

1.0. Introduction

Capital Region Water (CRW) is requesting proposals (RFP) from qualified Certified Public Accounting firms with licenses in Pennsylvania to audit its financial records for the three (3) fiscal years ending December 31, 2019, 2020, and 2021. It is expected that the firm retained will be available throughout the year for consultation matters as needed by CRW. The audit firm shall assist with the necessary implementation of new Governmental Accounting Standards Board (GASB) standards applicable during the term of the engagement.

2.0. General Information

CRW is a financially independent municipal authority that owns and operates the municipal utility systems that serve the City of Harrisburg and surrounding communities, including drinking water, wastewater (sanitary and combined) and stormwater infrastructures. All activities are accounted for within a single proprietary (enterprise) fund. Financial statements are presented using the accrual method of accounting, following the accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB). Accounting firms interested in proposing are strongly encouraged to review previous audit completed by Maher Duessel, and budgetary information on CRW's website, <https://capitalregionwater.com>.

CRW accounting staff will be available to retrieve documents upon request and will prepare schedules and reconciliations. Audit field work will be conducted on-site, and records shall not be removed from the building. Workspace will be made available for audit staff.

3.0. Scope of Work

- The audit will be performed in accordance with generally accepted auditing standards, promulgated by the American Institute of Certified Public Accountants.
- CRW accounting staff will prepare all standard year-end accruals and other adjusting entries. The firm's Auditor will prepare the government wide year-end adjusting journal entries as well as necessary entries to adjust pension and Other Post-Employment Benefits (OPEB) balances.

A report on the examination of the financial statements shall be prepared. The audit report will express an opinion as to whether the information contained in the financial statements is presented fairly in conformance with generally accepted accounting principles. Required supplementary information shall include:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Pension Contributions
- Schedule of Changes in the OPEB Plan's Liability
- Notes to Required Supplementary Information

Additional supplemental information shall include a combining balance sheet, combining schedule of revenues, expenses and changes in net position, combining schedule of cash flows, schedule of expenditure of federal awards, and related notes.

- A report on internal control and compliance reporting in accordance with Single Audit Act guidelines and regulations shall be prepared.
- The PA Department of Community and Economic Development (DCED) Annual Report of Municipal Authorities shall be prepared and filed by the DCED deadline. The audit work shall include preparing the required opinion and providing copies to CRW.
- Two reports, one for the water system and one for the wastewater system, expressing an opinion as to the fair presentation of CRW's rate covenant, required debt service and operating reserve fund balances, and the required transfers in conformity with the terms of the Trust Indentures.
- A detailed management letter shall be prepared, to include a summation of audit findings and recommendations for improvement of the financial statements, internal control, accounting and accounting systems, legality of actions, and any other matters.
- The audit may commence in concurrence with the Chief Financial Officer. A listing of requested information needed for the audit is expected at the preplanning conference. During the audit, meetings with various appointed officials may be required to discuss the audit or related matters. A post-audit conference will be held to review the general audit findings and adjusting journal entries.
- Draft reports, along with post-closing trial balance and required journal entries, shall be provided to the Chief Financial Officer at least twenty (20) days prior to final report submission.

- Audit completion deadlines, inclusive of all required reports:
 - Fiscal year ending December 31, 2019 shall be rendered by August 31, 2020.
 - Fiscal years ending December 31, 2020 and 2021 shall be rendered by June 30th following the end of each fiscal year.
 - Extensions must be approved in writing by the Chief Financial Officer.
- The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

3.0. Schedule for Selection Process

Task	Date/Time
RFP Issued	December 18, 2019
Questions/Clarification Requests Due to CRW	January 08, 2020
Addenda Issued (if necessary)	January 10, 2020
Proposals Due	January 24, 2020 @ 2:00 PM
Interview and Selection Period	February 3 – February 14, 2020
Designation of Audit Firm by CRW Board of Directors	February 26, 2020

4.0. Submission Specifications

Submissions must contain all the following elements to be considered complete. CRW reserves the right to reject, or not consider, all or part of any submission in response to this RFP for any reason whatsoever. CRW further reserves the right to hold interviews and request additional or clarifying information.

