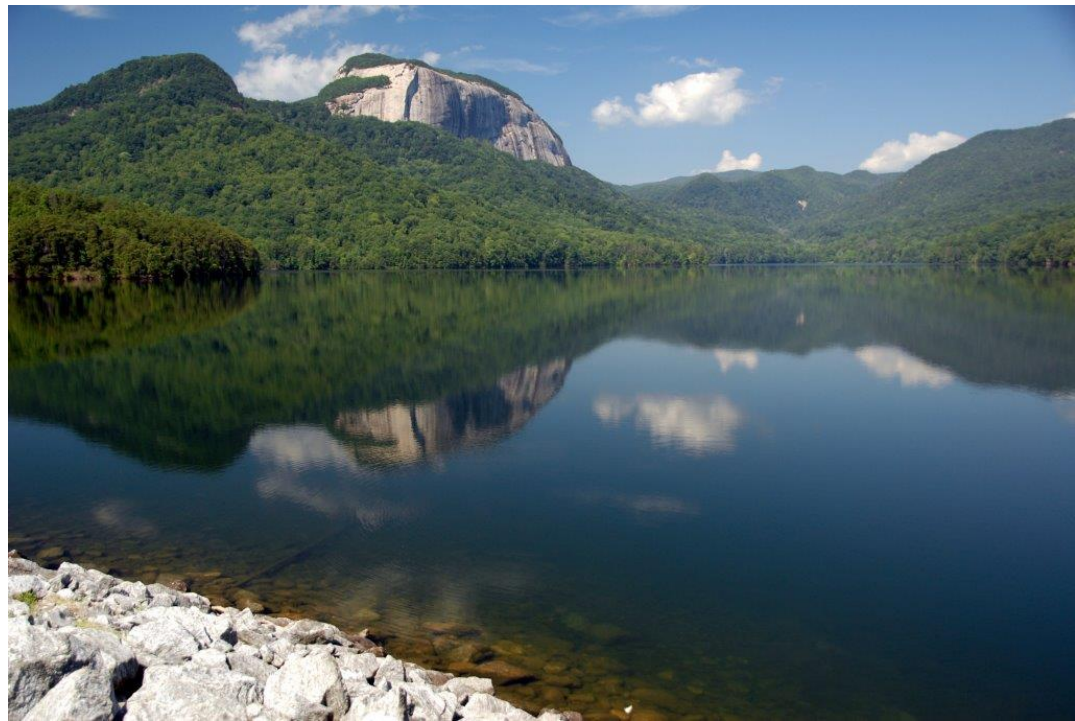




# REQUEST FOR PROPOSAL



Issue Date:  
September 19, 2016

Audit Services  
(RFP 0008-16-5)

**PROPOSAL DEADLINE: 4:00 PM EDT, October 10, 2016**

**SEALED PROPOSALS TO BE RETURNED TO:**

**Greenville Water  
407 West Broad Street  
Greenville, South Carolina 29601**



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## INTRODUCTION AND BACKGROUND

Greenville Water, voted “Best of the Best” by the American Water Works Association in 2011 for having the best tasting water in North America, has been providing exceptional water service for close to 100 years to the residents of the Upstate region of South Carolina, making it the largest water utility in the state.

In accordance with the new five-year auditor rotation policy established in December 2015, Greenville Water (“GW”) seeks to hire a qualified independent certified public accounting firm (“Firm”) to conduct an examination and to render an opinion on its financial statements.

### INTENT

The purpose of this Request for Proposal (“RFP”) is to:

- > Solicit responses from licensed certified public accountant firms to audit GW’s financial statements for three (3) years with the option of auditing its financial statements for the subsequent two (2) fiscal years.
- > Execute an Engagement Letter between both parties, after notification of selected Firm, within thirty (30) days of the Award date.
- > Enter into a contractual agreement between GW and selected Firm based on the results from this solicitation and successful negotiations.

## TIMELINE

### SCHEDULE OF EVENTS

The table below contains the intended Schedule of Events for this solicitation.

Event	Time EDT	Date
1. RFP Issuance	5:00 p.m.	19-Sep-2016
2. Written Confirmation of Firm’s Intent to Bid E-mail is an acceptable mode of communication	4:00 p.m.	23-Sep-2016
3. Questions from Firms are due	5:00 p.m.	27-Sep-2016
4. Respond to Firm’s Questions	2:00 p.m.	3-Oct-2016
5. Proposals are due	4:00 p.m.	10-Oct-2016
6. Interviews selected Firms from Short-List	TBA	17-Oct-2016
7. Notice of Intent to Award	11:00 a.m.	7-Nov-2016
8. Anticipated Contract Start Date	N/A	7-Dec-2016

The Firm is expected to closely examine schedules, instructions, scope and the specifications. Failure to do so will be at the risk of the Firm.



