



Request for Proposals

Contracted Auditing Services

March 9, 2017

Background

Executive Summary

The Public Utility District No. 1 of Skagit County, Washington (District) is seeking proposals from qualified firms (Consultant) to provide contracted internal auditing services. The work to be performed under this contract will involve financial, compliance and operations audits that will ensure:

- The District's assets are safeguarded
- Effective and efficient operations of the District
- Accuracy of financial and operating information
- District's Mission, Goals and Objectives are achieved
- Compliance with Federal laws, Revised Code of Washington (RCW), Washington Administrative Code (WAC), Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), and District policies and procedures.

According to RCW 54.24.010, and as set out by the District's Governance Policy, the District is required to have an Auditor that is appointed by the Commission to review internal control systems and safeguard assets. Historically, the District's Auditor has been a member of the Finance Department that was appointed by the Commission to act in this role. The District is now interested in having this role performed by a contracted consultant that is not a member of the Finance Department, so that there is a clear separation of responsibilities within the department and no perceived conflicts or bias.

The term of the awarded contract will be for one year, with an option for extending the contract for two additional years, at the District's sole discretion, with the same terms and conditions.

Overview of Public Utility District No. 1 of Skagit County

The District is a municipal corporation of the State of Washington, established in 1936 for the purpose of providing safe, efficient, reliable and affordable water service to the residents of Skagit County. The District is also authorized under state law to provide sewer services and wholesale telecommunication services. At the current time, there are no active sewer customers, but there are two wholesale fiberoptic customers.

The District operates the largest water system in Skagit County, providing an average of nine million gallons of piped water to approximately 65,000 people every day. The PUD maintains over 600 miles of pipelines and has over 31 million gallons of storage volume.

The cities of Mount Vernon, Burlington, and Sedro-Woolley receive the majority of our water. Due to public demand for quality water, the District also provides service to unincorporated and remote areas of the county. The District's service area includes part of Fidalgo Island at the west

end of the county and extends as far east as Marblemount. From north to south, the District's service area starts in Conway and extends north to Alger/Lake Samish.

Proposal Preparation

General Submittal Requirements

Proposals shall be prepared in ink, shall be sealed in an envelope, and shall be submitted by mail delivery or in person. No email, oral, telegraphic, telephone or facsimiles will be accepted. Proposals shall be a single volume of double-sided pages, bound such that they lay flat when opened and shall be no longer than 10 pages (8.5x11 letter size format). Sections shall be indexed and tabbed for easy reference to the material contained within. The front cover, back cover, introductory letter, table of contents, and two District RFP submittal pages are not included in the page limit. Consultants must submit:

- One (1) original signed Proposal response;
- Three (3) complete copies of the original

Proposals shall be signed in ink by an authorized representative of the Consultant. Signature on a Proposal certifies that the Proposal is made without connection with any other person, firm or corporation making a Proposal for the same goods and/or services and is in all respects fair and made without collusion or fraud. Signature on a Proposal also certifies that the Consultant has read, fully understands and agrees with all solicitation requirements, terms and conditions. No consideration will be given to any claim resulting from Proposal without fully comprehending all requirements of the Request for Proposals.

The District reserves the right to request any Consultant submitting a Proposal to clarify its Proposal and to supply additional information deemed necessary to assist in the selection of a Consultant. The District also reserves the right to clarify, modify or alter any of the requirements herein. In the event of a material modification of the Proposal requirements by the District, Consultants selected by the District may be given an opportunity to modify their Proposal in the specific areas that are impacted.

The District may cancel, reject in whole or in part any Proposals, without liability incurred at any time after issuing a RFP, if it is in the District's best interest to do so. Consultants responding to RFPs are responsible for all costs they may incur in connection with submitting Proposals and responses to RFPs, which includes, but is not limited to: submittal preparation, pre-proposal conference, if any, Proposal submittal, travel, expenses, interviews, presentations, or evaluation of any Proposal.

Proposal Delivery/Closing Date

Proposals with all required information must be delivered to Doug McConnell, Contracts Administrator, at 1415 Freeway Drive, Mount Vernon, WA by Friday March 24, 2017 at 3:00 pm Pacific Time. Proposals received by the District after the closing date and time will not be opened.