Proposals should provide sufficient information for CRW to evaluate and determine responsiveness as well as the ability to meet the requirements of this RFP. At a minimum, the following sections should contain:

Section I. Firm: Background information on the audit firm, including size (local, national, international), years in business, main and satellite office locations, and affirmation that the firm is a CPA firm licensed to practice in Pennsylvania and meets the independence standards of the GAO Standards for Audit.

Section II. Audit Approach: Describe the firm's understanding as to the scope of work requested. Describe the goals and objectives, audit approach, and basic provisions of the audit work plan. Include in this section a proposed detailed audit timeline from planning phase through report delivery and post-audit meetings. Proposal should also detail in this section the number of hours estimated for each member of the audit team, inclusive of review and support functions.

Section III. Practice: Describe the recent auditing experience of the local office assigned to this engagement similar to the type requested in this proposal and provide the names and contact information for at least three (3) current clients for reference checks. Affirmation that an independent quality review (or peer review) under the auspices of the AICPA or PICPA has been completed within the past two years. A copy of the report shall be included with this proposal.

Section IV. Staffing: Provide a brief resume for each person to be assigned to the CRW audit and provide affirmation that these and any other individuals assigned meet the continuing education requirements stipulated by AICPA, Commonwealth of PA, and the GAO yellow book. Resumes should include educational and professional experience with emphasis on auditing of municipal authorities.

Section V. Conflict Check: Please provide a list of any possible existing or potential conflicts of interest.

Section VI. Additional Information: Include in this section any pertinent information not previously covered.

Section VII. Compensation and Terms: Fees and progress terms for the audit services described are to be proposed for each of the three years. Pricing shall represent all-inclusive fees, covering the services of any personnel assigned to the audit. No reimbursement will be paid for out-of-pocket expenses such as travel, lodging and meals in connection with audit work and related meetings. In addition, proposal shall include hourly rates by staff level for ancillary services that may be requested from time to time outside of the scope of the audit.

Separate pricing should be presented to provide reports expressing the opinions for the Water and Wastewater systems on the Statement of Rate Covenants, Statement of Required Debt Service Reserve Fund Balances, and Statement of Required Transfers.

After submissions are opened and reviewed, CRW may hold interviews and request additional information for the purpose of clarification to assume full understanding of and responsiveness to the requirements of this request.

5.0. General Provisions

Addenda

Any necessary additions or corrections to this RFP will be made by addenda and issued to all proposers of record. Addenda become part of the RFP and must be acknowledged by each proposer; failure to acknowledge any addenda shall not relieve proposers of compliance with the terms thereof. CRW assumes no responsibility for oral instructions.

Economy of Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of proposer ability to satisfy the requirements of this RFP.

Incurred Expenses

Proposers are responsible for all proposal preparation and submission costs, as well as travel costs incurred in connection with interviews if required or other pre-award discussions or activities.

Disadvantaged Business Enterprise Participation

By responding to this RFP, the proposer agrees to comply with CRW's DBE policy. At present CRW is in the process of developing a major update to its DBE policy. The proposer should proceed on the basis that DBE participation will be encouraged. This will be discussed during the interview and selection process.

Conflicts of Interest

The proposer shall identify any actual or potential conflicts of interest that exist, or which may arise if the proposer is recommended for award and propose how such conflicts might be resolved.

Acceptance Time

By submitting a proposal under this solicitation, the proposer agrees that CRW has 60 days after the due date to enter into a written fee agreement for the services outlined in this RFP. CRW reserves the right to reject, as unacceptable, any proposal that specifies less than 60 days of acceptance time. Upon mutual agreement between the CRW and the proposer, the acceptance time for the proposal may be extended.

Billing and Payment

The successful proposer shall keep and document accurate records of time, material and transportation allocable to this agreement. Invoices shall be submitted, and payment will be made on a monthly basis, and related records will be available for audit purposes during normal business hours, as often as deemed necessary. Payment will only be made for work that has first been previously authorized.

6.0. Submission of Proposals

Submissions must be received by **2:00 PM on January 24, 2020**.

