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REQUEST FOR QUALIFICATIONS (RFQ)  
FOR  
FINANCIAL AUDIT SERVICES

CABOT WATER AND WASTEWATER COMMISSION

DATE ISSUED: November 6, 2018

SUBMITTAL DEADLINE: November 20, 2:30 p.m.

SUBMIT TO: Cabot Waterworks  
Tim Joyner, General Manager  
One City Plaza, Suite B  
Cabot, Arkansas, 72023  
501-843-4654  
Tim@cabotwaterworks.com

Cabot Water Works (CWW) is accepting proposals for Financial Audit Services. CWW plans to select an Auditing Firm in December, 2018

In order to be considered, two copies of your proposal must be received by the "submittal deadline" at Cabot Waterworks Administrative Offices at the location stated above.

Questions about the RFQ for should be directed to Tim Joyner, General Manager for Cabot WaterWorks.

## Cabot Waterworks–Request for Qualifications -Financial Audit Services

### General Information

Cabot WaterWorks (CWW) is soliciting proposals from qualified firms of Certified Public Accountants to perform the annual audits of its financial statements.

The selected firm will perform the audits in accordance with Governmental Accounting Standards Board (GASB).

CWW is under no obligation, expressed or implied, to reimburse a responding financial institution for expenses incurred in preparing proposals in response to this RFQ.

CWW reserves the right to retain all proposals submitted and to use ideas obtained from the proposals, regardless of whether the proposal is selected. The submission of a proposal indicates acceptance by the financial institution of the terms and conditions contained in this request, unless clearly and specifically noted in the proposal submitted and confirmed in the engagement letter between CWW and the financial institution selected.

All proposals submitted to CWW are a public record and subject to disclosure to the public pursuant to the Arkansas Freedom of Information Act.

### Term of Engagement:

The terms of this engagement will be for three annual audits beginning with the year ending December 31, 2018, 2019, and 2020.

### Nature Of Services Required:

#### A. Scope of Work

1. Audits will be required to express an opinion on the fair presentation of the financial statements of CWW and the changes in its financial position and its cash flows in conformity with generally accepted accounting principles in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. The format is subject to change at CWWs request.
2. In accordance with Governmental Auditing Standards the selected firm will also need to issue a report on internal controls over financial reporting which relates to test of compliance with certain provisions of laws, regulations, contracts and grants.
3. Audits shall also comply with requirements of Arkansas Natural Resources Commission (ANRC) for Cabot Waterworks revenue bonds for 2001, 2005, and 2007. ANRC requires audits to comply with provisions of the Office of Management and Budget (OMB) circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".
4. At the conclusion of the Cabot Waterworks annual audit, the firm will issue a management letter to the Board of Commissioners outlining observations of practices, policies or procedures deemed worthy of the Board's attention. The CWW General Manager, CWW Finance Manager will be provided with an advance draft of such comments to ascertain the accuracy thereof and to include management's response if necessary.
5. Ten (10) bound copies and an electronic copy (PDF) of the audited financial statements will be required.
6. Incidental meetings, conferences, and telephone calls will be included in the scope of the engagement and will be part of the base fee.

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### B. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum period of five- (5) years, unless the auditor is notified in writing by CWW of the need to extend the retention period. The auditor will be required to make working papers available, upon request to CWW.

### III. AUDIT SCHEDULE

- A. The accounting year ends December 31. Pre-audit and on-site work should be scheduled and performed during February of each audit year. A draft Audit Report shall be delivered by March 1 and the final Audit Report delivered by March 15. The final CWW Audit Report will be presented to the Board of Commissioners during their regular monthly meeting in March and/or April.

### IV. RFQ REQUIREMENTS

- A. Proposals should demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an audit of CWW. This should include relevant information, such as experience with utilities, governmental agencies, etc. The proposal should also demonstrate qualifications of the particular staff to be assigned to this engagement, including the number, qualifications, experience, and training of the personnel assigned to the audit.
- B. Proposals should contain a commitment to the time frame outlined above, quantity and organization level of personnel to be committed to this audit, a copy of the engagement letter and other pertinent information regarding the audit approach, including assistance and schedule preparation needed by CWW personnel.
- C. References, including names and phone numbers of contact personnel and brief resumes of key personnel should be included along with a narrative of any additional information supporting the firm's qualifications for this audit.
- D. The firm is also required to submit a copy of the report on its most recent external quality control peer review, with a statement whether that quality control peer review included a review of governmental type engagements. In addition, the firm will provide information on the circumstances and status of any disciplinary action taken or pending against the firm or its employees during the last three- (3) years with state regulatory bodies or professional organizations.
- E. Under the provisions of the Freedom of Information statutes, all documents and information submitted as part of this proposal will become subject to public inspection upon request.

### V. CONTRACT AWARD PROCESS

- A. A review committee will evaluate all proposals and conduct interviews with those deemed most qualified. The review committee will attempt to negotiate a firm fixed price (FFP) with the best-qualified firm. Failing to do so, the review committee will then negotiate with the second highest qualified, etc. It is our desire to establish a total annual audit cost as opposed to an hourly rate. After the initial year cost has been determined, an index will be used to determine any adjustments for future years of the CWW audit. Any work requested beyond the scope of the audit itself may be billed at an hourly rate.
- B. The criteria used by the review committee to determine the best-qualified audit firm will be as follows: Responses should be addressed to each set of criteria for easy reference.

### AUDIT

- Firms commitment to requirements of RFQ
- Firms governmental audit experience
- Firms experience relevant to municipal water and wastewater utilities.

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- Adequacy of firms staffing
- FirmsReferences
- Firms proposal letter content
- Firms commitment to required due dates

### VI. TERMS AND CONDITIONS

In addition to the requirements outlined above, the following Terms and Conditions apply:

- A. Firms responding will disclose all disciplinary actions imposed by the AICPA, State Boards of Public Accountancy, State Societies of CPA's, or the Securities and Exchange Commission during the last three years. Indicate any involvement with the coordinating office.
- B. Upon contract award, firm will provide CWW a written waiver of its right to confidentiality to permit the professional organizations, listed above, to discuss peer review findings with CWW.
- C. The auditor will, at no additional cost, keep CWW informed about pending and actual changes to Generally Accepted Accounting Principles (GAAP}, to include, but not limited to Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) pronouncements, financial disclosures and reporting guidelines being considered by authoritative bodies that may impact CWW's financial statements.
- D. Any additional work agreed to between CWW and the selected firm will be performed at the same rates set forth in the schedule of fees and expenses included in the audit engagement.

Additional Information:

The prior year audit report may be accessed at [www.CabotWaterWorks.com](http://www.CabotWaterWorks.com).

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