Questions Regarding the Request for Proposal

There will only be one point of contact for inquiries during the RFP process. The contact point is the District's Contracts Administrator Doug McConnell, (360) 848-2169, or by email at mcconnell@skagitpud.org. Any questions or issues that may arise regarding the scope, the RFP process, and/or the award process shall be directed to Doug McConnell. Responses to such inquiries shall be given in writing via an addendum to all parties who have obtained the RFP documents from the District.

Organization of Proposal

Proposals should be prepared and organized in a clear and concise manner, and must include all information required by this RFP. Headers, titles, or tabs should be used to identify required information. The proposal shall include the following at a minimum:

Introduction

- Introductory letter indicating the Consultant's interest in offering these services to the District and highlighting its qualifications to perform this engagement.
- Firm name, contact person, address and telephone number.
- Table of Contents of RFP

Consultant Experience and Workload

- A description of Consultant's experience in providing these services in Washington State, and a description of how the Consultant and its staff meets the preferred qualifications to complete the scope of work.
- A minimum of three references relating to the services being requested, including full name, title, address, phone and email address.
- A statement regarding your firm's current workload and how you intend on supporting the District as its contracted auditor, while still balancing your existing obligations.

Personnel Experience

- Description of the proposed Consultant team and role of each member.
- A list of all staff members assigned to work on this contract, including years of experience, type of experience, education, professional certification and availability to work on this contract.

Project Approach and Schedule

- Provide a write-up on the specific tasks listed in the Scope of Work and your approach on how you will complete these, given the District's needs.

- Suggestions for additional services which may benefit the District.
- Proposed project management and communications approach for this contract.

Cost Proposal

- It is acceptable for the Consultant to perform some of the required work remotely, however the District will require some services to be performed on site, such as attendance at regular Commission meetings.
- In order to provide a basis for comparing different proposals, the cost proposal for this RFP shall be based on working 24 hours per month at the District office, and an additional 16 hours of work per month to be performed remotely.
- In the Cost Proposal spreadsheet, the Consultant shall list the different staff proposed to work on this contract, their hourly billing rate, and a determination of the number of hours per month assigned to each employee, with the total number of hours not to exceed the District's estimate of 40 hours per month (24 hours on site and 16 hours off site).
- If the actual work performed is less than or greater than the District's estimate of 40 hours per month, the fees paid to the Consultant will be based on the actual number of hours worked. If additional hours are required, they must be pre-approved by the General Manager.
- The Consultant shall also provide an estimate and a description of all expenses and charges that are anticipated.

Preferred Qualifications

The following is a list of the preferred qualifications required of the Consultant and the staff designated to work on this contract:

- A minimum of 5 years of auditing experience, preferably in a Government and/or Public Utility environment.
- Comprehensive knowledge and understanding of internal control concepts
- Knowledge of applicable federal and state laws, GAAP, GASB, and project funding requirements (state and federal level)
- Familiarity with public works contract laws and prevailing wage requirements
- Strong written, verbal and interpersonal communication skills
- Ability to meet required deadlines as demonstrated by prior engagement history
- State auditor experience or experience working with the State Auditor's Office is a plus

Evaluation of Proposals

Method of Evaluation

A panel of District staff members will review the proposals based on the criteria listed below and make a recommendation for award. Proposals shall be evaluated based on the following criteria:

