

Pine Strawberry Water Improvement District (PSWID)
Request for Qualifications for Certified Public Accountant Services

Proposal Due Date: April 30, 2015

The Pine-Strawberry Water Improvement District (PSWID) requests a statement of qualifications for contracted certified public accountant (CPA) audit services. PSWID seeks services encompassing the traditional scope of work including an audit of the financial records of the District for the fiscal year ending June 30, 2015 and possibly thereafter. A more detailed statement of services is provided in the scope of work described below.

Sealed proposals are due in the PSWID Office, P.O. Box 134, Pine, AZ 85544 by close of business on April 30, 2015 and should be addressed to Tom Weeks, PSWID Chairman. Sealed proposals should be labeled "Do Not Open" along with RFQ # 2015.001. Proposals submitted by facsimile and late proposals will not be accepted.

Background Information

The Pine-Strawberry Water Improvement District is located in the northwest portion of Gila County and provides water to almost 8,000 residents through 3,200 service connections. The District provides water that is supplied exclusively by groundwater pumped from the District's wells which draw water from the Lower Verde River watershed. In 2012 PSWID produced nearly 110 million gallons of water from its 23 wells and 10 water sharing agreements. The District has multiple storage tanks and booster stations and approximately 58 miles of main service lines.

The District was formed by Gila County in June of 1996. PSWID is a public water system governed by an elected seven member Board of Directors that began operating the system on October 1, 2009 following the completion of the purchase from a private owner. The system operates under the authority of the Arizona Department of Environmental Quality (ADEQ) and is classified as a Grade 3 – Water Distribution System and a Grade 1 – Water Treatment System. The District also operates under the Arizona Department of Water Resources (ADWR) as a Community Water System.

PSWID is operated and maintained through an agreement with Operation Management International, Inc. (CH2M Hill OMI) originally entered into on October 1, 2010. The PSWID Board, through its bylaws, independently contracts for professional services. The Board typically meets on the third Thursday of each month in Pine.

Additional information about the Pine-Strawberry Water Improvement District can be found at www.pswid.org.

Communications

All communications related to responding to this Request for Qualifications should be directed to Rus Brock, PSWID Treasurer and Chairman of the Support Services Committee at

rbrock79@yahoo.com or (602) 692-8837.

Scope of Work

The specifications for audit and the nature of services required are as follows:

1. Audit period will be July 1, 2014 through June 30, 2015 (one year)
2. Special reports, exhibits, and schedules required:
 - Accounts report.
 - Balance sheet.
 - Schedule of cash flows.
 - Statements of changes in financial position.
 - Notes of financial statement.
3. Conferences:
 - Exit conference with the Board of Directors at a regularly scheduled Board meeting.
 - Exit conference with designated accounting staff.
4. Description of Entity and Records to be audited:
 - General ledger, fixed assets ledger, accounts receivable, general journal, accounts payable.
5. Available Manuals and Information Sources:
 - Minutes of the Board meetings of the District.
 - Accounting function work description of the General Ledger Bookkeeper.
6. Details of fixed assets are maintained. Fixed assets are based on cost when available, otherwise on estimates authorized by the Board of Directors.
7. A budget is maintained by the District and is available for examination.
8. Staff members will be available to gather and reproduce documents. Legal counsel will be made available with prior District approval.
9. Reasonable workspace, desk, and chairs will be provided by the District in close proximity to the financial records on the premises.
10. Report Requirements
 - The report will be addressed to the Board of Directors and will contain items listed in item #2.
 - State the scope of the examination and that the audit was performed using generally accepted auditing practices and standards and includes a statement of opinion as to whether the statements conform to generally accepted accounting principles.
 - Reports of compliance examinations must include a statement that the audit was conducted in accordance with applicable standards. The audit report must state where the examination disclosed instances of significant non-compliance with laws and generally accepted accounting principles. Findings of non-compliance and ineligible expenditures must be presented in enough detail for management to be able to understand them.
 - A management letter will be required. It should contain a statement of audit findings and recommendations affecting financial systems and statements, internal control,

legality of actions, other instances of non-compliance with laws and generally accepted accounting principles, and any other material matters.

- Once a contract has been signed, work may begin immediately to generate the audit with a payment schedule to be negotiated.
- Preliminary work to close accounts can begin immediately.
- The preliminary report and exit conference must be completed prior to the 15th day of September, 2015.
- Prior to the submission of the completed audit report the audit firm will be required to deliver and review the draft and the proposed management letter with the District Board.
- Copies required:
 - Audit report, ten (10) copies and one electronic copy.
 - Management letter, six (6) copies and one electronic copy.
 - Working papers, one (1) copy.

Contract Term

The PSWID anticipates a year by year agreement, with options for renewal, at the discretion of the PSWID Board. Renewal of the contract will require approval by the PSWID Board. Notwithstanding anything herein to the contrary, the auditing firm works at the pleasure and direction of the PSWID Board and the contract may be terminated by either party at any time, with or without cause.