## ADMINISTRATION

### TECHNICAL CONTACTS

Any questions concerning technical specification requirements may be directed to:

**Name** Jondia Berry  
**Title** Controller  
**Phone** 864.241.6012  
**Email** jberry@greenvillewater.com

### CONTRACTUAL CONTACT

Any questions regarding contractual terms and conditions or proposal format must be directed to:

**Name** Valerie Arnold  
**Title** Purchasing Manager  
**Phone** 864.241.5008  
**Email** varnold@greenvillewater.com

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## GUIDELINES FOR RESPONSE PREPARATION

Guidelines have been established for the purpose of clarification to assure full understanding of the requirements of the solicitation and to ensure a fair and equitable evaluation process for all Firms.

### INFORMATION AND INSTRUCTIONS

- > There is no expressed or implied obligation for GW to reimburse responding Firms for any expenses incurred in preparing proposals in response to this request.
- > Email Intent to Bid form no later than 4:00 p.m. EDT on Friday, September 23, 2016.
- > Questions and inquiries pertaining to this solicitation shall be in writing and sent via e-mail to the appropriate contact(s) listed in the section titled **Administration**. Questions submitted by close of business on September 27, 2016 will be accumulated. Responses will be shared with all parties who identified they "intend to provide a bid." Be sure to carbon copy [cc] the Contractual Contact on all e-mails.
- > When submitting questions, include a contact name, e-mail address, telephone number and specifically reference the section of the RFP in question.
- > **Note:** Questions and answers will be shared only with Firms who intend to submit a proposal.
- > There will be interviews with the top three (3) short-listed Firms. Questions in these sessions will not be accumulated for distribution.
- > GW reserves the right to reject any or all proposals submitted; to waive any immaterial technicalities and to accept the proposal deemed to be the best value.
- > The terms and conditions (the provisions) that shall govern any resulting agreement between GW and the best value Firm are contained in this RFP.
- > Under the South Carolina Freedom of Information Act (Section 11-35-410), "documents submitted in response or with regard to any solicitation or other request, the person submitting the documents shall comply with instructions provided in the solicitation for marking information exempt from public disclosure. Information not marked as required by the applicable instructions may be disclosed to the public." To prevent improper disclosure, Respondents must conspicuously identify (mark and/or denote as **TRADE SECRET, CONFIDENTIAL** or **PROTECTED**) those portions of their bids that qualify for protection, otherwise all information not so noted and identified shall be subject to disclosure by the Buyer as public information.

### RESPONSE SUBMITTAL

- > Submission of proposal indicates acceptance by the Firm to the terms and conditions contained in this RFP, unless clearly and specifically noted in the submitted proposal and confirmed in the contract between GW and the selected Firm.
- > To be considered, six (6) copies of signed proposal must be sealed and clearly marked **RFQ 0008-16-5 Audit Services** and may be submitted by one (1) of the following three (3) methods:



- By shipping carrier (UPS, FedEx, etc.) or courier/hand-delivered to:

Valerie Arnold  
Greenville Water  
407 West Broad Street  
Greenville, SC 29601

- Mailed via United States Postal Service (Overnight Priority Mail Express®):

Valerie Arnold  
Greenville Water  
P O Box 687  
Greenville, SC 29602

- > Receipt of proposals will be acknowledged by email.
- > Proposals received (1) via fax or email or (2) received after the closing date and time, will not be considered.

#### LATE SUBMITTALS AND MODIFICATIONS

- > GW is not responsible for delays that may result from the Firm's choice of submission modes. Likewise, GW is not responsible for, and will not open, any proposals that are received on or after the date and time stated above.
- > Late submittals will be returned unopened.
- > GW reserves the right, where it may serve GW's best interest, to request additional information or clarifications from responding Firms or to allow corrections of error or omissions.

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## DETAILED RESPONSE REQUIREMENTS

The below requirements are mandatory. Firms must accept and commit to all of the requirements described to be considered for award.

### TERMS OF ENGAGEMENT

A three (3) year contract for fiscal years ending December 31, 2016, December 31, 2017 and December 31, 2018 is contemplated with a renewal option of auditing its financial statements for the subsequent two (2) fiscal years. Terms and conditions for the extended years are subject to satisfactory negotiation of terms and the concurrence of the Commissioners of the Public Works of the City of Greenville, South Carolina. It is estimated that the contract period may begin on or about December 7, 2016.