1. Consultant Experience and Workload (20 points) – Experience of the Consultant in performing internal audits, particularly for government agencies and/or utility districts. Also considered will be the Consultant’s ability to incorporate this contract into its present workload and the Consultant’s ability to offer the breadth and quality of services required for this contract.
2. Experience of the Personnel Assigned to the Team (30 points) – Significant consideration will be given to the individual qualifications of the team members identified in the proposal, specifically those performing substantial amounts of the work. Points will be awarded based on certifications of key personnel, previous work experience at or working with the Washington State Auditor’s office, previous experience at or working with a utility district, and previous experience in performing audits for other public clients.
3. Contract Approach and Schedule (15 points) – This includes a demonstrated understanding of the objectives, scope and purpose of the contract, with a specific explanation of how the consultant proposes to achieve the contract’s on-site and off-site requirements. Innovative suggestions that may increase the value of the Consultant to the District will also be considered.
4. Cost (15 points) – The Cost Proposal will be considered when awarding points.
5. Location (10 points) – Points will be awarded based on the physical location of the team members that are assigned to work on this contract, and their proximity to the District’s head office in Mount Vernon.
6. Interview (10 points) – Consultants may be requested to appear before the review committee for an interview. The interview will consist of a presentation of the consultant’s qualifications for the contract, experience of the personnel assigned to this contract, explanation of Consultant’s understanding of the scope of work, and explanation of the cost of services, and a question/answer period. Each firm’s proposed key staff shall attend the interview. Each firm shall be responsible for all costs (e.g. travel and presentation materials) related to the presentation.

The panel may make a recommendation at the appropriate level for a contract award. Upon approval of this recommendation, District staff will coordinate with the selected firm to complete and execute the attached Agreement for Professional Services.

The successful Consultant will be required to submit proof of professional liability insurance prior to entering into an agreement with the District.

Tentative Evaluation Schedule

The schedule of events set out herein represents the District's best estimate of the schedule that will be followed.

Release of RFP	March 9
Last Date for Request for Clarifications	March 17
Closing Date of RFP	March 24
Responses Evaluated	March 31
Possible Interviews/Presentations	April 10-12
Contract Award	April 14
Finalizing Scope of Work, Negotiations and Contract Execution	April 21

Scope of Work

Listed below are the services that the Consultant is expected to provide:

- As a Commission appointment, the Auditor shall review and certify District expenditures as required by RCW 42.24.080. This consists of auditing, approving and certifying payrolls on a bi-weekly basis and signing and issuing warrants for the disbursement of District funds on a weekly basis. Also monitor compliance with applicable RCW, WAC, and District policies and procedures; and communicate issues of noncompliance to the General Manager and Finance Manager/Treasurer.
- Review vendor contracts for compliance with state law and District policies
- Evaluate and review the effectiveness of internal control systems and identify areas of improvement in specified function. Recommend best practice concepts to ensure that the records of account are properly maintained and assets are properly safeguarded. Report results to the Commission, the General Manager and Finance Manager/Treasurer.
- Review District operations and identify opportunities to improve performance, ensure compliance and reduce costs while staying within the District's mission, goals and objectives. Report results to the Commission, the General Manager and Finance Manager/Treasurer.
- Assist the General Manager and other Managers and staff in the development and periodic updating of District policies and procedures by ensuring compliance with applicable RCWs and WACs and identifying and implementing industry best practices as appropriate.

- Attend Commission meetings at least quarterly, or more frequently as required.
- Review Annual Financial Report prior to submission to the State Auditor's Office.
Attend the entrance and exit conferences associated with the annual audits performed by the State Auditor's Office.
- Perform monthly fuel usage audit and direct inventory spot checks throughout the year.
Perform other audits and duties consistent with RCW 54 as assigned by the Commission, General Manager or Finance Manager/Treasurer.
- Perform other duties as may be assigned by Board of Commissioners, General Manager or Treasurer.

2017 Contracted Auditing Services

Cost Proposal Spreadsheet

Category of Staff (Audit Manager, Staff Accountant, etc)	Hourly Rate	Number of Hours per Month (40 hrs total per month; 24 on site and 16 off site)	Expenses and Charges	Monthly Cost
Total Estimated Monthly Cost Including All Expenses				

_____ **DOLLARS**

Total Estimated Monthly Cost written out

Please provide an explanation of all expenses that would be charged: _____

PROPOSAL SIGNATURE PAGE

Name of Corporation _____

Mailing Address _____

City/State/Zip Code _____

Receipt is hereby acknowledged of addendums(s) No(s). _____, _____, and _____

Individual designated as the point of contact for any questions or concerns related to evaluation of this proposal:

Name of Representative _____

Telephone _____ Email _____

Federal Employee Tax Identification Number _____

Person authorized to bind corporation to the Terms and Conditions of this response:

Authorized Person _____

Title _____

Telephone _____ Email _____

Authorized Signature _____