Submit three (3) hard copies and one (1) electronic copy of the information requested, clearly labeled **RFP for Audit Services from [Firm Name] Due January 24, 2020 @ 2:00 p.m.** Include a separately sealed envelope with the submission listing the schedule of fees, including hourly rates for each attorney that may work on behalf of CRW. The electronic copy shall be a PDF file type and 8.5"x11" format, clearly labeled in the subject line as stated above, with a separate file which includes the schedule of fees. The electronic copy is to be submitted via email to douglas.keith@capitalregionwater.com or on a USB drive, clearly labeled as stated above, to:

Attn: Douglas E. Keith
Chief Financial Officer
Capital Region Water
212 Locust Street, Suite 500
Harrisburg, PA 17101

CRW reserves the right to require any firm to submit additional information deemed necessary in evaluating the proposals.

If CRW wishes to conduct interviews, the selected firm or firms will be notified by **January 29, 2020**. Interested firms should prepare to participate in interviews between **February 3 to February 14, 2020**.

7.0. Selection Criteria

Evaluation and selection of the RFP will be based on content and responsiveness to all proposal requirements and in the best interests of CRW. The evaluation criteria for this RFP includes a combination of:

- **Experience:** Relevant experience of the firm and individuals assigned to the project.
- **Expertise:** Relative quality and depth of the firm's expertise and individuals assigned to provide audit services.
- **Responsiveness:** Overall organization, completeness, and quality of the response to this RFP, including cohesiveness, conciseness, and clarity of response.
- **References:** Information provided by client references.
- **Diversity** in representation.
- **Cost:** The schedule of fees, including hourly rates, will be considered after the top qualified proposers are selected.
- **Interviews**, if conducted.

The response to this RFP and interviews and responses to requests for additional information and clarifications will be the basis for evaluation of and selection of special counsel. The successful firm will be willing to work pursuant to CRW's contract terms and conditions which include, among other things, non-discrimination requirements, indemnification provisions, and insurance coverage requirements. A copy of the General Terms and Conditions is attached as Appendix A.

CRW's Chief Financial Officer and appropriate staff will review submissions and make recommendations to the Board of Directors for final approval.

The selected firm and CRW will memorialize their understanding in a written fee agreement that will incorporate the provisions of this RFP, the firm's proposal and the General Terms and Conditions.

Section I. Definitions:

The following terms and expressions used in the Contract Documents shall be defined and understood as follows:

1. "Authority" shall mean the Capital Region Water.
2. "Commonwealth" shall mean the Commonwealth of Pennsylvania.
3. "Contract" shall mean the contract between the Authority and the Certified Public Accounting Firm.
4. "Contract Documents" shall mean the documents that compose the entire understanding between the Authority and the Certified Public Accounting Firm.
5. "Certified Public Accounting Firm" shall mean the selected Firm.
6. "Working Day" shall mean a calendar day except Saturday, Sunday, and any day made a legal holiday by the laws of the Commonwealth or the United States.

Section II. Payment:

- A. The Firm shall invoice the Authority on a monthly basis for actual time expended at the rates listed on Exhibit "A" to this Agreement with sufficient detail of services rendered acceptable to the Authority. Provided the Firm has performed its services in accordance with the Contract, the Authority shall pay the Firm for such services within forty-five (45) days from the date of receipt by the Authority of the Firm's invoice. All invoices are to be sent to the Accounts Payable Department of the Authority at the address listed on the Contract.

Section III. Disputes:

- A. All claims, disputes and other matters in question between the parties to the Contract arising out of or relating to the Contract or the breach thereof, shall be decided by the Court of Common Pleas of Dauphin County.

Section IV. Nondiscrimination:

- A. During the term of the Contract, the Firm agrees to comply with the following "nondiscrimination clause":

The Firm shall not discriminate against any employee, applicant for employment, independent contractor, or any other person because of race, color, religious creed, ancestry, national origin, age, or sex. The Firm shall take affirmative action to ensure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, ancestry, national origin, age, or sex. Such affirmative action shall include, but is not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. The Firm shall post in conspicuous places, available to employees, agents, applicants for employment, and other persons, a notice to be provided by the Authority setting forth the provisions of this nondiscrimination clause.