- > The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, revisions issued by the Comptroller General of the United States.
- > Interim fieldwork will be completed in mid-September/October 2016. Year-end field work should begin in mid-February 2017 and be completed by February 2017 month end. This first year is an exception to the mentioned dates, as the RFPs are being requested. Once the selection of the firm has taken place, interim dates for the current year will be determined.
- > The CAFR must be completed with reports rendered four months following the fiscal year end (April 30, 2017).
- > The auditor will be expected to advise appropriate Financial Departments' personnel on the applicability of accounting and reporting standards (i.e. GASB statements, etc.) as such are adopted for use, and day-to-day questions concerning payroll, internal control procedures, and accounting issues. As other needs arise during the year, certain inquiries to and requests for assistance from the auditor may be made. This service should be responded to as part of the cost proposal. In cases, however, where services requested would require a more in-depth scope with greater time dimensions, a separate contract will be entertained for such services. In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be executed.
- > Greenville Water staff will be responsible for:
  - Work papers and schedules as jointly decided upon prior to the audit
  - Preparation of the MD&A, transmittal letter and statistical report required to complete the CAFR
  - The actual printing, copying and binding of the CAFR
- > Copies of the CAFR and prior year annual reports can be found on the Greenville Water website located [www.greenvillewater.com](http://www.greenvillewater.com).
- > The following will be expected in the base bid:
  - The Controller will expect a listing of requested information needed for the audit at the pre-planning conference, periodic conferences during the conduct of the audit as necessary, as well as an exit conference prior to the completion of fieldwork.

- The financial audit opinion will cover the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. An opinion will not be given on the Management Discussion and Analysis.
- The Auditor will prepare some year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, notes to the financial statements, supplementary information and compliance reports. Greenville Water staff will be actively involved in the MD&A, and other schedules section preparation required for the CAFR. The auditor will submit a draft of the Financial Statement to be reviewed in detail by the Controller. The draft submission will include copies of journal entries and a grouped trial balance. This draft should be submitted to Greenville Water in time to allow ample review and corrections. The timing of this should insure final completion of the Financial Statements no later than the annual April 30th deadline for completion of the CAFR.
- Guidance will be required for new note disclosures; all approved GASB's as well as GASB implementations, and other reporting requirements as well as any early implementation requests by Greenville Water.
- The auditor will assist with Greenville Water's response to prior year comments from the Government Finance Officers Association relating to the Certificate of Achievement for Excellence in Financial Reporting Award Program. The CAFR will be reviewed by the auditor to insure the information in the basic financial statements is presented uniformly through the CAFR document.
- Ten (10) bound paper copies of each audit report, management letter, and other applicable reports along with electronic copies of all components for the CAFR must be supplied to the Controller within the time frame cited above.
- An audit partner will be available to present a draft of the basic financial statements and auditor opinion to the Commission at the scheduled April meeting. These meetings are normally the first Tuesday of the month and begin at 8:15 a.m.

## SUBMITTAL REQUIREMENTS

To be considered, each response must contain all of the following information tabbed as identified, and in the sequence indicated below.

Completeness and clarity of the response will be an important consideration, as will the conciseness of the response package. Responses should generally include the following sections.

1. SECTION 1: LETTER OF TRANSMITTAL
  - a. Include the "Proposer's Certification" (APPENDIX B) in this section.
2. SECTION 2: TABLE OF CONTENTS
3. SECTION 3: EXECUTIVE SUMMARY
  - a. Provide an executive summary that outlines your firm's experience, methodology, scope of services, project schedule, and deliverables.



- b. Describe your firm's understanding of the work to be done and indicate your commitment to perform the work within the defined period of time.

#### 4. SECTION 4: RELEVANT COMPANY EXPERIENCE

- a. Provide the location of the office responsible for the proposed services and the number of partners, supervisory staff, seniors and other professional staff employed at that office. Describe their roles and provide a brief description of their professional experience in governmental auditing. This description should include specific experience with water utilities.
- b. Identify your firm's current audit engagements of South Carolina municipalities and indicate which accounts have been served within the last five years. In doing so, please match the proposed engagement team to the audit engagements that are cited.
- c. Describe the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement. In doing so, please match the proposed engagement team to the engagements that are cited.
- d. Describe the experience, knowledge and training which your firm and assigned office have in performing examinations in accordance with the provisions of the Federal and State Single Audit Acts, as well as, but not limited to, provisions contained in the United States General Accounting office publication, "Government Auditing Standard" (the yellow book). Provide a copy of the firm's Statement of Policy and Procedures.
- e. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher level personnel will be on site.
- f. Describe your firm's personnel development program and your continuing professional education requirements. Identify specialized programs in the area of local government accounting and auditing.
- g. Describe your firm's capability and experience in providing management consulting services to local government units and public utilities.

