

**REQUEST FOR  
PROPOSAL/QUALIFICATIONS FOR  
INDEPENDENT AUDITOR**

**Issued by  
Municipal Authority City of Monongahela**



**Date Issued: December 19, 2019**

**Responses Due By: January 31, 2020 by 11:00 a.m**

**The Municipal Authority of the City of Monongahela**

**REQUEST FOR PROPOSAL**

**PROFESSIONAL AUDITING SERVICES**

The Municipal Authority of the City of Monongahela is requesting proposals from qualified firms of certified public accountants to conduct an annual audit of the general-purpose financial statements of the Authority.

Proposals must be received no later than **4:00 p.m. (local time) on Friday, January 31, 2019**. Any proposals received after the above-noted time will not be accepted under any circumstances. Any uncertainty regarding the time a proposal was received will be resolved against the respondent. Proposals submitted after this designated time will be returned unopened.

Firms or companies interested in providing Professional Auditing Services for the Authority shall submit (1) original and four (5) copies of their proposal to the Municipal Authority office by the submission deadline to the attention of:

James D. Roberts, Authority Manager  
Municipal Authority of the City of Monongahela  
Monongahela, PA 15063

No faxed or electronic submissions will be accepted.

The Authority, through written inquiries directed to James D. Roberts, will receive questions regarding the RFP. The deadline for receipt of written inquiries is **Monday, January 20, 2019 at 4:00 PM.**

Interested firms may obtain a copy of the RFP documents the Authority office, 521 West Main Street, Monongahela, PA, 15063. The RFP documents are also available online at [monauthority.com](http://monauthority.com)

## **1. PURPOSE & OVERVIEW**

The Municipal Authority City of Monongahela, hereinafter referred to as the “Authority”, is soliciting proposals for audit services from qualified firms of certified public accountants to audit the Authority’s financial statements for fiscal years ending December 31, 2019, 2020, and 2021. This agreement may be extended for three (3) subsequent fiscal years upon mutual agreement of both parties.

## **2. SCOPE OF SERVICES**

The Authority is requesting sealed proposals from certified public accounting firms duly licensed to practice in the State of Pennsylvania and qualified to audit its financial statements for the three fiscal years ending December 31, 2019, 2020 and 2021. Annual renewals will be based upon satisfactory performance. Upon mutual agreement of both parties the selected firm will have the option of auditing the Authority’s financial statement for three (3) subsequent years.

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

Proposals submitted will be evaluated by the five-member Board of Directors. At the discretion of the board, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

## **3. SPECIFIC REQUIREMENTS**

- a. The auditor shall audit and express an opinion on the fair presentation of the basic financial statements of the Authority in conformity with general accepted accounting principles;
- b. The auditor shall be responsible for applying certain limited procedures to required management’s discussion and analysis and other required supplementary information in accordance with generally accepted auditing standards;
- c. The auditor shall provide an opinion on other supplementary information for combining and individual non-major governmental funds or other supplementary information in relation to the basic financial statements taken as a whole;
- d. The auditor is not required to audit the statistical section of the report;
- e. The audit firm may not subcontract work under this agreement without express, written permission of the Authority. All subcontractors selected must comply with the same terms and conditions of this agreement.

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles;
2. A report on internal control over financial reporting and compliance based on an audit of the financial statements;
3. A report on compliance and internal control over compliance applicable to each major federal program and State Financial Assistance;
4. Any other report which may be required during the contract period based on new accounting pronouncements or procedures.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or

operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The reports on compliance shall include all instances of noncompliance.

#### **4. NEGOTIATION OF PROFESSIONAL SERVICE CONTRACTS**

The Authority negotiates a contract with the firm ranked as the most qualified, at a rate of compensation that the Authority deems fair, competitive, and reasonable. The firm and the Authority shall hold detailed discussions to establish a clear project scope and the exact services the consultant will provide. If an agreement cannot be reached with the first firm, the Authority shall begin negotiations with the second firm. Again, if an agreement cannot be reached with the second firm, the Authority will begin negotiations with the next highest ranked firm.

##### **Contract Award**

The Authority reserves the right to make an award consistent with the maximum discretion afforded to the Authority under Pennsylvania law with regard to municipal procurement. The Authority shall have the right to select who in the opinion of the Authority will be in the best interest of and/or the most advantageous to the Authority after considering the criteria set forth in this RFP. The Authority also reserves the right to reject any Proposer who has previously failed in the proper performance of a contract or to deliver on time contracts of a similar nature with other governmental entities or who, in the Authority's opinion, is not in a position to perform properly under the intended contract award. The Authority reserves the right to waive any minor informalities or technicalities in proposals received, as may be deemed in the best interest of the Authority in the Authority's sole discretion. Additionally, the Authority reserves the right to reject all Proposers at any time prior to execution of a contract and to resolicit (or not) in its sole discretion. A decision to terminate the solicitation process may be made at any time before the Authority enters into a contract with a selected Proposer. A recommendation of contract award does not constitute a contract. The award of contract to the selected respondent is subject to Authority Board approval and the execution of a contract with terms acceptable to the Authority. The Authority staff makes recommendations to the Authority Board, and the Authority Board ultimately has the authority to award contracts, including the right to re-rank Proposers differently than recommended by the Authority staff.

All proposals will be subject to a review and evaluation process. It is the intent of the Authority that all proposers responding to this RFP, who meet the requirements, will be ranked in accordance with the criteria established in these documents. The Authority will consider all responsive and responsible proposals received in its evaluation and award process.

Firms submitting a proposal along with the required information and documentation will have their proposal evaluated and scored based on the evaluation criteria set forth herein.

