experience or discussion with appropriate officials.
- c. The prior experience and reputation of the Proposer in auditing Virginia Water and Waste Authorities
- d. Proposer availability for service and consultation
- e. Proposer familiarity with OMB Circular 133 requirements
- f. Non-binding but realistic estimates for costs of Audit Services.
- g. Ability to complete and submit the audit in order to meet required deadlines.

9. SELECTION PROCESS & AWARD OF CONTRACT

The selection will be in accordance with the competitive negotiation for professional service as defined in §2.2-4301 of the Code of Virginia 1950, as amended. The Authority shall engage in individual discussions with two or more Proposers deemed fully qualified, responsible, and suitable on the basis of initial responses, and with emphasis on professional competence, to provide the required services. Such Proposers shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the audit. Proposals will be screened and selection will be made on the basis of the criteria listed in the RFP as depicted in Section 8 (B). Proprietary information must be clearly identified as such.

At the conclusion of the discussion, the Authority shall select in order of preference two or more proposers whose professional qualifications and proposed service are deemed most meritorious. Negotiations shall then be conducted beginning with the proposer ranked first.

If a contract satisfactory and advantageous to the Authority can be negotiated at a price considered fair and reasonable, the award shall be made to that proposer. Otherwise, negotiations with the Proposer ranked first shall be formally terminated and negotiations conducted with the proposer ranked second and so on until such a contract can be negotiated at a fair and reasonable price.

Proposers must be aware that the contract will be subject to final approval by the USDA Rural Development as part of compliance with a letter of conditions dated July 9, 2010 that states terms and conditions which must be met to complete the Federal funding process for the Rural Development funding sought by the Authority. A copy of the letter of conditions is included for review.

9. MEETINGS:

Conferences between the Auditor, responsible, staff, and management should be scheduled by the selected Auditor before the preliminary work and at the end of field work. The purpose of the meetings is to keep the staff and management fully informed on the scope and progress of the audit. A draft of the final report shall be presented to staff and management for comments by a deadline to be determined.

As noted in Section 7.2.i, additional meetings are necessary to provide the Authority assistance with certifications required by Federal funding agencies

10. PAYMENT TERMS: Interim billings are not to exceed 80% of agreed fee. Final Payment will be made upon approval of report by the Authority's Board of Directors.

11. OTHER MATTERS:

A. Cancellation of Contract:

The Authority reserves the right to cancel and terminate any resulting contract in part or in whole without penalty upon 60 days written notice to the Auditor. Any contract cancellation notice shall not relieve the Auditor of the obligation to complete an audit commenced prior to the effective date of the cancellation, nor shall it relieve the Authority of its obligation to pay for services rendered.

B. Default:

In case of failure to deliver services in accordance with the contract terms and conditions, the Authority may procure them from other sources and hold the Auditor responsible for any resulting additional purchase and administrative expenses. This remedy shall be in addition to other remedies which the Authority may have.

- C. Excusable Delay:
The Authority shall not be in default by reason of any failure in performance of the audit agreement in accordance with its terms and if such failure arises out of causes beyond its reasonable control and without fault or negligence of the entity. Such causes may include, but are not limited to, acts of God or public enemy, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the reasonable control and without the fault or negligence of the Authority.

- D. Ethics in Public Contracting:
The Proposer certifies that its bids or proposals are made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other bidder/ offeror, supplier manufacturer, or subcontractor in connection with its bid or proposal, and that it has not conferred on any public employee having official responsibility for this procurement transaction any payment, loan subscription, advance, deposit of money, services, or anything of more than nominal value, present or promise unless consideration of substantially equal or great values was exchanged.

- E. The Auditor shall not assign, sublet or transfer interest in the audit agreement without the written consent of the Authority.

- F. The Proposer shall maintain a workplace that is free of employment discrimination and free of drug use and shall at all time be in compliance with Virginia Code Sections 2.2-4311 and 2.2-4312. Any contract entered into by the Authority for the services provided hereunder will incorporate these provisions which shall be binding on the Auditor.

12. GENERAL INFORMATION ABOUT THE AUTHORITY:

The Authority provides water and sewer service to approximately 4300 residential, commercial, and industrial water and sewer customers within the County of Halifax and the Towns of Halifax and South Boston.

Currently the Authority's offices are located at 2529 Houghton Avenue, South Boston, Virginia 24592.

The Authority's fiscal year ends on June 30.

The Authority has 31 full time employees. Payroll is done monthly via direct deposit. The Authority contributes both the employer's share and the employee's share to the Virginia Retirement System (VRS).

The Authority Currently issues approximately 100 checks per month for Accounts Payable.

Presently the Authority uses QS1 Data Systems. This system is used for General Ledger, Accounting, Payroll, Fixed Asset Maintenance, Utility Billings, and Collections. The Authority's records are kept under the modified accrual basis.