- B. The Firm shall in advertisements or requests for employment placed by it or on its behalf state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, ancestry, national origin, age, or sex;
- C. The Firm shall furnish to the Authority, all necessary employment documents and records and shall permit access by the Authority to the Firm's books, records, and accounts, for purposes of investigation to ascertain compliance with the provisions of the Contract Compliance Regulations. If the Firm does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the Authority; and
- D. The Firm's obligations under this nondiscrimination clause are limited to the Firm's facilities within the Commonwealth of Pennsylvania.

Section V. Termination and Suspension:

- A. For the convenience of the Authority, the Contract may be terminated for any reason by the Authority after seven (7) calendar days' written notice. In the event of termination under this Section V.A., the Firm shall be paid that portion of the payment due to the Firm hereunder which represents the compensation for services performed to the date of termination and all

termination expenses. Termination expenses are defined as those expenses arising subsequent to termination and that are directly attributable to the transitioning of files to the Authority or to replacement counsel.

- B. This Contract may be terminated by either party hereto upon seven (7) calendar days' written notice should the other party fail substantially to perform in accordance with the terms hereof through no fault of the party initiating the termination. In the event of termination under this Section V.B., the Firm shall be paid that portion of the payment due to the Firm hereunder which represents the compensation for services performed to the date of termination.

Section VI. Contractor Integrity:

- A. The following terms used in this Section VI. shall be defined and understood as follows:
1. "Confidential" means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Authority;
 2. "Consent" means written permission by a duly authorized member or employee of the Authority, provided that where the material facts have been disclosed, in writing, by prequalification or contractual terms, the Authority shall be deemed to have consented by virtue of execution of the Contract;
 3. "Financial Interest" means ownership of more than a five (5) percent interest in any business; or holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management; and
 4. "Gratuity" means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.
- B. The Firm shall maintain professional standards of integrity in the performance of the services required hereunder and shall take no action in violation of federal or state laws, regulations, or other requirements that govern contracting with the Authority.
- C. The Firm shall not disclose to others any confidential information gained by virtue of the Contract.

- D. The Firm shall not, in connection with the Contract or any other contract with the Authority, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any member or employee of the Authority.
- E. The Firm shall not, in connection with the Contract or any other contract with the Authority, directly or indirectly, offer, give or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any member or employee of the Authority, the City of Harrisburg, or the Commonwealth of Pennsylvania.
- F. Except with the consent of the Authority, neither the Firm nor anyone in probity with the Firm shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of the services required hereunder except as provided herein.
- G. Except with the consent of the Authority, the Firm shall not have a financial interest in any other Firm, or supplier providing services, labor, or material for the services required hereunder.
- H. The Firm, upon being informed that any violation of this Section VI. has occurred or may occur, shall immediately notify the Authority in writing.
- I. The Firm, by execution of the Contract and by the submission of any bills or invoices for payment pursuant hereto, certifies and represents that the Firm has not violated any of these provisions.
- J. The Firm shall, upon request of the Authority or the Office of State Inspector General, reasonably and promptly make available to the Authority and that office and its representatives, for inspection and copying, all business and financial records of the Firm of, concerning, and referring to the Contract or which are otherwise relevant to the enforcement of this Section VI.
- K. For a violation of this Section VI., the Authority may terminate the Contract and any other contract with the Firm, claim liquidated damages in an amount equal to the value of anything received in breach of this Section VI., claim damages for all expenses incurred in obtaining another Firm to complete performance under the Contract, and debar and suspend the Firm from doing business with the Authority. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Authority may have under law, statute, regulation or otherwise.

Section VII. Insurance:

A. The Firm shall, at its sole cost and expense, procure and maintain in full force and effect, covering the performance of the Firm's services required under the Contract, the types of insurance specified in this Section VII. The insurance required by this Section VII shall be procured from reputable insurers, acceptable to the Authority and authorized to do business in the Commonwealth of Pennsylvania. In no event shall work be performed pursuant to the Contract until the required evidence of insurance has been furnished to the Authority. If the Firm fails to obtain or maintain the required insurance, the Authority shall have the right to treat such failure as a material breach of the Contract and to exercise all appropriate rights and remedies. The insurance policies required by this Section VII shall provide for at least thirty (30) calendar days' prior written notice to be given to the Authority in the event coverage is materially changed, cancelled or non-renewed.