Further, each proposal will be evaluated for full compliance with the RFP instructions to the proposers and the terms and conditions set forth within the RFP document. Proposals will be scored and ranked in accordance with the weighting and grade specified in the following table. The Authority is not obligated to make an award to the Proposer with the lowest bid or price submitted. Proposals will be evaluated, and an award made to that Proposer who is determined to be responsible and responsive to this Request for Proposal and whose proposal is the most advantageous to the Authority in terms of price, quality of service,

the Proposer's qualifications and capabilities to provide the specified services and comply with the applicable conditions of this Request for Proposal and Contract, and who in the judgment of the Authority will best serve the needs and interests of the Authority.

## **5. PROOF OF PROFESSIONAL LIABILITY INSURANCE**

The successful respondent shall provide at its own cost and expense during the life of the contract, the following insurance coverages to the Municipal Authority of the City of Monongahela (30) thirty business days prior to the commencement of any work. All service providers including any independent contractors and subcontractors utilized must comply with these requirements. All insurance policies shall be issued by companies authorized to do business under the laws of the State of Pennsylvania. The insurance shall be evidenced by certificates and/or policies including premiums as determined by the Authority. It shall be an affirmative obligation upon the Service Provider to advise the Authority Manager, James Roberts, e-mail [jroberts@monauthority.net](mailto:jroberts@monauthority.net), 521 West Main Street, Monongahela, PA 15063 within 24 hours or the next business day of cancellation, non-renewal or modification of any stipulated insurance and failure to do so shall be construed to be a breach of this Agreement/contract. The Authority reserves the right to require additional coverages and limits based upon the particular service or change in service provided by the Service Provider.

If the service provider maintains higher limits than the minimums shown below, the Authority requires and shall be entitled to coverage for the higher limits maintained by the service provider.

Comprehensive General Liability Insurance coverage with limits of liability not less than \$1,000,000 Each Occurrence/\$2,000,000 Aggregate. The Certificate of Insurance shall indicate an Occurrence Basis. The Authority shall be endorsed as an additional insured under the General Liability coverage. The Service Provider's General Liability coverage shall be primary and non-contributory.

For policies written on a Claims-made basis, service provider shall maintain a retroactive date prior to or equal to the effective date of the contract. In the event the policy is canceled, non-renewed, switched to an occurrence form or there is a change in retroactive date, or any other event triggering the right to purchase a Supplemental Extended Reporting Period (SERP) during the life of this contract, the service provider shall agree to purchase a SERP with a minimum reporting period of not less than three (3) years. Coverage is to apply on a primary basis.

## **6. EVALUATION CRITERIA**

The firm is to provide a separate transmittal letter stating the proposer's understanding of the work to be performed, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer of the engagement period.

The Transmittal Letter shall have an original signature of an authorized official of the firm who has been designated to submit the proposal on behalf of the firm.

In order to evaluate the firm, proposals must include the following elements:

**Mandatory Elements:**

Firms meeting the following mandatory criteria will have their proposal evaluated and cored for technical qualifications.

- a. The audit firm is independent and licensed to practice in the State of Pennsylvania.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- c. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- d. The firm adheres to the instruction in this request for proposals on preparing and submitting the proposal.

**Expertise and Experience of the Audit Firm:**

1. Provide a description and history of the audit firm. Please include the size of the firm and size of the governmental staff.
2. Provide a list of governmental clients for which an audit was performed by your firm in the last three years, designating those are currently clients. Provide information to indicate that the firm has experience auditing public utilities. Please include a contact and reference and phone number for each of the audits listed.
3. Please include resumes of partner, manager and senior staff who will be assigned to this audit.
4. Discuss the firm's process of ensuring that all individuals who will be performing audit work have received adequate continuing professional education within the two preceding years.
5. Please include results of the firm's recent peer review and its status under the AICPA peer review program.
6. Describe regulatory action taken against the firm by an oversight body, if any, and any disciplinary actions that have been brought against the firm.
7. Provide a brief discussion about the firm's expertise and experience
8. Give a description of the firm's ability to perform additional services and provide technical support throughout the period of engagement.

**Technical Approach:**

1. Clearly describe the scope of the required services to be provided including a full discussion of your firm's auditing techniques and procedures to be used for both financial and compliance aspects of the engagement.
2. Describe the firm's approach to becoming familiar with the new client's operation.
3. Discuss the firm's approach and level of client staff support necessary to complete the work as outlined in the proposal.
4. Provide a schedule showing the firm's approach to planning the audit and timing of fieldwork and sampling techniques to be performed.
5. Address how key personnel (partner, manager) will be adequately involved and accessible through the performance of the audit.

**Fee Schedule:**

Total All-Inclusive Maximum Price – The proposal should include all pricing information relative to performing the audit engagement for each of the three years under audit.

Rates by Partner, Specialist, Supervisory and Staff Level Hours Anticipated for each. The cost proposal should include a schedule of professional fees and expenses that support the total all-inclusive maximum price. The cost of special services should be disclosed as a separate component of the total all-inclusive maximum price.

Rates for Additional Professional Services - If it should become necessary for the Authority to request the auditor to render additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement the n such additional work shall be performed only if set forth in an addendum to the contract between the Authority and the firm. Any such additional work agreed to between the Authority and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

Manner of Payment – Progress payment will be made based on hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm’s dollar cost proposal. Interim billings shall cover a period of not less than a calendar month. Payment of the final billing will be made after delivery of the final report.

**Description of Selection Process**

The Authority Board will evaluate each respondent’s qualifications and will short-list and recommend no fewer than three (3) firms to provide the requested services. The Authority Board’s decision shall be final.

The criteria for selection shall be based on the selection criteria above, including the firm’s qualifications, service location, past performance, and reference checks. The Authority reserves the right, before awarding the contract, to require a respondent to submit evidence of its qualifications, as it may deem necessary. The Authority shall be the sole judge of the competency of respondents.