Schedule

The PSWID Board provides the following anticipated schedule for completion of this process. This anticipated schedule is for information purposes only and may be adjusted as needed by PSWID.

RFQ Release Date:	March 19, 2015
RFQ Submission Date:	April 30, 2015

How to Respond

The sealed proposal must be submitted in writing (no facsimiles, please) on, or before 5:00 p.m. MST on April 30, 2015 addressed as follows:

Tom Weeks, PSWID Chairman
P.O. Box 134
Pine, AZ 85544

The sealed envelope must clearly state "Do Not Open", RFQ # 2015.001, and that it is a Request for Qualifications for PSWID Auditing Services.

Please provide one (1) copy of a written response per sealed proposal submitted, responding to each of the items below in the order presented.

- Scope of Work - Identify any, or all of, the PSWID's outlined 'Scope of Work' that will be provided.
- Eligibility - authorization by the Arizona State Board of Accountancy to conduct audits.
- Prior experience of the auditing firm in audits similar in scope and nature to those

for the District.

- A list of similar local governments or relevant accounts served by the auditing firm.
- The auditing firm's staff assignments and availability to complete the audit in a timely manner. A description of the following shall also be included:
 - Participation of senior audit personnel assigned to the engagement;
 - Frequency of contact with fiscal personnel;
 - Availability of staff to respond to questions within the scope of the engagement and the hourly charge, if any, for services outside the scope of the audit.
- Audit firm staff stability history – provide assurances to the District regarding the assignment of the Auditing firm's permanent personnel to the engagement.
- Describe capability to audit computerized accounts receivable systems and to audit during the development of a completely computerized bookkeeping system.
- Procedures used to transmit audit adjustments and the reasons for them along with management recommendations to the responsible personnel designated by the District.
- A detailed audit plan including time and specific objective/target met.
- The auditing firm's fee proposal to conduct a basic audit, along with the fee schedule for additional services that may be required beyond the scope of the audit engagement.
- Estimated number of hours to complete the audit by classification of the auditing firm's employees, i.e. partners, senior, junior.
- Detailed list of expenses expected to be incurred, i.e. mileage, per diem, telephone, etc.
- Demonstrate that the audit firm produces regular statements and prints an annual report.

Evaluation and Selection

Evaluation process – PSWID reserves the right to award the contract to the proposal that best meets the needs and interests of PSWID. The following steps are anticipated:

Step 1. Receive and review of qualifications and written proposals

Step 2. Initial reference and information check

Step 3. PSWID interview of finalists (may or may not be necessary)

Step 4. Approval of contract by PSWID

Evaluation of the written proposal - Written statements of qualifications and proposals will be evaluated by the PSWID as set forth below:

1. Applicable experience
2. Depth and stability of firm or practice.
3. Accessibility and responsiveness of both the proposed designated auditing staff.
4. Cost.

If necessary, PSWID will identify and notify those applicants that will be invited to interview. PSWID reserves the right to utilize new or revised evaluation criteria.

Interviews - Interviews will be held at the sole option of PSWID. If interviews are conducted, firms should plan to have key personnel on their interview teams who will be assigned to work specified in the proposal. Short listed firms may be asked to provide supplemental or additional information for review by PSWID prior to the interviews.

Contract Negotiations - PSWID reserves the right to negotiate all elements which comprise the apparent successful proposal. PSWID representatives and the selected finalist will review in detail all aspects of the requirements and the proposal. During the review of the apparent successful proposal, the respondent may offer, and the PSWID may accept revisions to the proposal, although such suggestions are not favored.

Rejection of Proposals – PSWID reserves the right to reject any or all proposals, portions or parts thereof. Without limiting the generality of the foregoing, the PSWID may reject any proposal which is incomplete or not responsive.

The final selection of the firm to conduct the audit will be made by the Board of Directors. The final agreement will be made in the form of a written contract following the standard agreement form used by CPA firms conducting audits.

Additional Instructions, Notifications and Information

Responders shall not offer any gratuities, favor, or anything of monetary value to any PSWID board member or employee of CH2M Hill for the purpose of influencing this selection. Any attempt by the Responder to influence the selection process by any means, other than the disclosure of qualifications and credentials through proper channels, shall be grounds for exclusion from the selection process.

Responders who provide false or misleading information, whether intentional or not, in any documents presented to PSWID for consideration in the selection process shall be excluded. Any false or misleading information in these documents would, in effect, render the entire document suspect and therefore useless.

Inquiries: Please do not contact PSWID during the selection process to make inquiries about the progress of this selection process. Responders shall be contacted when it is appropriate to do so.

Cost of RFQ: PSWID shall not be responsible for costs incurred by anyone in the submittal of qualifications or for any costs incurred prior to the execution of a formal contract.

Confidential Information: All responses shall be held confidential from other parties by PSWID to the extent allowable by law until after the selection process is completed. Responders should be aware that at the completion of the selection process the contents of their RFQ are subject to the provision of the Arizona Public Records Laws and may be made public. Confidential or Sensitive information should not be included in the RFQ.

_____ End of Request for Qualifications _____