B. The amount of Insurance required by this Section VII is as follows:

i. Workers Compensation and Employers Liability:

Workers Compensation: Statutory limits.

Employers Liability: \$500,000 each accident - bodily injury by accident
\$500,000 each employee - bodily injury by disease
\$500,000 policy limit - bodily injury by disease.

Other States' coverage and Pennsylvania endorsement.

ii. General Liability Insurance:

Limit of Liability: \$1,000,000 per occurrence combined single limit for bodily injury and property damage;
\$1,000,000 personal and advertising injury; and,
\$2,000,000 general aggregate.

Coverage: Premises operations; blanket contractual liability; personal injury liability (employee exclusion deleted); products and completed operations; independent contractors; employees and volunteers as additional insureds; cross liability; and broad form property damage (including completed operations).

- iii. Automobile Liability:
 - Limit of Liability: \$1,000,000 per occurrence combined single limit for bodily injury and property damage liability.
 - Coverage: Owner, non-owned and hired vehicles.
- iv. Professional Liability Insurance:
 - Limit of Liability: \$1,000,000 with a deductible not to exceed \$25,000.
 - Coverage: Errors and omissions.

Coverage for occurrences happening during the performance of the services required under this Agreement shall be maintained in full force and effect under the insurance policy or "tail" coverage for a period of at least two (2) years after completion of the services.

- C. Certificates of insurance evidencing the required coverages shall be submitted to the Authority at least ten (10) calendar days before work is begun. This ten (10) calendar day requirement for advance documentation of coverage may be waived in situations where such waiver will benefit the Authority, but under no circumstances shall the Firm actually begin work without providing the required evidence of insurance. The Authority reserves the right to require the Firm to furnish certified copies of the original policies of all insurance required under the Contract at any time upon ten (10) calendar days' prior written notice to the Firm.
- D. It is expressly understood and agreed that the furnishing of insurance pursuant to this Section VII. shall in no way limit the liability or responsibilities and obligations of the Firm as provided in the Contract.

Section VIII. Indemnification:

- A. The Firm shall indemnify, defend, and hold harmless the Authority, and its officers, employees, and agents, from and against any and all losses, costs (including litigation costs and counsel fees), claims, suits, actions, damages, liability, and expenses in connection with loss of life, bodily injury, personal injury, or damage to tangible property to the extent occasioned wholly or in part by the Firm's act or omission or the act or omission of the Firm's agents, representatives, officers, employees, or servants pursuant to the Contract.

Section IX. Ownership of Documents:

- A. All reports, notes and other documents and instruments prepared by the Firm in accordance with the Contract are and shall remain the property of the Authority.

Section X. Notices:

- A. All notices required by the Contract or other communications to either party by the other shall be deemed given when made in writing and received or when made in writing and deposited in the United States Mail, first class, postage prepaid, addressed as on the Contract Documents.

Section XI. Entire Contract:

- A. This Contract constitutes the entire agreement and understanding between the parties with respect to the subject matter contained herein and supersedes all prior agreements, understandings, negotiations, and discussions, both written and oral, among the parties hereto with respect to the subject matter hereof.

Section XII. Severability:

- A. The provisions of the Contract are severable and if any of its provisions become or are found to be unlawful, the decision so holding shall not be construed to impair or affect the enforceability of the remaining provisions of the Contract or any part hereof.

Section XIII. Amendments:

- A. This Contract may not be amended or modified in any way except by a written instrument executed by each of the parties hereto. In the event that an amendment to the Contract is desired by either party, the party wishing to amend must present the proposed amendment in writing to the other party. If the amendment is accepted by the other party, a true copy of the amendment shall be signed by the parties' official representatives and shall be attached as a rider to the Contract.

Section XIV. Section Headings:

- A. The section headings contained in the Contract are for reference purposes only and shall not affect the meaning or interpretation of any provisions of the Contract.

Section XV. Other Laws:

- A. Any and all other applicable state or federal laws not specifically mentioned in the Contract shall also apply to the parties.

Section XVI. Governing Law:

- A. The Contract shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law thereof.