

# REQUEST FOR QUALIFICATIONS/PROPOSALS FOR INDEPENDENT AUDITING SERVICES

**Fox Chapel Authority**

**Date Issued: December 4, 2024**

**Responses Due By: January 7, 2025**

## The Fox Chapel Authority REQUEST FOR QUALIFICATIONS/PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

The Fox Chapel Authority (the "Authority") is requesting qualifications and proposals from 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 PM January 7, 2025. 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 proposer.

Proposals submitted after this designated time will be returned unopened. Firms or parties interested in providing Professional Auditing Services for the Authority shall submit (1) original and four (5) copies of the proposal to the Municipal Authority office by the submission deadline to the attention of:

Andrea Lehman, Chairman  
Board of Directors  
Fox Chapel Authority  
255 Alpha Drive  
Pittsburgh PA 15238

Proposals and electronic submissions will be accepted. The Authority, through written inquiries directed to Andrea Lehman will receive questions regarding the RFP. The deadline for receipt of written inquiries is 4:00 PM December 20, 2024.

Interested firms may obtain a copy of the RFP from the Authority office, 255 Alpha Drive, Pittsburgh PA 15238. The RFP documents are also available online at [foxchapelwater.com](http://foxchapelwater.com).

### 1. PURPOSE & OVERVIEW

The Fox Chapel Authority, hereinafter referred to as the "Authority", is soliciting a statement of qualifications and a proposal for auditing services from firms of certified public accountants to audit the Authority's financial statements for fiscal years ending December 31, 2025, 2026, and 2027. The engagement may be extended for up to 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 Commonwealth of Pennsylvania and qualified to audit financial statements for the three fiscal years ending December 31, 2025, 2026, and 2027. The Authority intends for the selection of a qualified firm to be for a three-year engagement period. Annual reviews will be conducted and the selected firm will continue serving the three-year engagement based upon satisfactory performance. Further, the engagement may be extended annually for up to three (3) subsequent fiscal years upon mutual agreement of both parties.

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. The Board of Directors (the "Board") will evaluate proposals submitted. 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 generally accepted accounting principles;

b. The auditor shall be responsible for applying certain limited procedures to required management's discussion and analysis and other supplementary information in accordance with generally accepted auditing standards;

c. The auditor shall provide an opinion on other supplementary information for combining and individual funds or other governmental 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:

a. An opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles;

b. A report on internal control over financial reporting and compliance based on an audit of the financial statements;

c. A report on compliance and internal control over compliance applicable to each major federal program and State financial assistance;

d. Any other report, opinion, statement or advice which may be required during the contract period based on new accounting proposals 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 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 non-compliance.

### 4. NEGOTIATION OF PROFESSIONAL SERVICE CONTRACTS

The Authority intends to evaluate the qualifications of each firm and, upon conclusion that the submission meets the criteria established below, then review the proposed rates for the required services. The Authority will open discussions with the firm ranked as the most qualified, and endeavor to negotiate an engagement at a rate of compensation that the Authority deems fair, competitive, and reasonable. Said firm and the Authority shall 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.

### Reserved Rights in Awarding Engagement

The Authority reserves the right to negotiate an engagement consistent with the maximum discretion afforded to the Authority under applicable Pennsylvania laws with regard to municipal procurement and professional appointments. The Authority shall have the right to select the bidder 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 Request for Qualifications/Proposals. The Authority also reserves the right to reject any firm 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 engagement. The Authority reserves the right to waive any minor informalities or technicalities in qualifications/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 proposals at any time prior to the effective date of an engagement 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 an engagement with a selected firm. A recommendation of an engagement does not constitute a contract. Any engagement is subject to Board approval and the execution of a contract with terms acceptable to the Authority. The Authority staff makes recommendations to the Board.

All qualifications/proposals will be subject to a review and evaluation process. It is the intent of the Authority that all submissions meeting the requirements described below, will be ranked in accordance with the criteria established herein. 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. The Authority will consider all complete, timely, responsive and responsible proposals received. The Authority is not obligated to engage the firm with the lowest bid or price submitted. Proposals will be evaluated, and an award made to the firm whose proposal is the most advantageous to the Authority in terms of price, quality of service, the firm's qualifications and capabilities to provide the specified services 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 firm selected and engaged shall provide at its own cost and expense during the life of the engagement, the following insurance coverages to the Fox Chapel Authority (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 Commonwealth 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, Ryan Verbanic 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 the 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 the 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

All firms submitting qualifications/proposals are to provide a separate transmittal letter stating the firm'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:

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

a. The audit firm is independent and licensed to practice in the Commonwealth of Pennsylvania.

b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.

c. The firm retains 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 preparing and submitting the proposal.

#### 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 audits were 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 number for each of the audits listed.

3. 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 any 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 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 2025, 2026 and 2027.

Rate by Partner, Specialist, Hourly and Staff 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 either supplementary to the services specified in this RFP or to perform additional work as a result of the specific recommendations included in a report issued under this engagement, the nature and scope of such additional work shall be performed only if set forth in an addendum to the contract.

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.

Materials Payment - Materials payment will be completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's which cost proposal. Infirm bills shall cover a period of not less than a calendar month. Payment of the final bill may be made after delivery of the final report.

#### Description of Selection Process:

The Board will evaluate each respondent's qualifications. 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 evidence of its qualifications, as it may deem necessary. The Authority shall complete the request for proposals and the Board's decision regarding an engagement shall be final.