#### 5. SECTION 5: REFERENCES

- a. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.

#### 6. SECTION 6: INSURANCE

- a. Describe your firm's liability insurance coverage arrangements.

#### 7. SECTION 7: LITIGATION/REGULATORY ACTION

- a. Describe any litigation or regulatory action taken by any oversight body against the proposing audit organization or local office.

#### 8. SECTION 8: ENGAGEMENT TIMING / SCHEDULE

- a. This section should include the following information:
  - i. Type of audit program used
  - ii. Organization of the audit team and the approximate percentage of time spent on the audit by each member
  - iii. Assistance expected from the government's staff; if other than that outlined in the RFP
  - iv. Information that will be contained in the management letter

- v. Tentative schedule for completing the audit within the specified deadlines of the request

9. SECTION 9: PRICING

- a. Proposals should include a cost estimate by function and all-inclusive total per fiscal year.
- b. This section should include at a minimum the following information:
  - i. Personnel Costs-(Partner, Manager, Senior, Staff Accountants, etc.)
  - ii. Estimated hours-(Interim-On/Off Site, Year-End-On/Off Site, Office) Rate per hour
  - iii. Travel-estimated number of trips itemized
  - iv. Cost of supplies and materials-itemized
  - v. Presentation to Board of Commissioners
  - vi. Other costs-fully identify and itemize
  - vii. If applicable, note your method of determining increases in audit costs on a year to year basis

Please see details for the response in the “Response Submittal” section for additional information.

#### IDEMNIFICATION AND INSURANCE

Firms agrees to carry liability and workmen's compensation insurance, satisfactory to GW, and hold harmless and indemnify GW against all liability, loss and damage arising out of any injuries to persons and property caused by Firm, their sub-contractors, employees or agents.

A Certificate of Insurance shall be provided demonstrating the following coverage:

- a) Comprehensive General Liability with minimum limit of \$1,000,000 combined single limit for bodily injury and property damage, per occurrence. Minimum \$2,000,000 aggregate.
- b) Comprehensive Automobile Liability with minimum limit of \$1,000,000 combined single limit.
- c) Workers Compensation with minimum of statutory requirements.
- d) Employers' Liability with minimum of \$500,000 each employee, \$500,000 each accident and \$500,000 policy limit.
- e) In the event , any insurance policy expires before the end of the term of the contract, the Firm must provide within ten (10) business days of expiration, evidence of new or renewal policies.

Note: A copy of Firm's Certificate of Insurance must be submitted with offer.

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## EVALUATION OF RESPONSES

GW reserves the right to reject any or all responses; to waive any informality or irregularity not affected by law; to evaluate, in its absolute discretion, the responses submitted; to award the contract according to the proposal which best serves the interests of GW; or to not award the contract if GW determines that it is not in its best interest to do so.

At the discretion of GW, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

## EVALUATION CRITERIA

The Auditor shall be selected on the basis of professional competence and experience using the following criteria:

1. The Auditor shall be a Certified Public Accountant licensed to practice within the State of South Carolina.
2. The Auditor shall have an understanding of the needs of Greenville Water and its plans for the future.
3. The Auditor's approach shall be thorough, comprehensive, and tailored to Greenville Water's needs.
4. The Auditor's staff to be assigned to the audit shall have specialized governmental auditing training and should have experience in auditing municipal utility systems.
5. The audit firm shall have a demonstrated commitment to state and local government audit practices.
6. The firm shall have the appropriate resources available to apply to the audit engagement.
7. The fees proposed by the audit firm shall be reasonable in view of the type and quality of services the firm will be providing. An Auditor shall not be selected solely on the basis of a fee. Auditing is a professional service that should not be purchased strictly on the basis of the lowest cost.
8. The audit firm shall have a local office in Greenville, SC.

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## **FIRM SELECTION**

Before award, GW reserves the right to seek clarifications or request additional information deemed necessary to properly evaluate submissions from all responding Firms deemed eligible for contract award. Failure to provide requested information may result in rejection of proposal.

## **NOTIFICATION**

- > GW shall issue a Notice of Award, if any, to successful responding Firm; however, no contract shall be formed between selected Firm and GW until the Service Agreement is signed by both parties.
- > An announcement will be sent in writing to all Firms. Results will not be given over the phone.

## **APPENDIX**

- A: Intent to Bid Form
- B: Proposer's Certification
- C: Terms and Condition of Purchase