



**MASSAPEQUA WATER DISTRICT
REQUEST FOR PROPOSALS FOR
PROFESSIONAL AUDITING SERVICES**

September 1, 2022

**Massapequa Water District
84 Grand Avenue
Massapequa, NY 11758**

MASSAPEQUA WATER DISTRICT
Request for Proposals
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**MASSAPEQUA WATER DISTRICT
REQUEST FOR PROPOSALS FOR
PROFESSIONAL AUDITING SERVICES**

I. INTRODUCTION

A. General Information

Massapequa Water District “District” is requesting proposals from qualified firms of certified public accountants to audit the District’s financial statements for the fiscal years ending December 31, 2022, 2023 and 2024, with the District’s option to renew the contract annually for each of the two (2) subsequent fiscal years thereafter. These audits are to be conducted in accordance with U.S. generally accepted auditing standards and the standards set forth for financial audits in the Government Auditing Standards issued by the Comptroller General of the United States.

To be considered, three (3) printed originals and one electronic copy (in PDF format) of a proposal must be received by the District at the following address no later than October 3, 2022:

Kameka Wittal, CPA – Business Manager
Massapequa Water District
84 Grand Avenue
Massapequa, NY 11758

B. Term of Engagement

A three (3) year contract to audit fiscal years ending December 31, 2022, 2023, and 2024 is being considered, with the District’s option to renew annually for each of the two (2) subsequent fiscal years thereafter. Renewal is subject to a review and recommendation of the Business Manager to the Board of Commissioners and the satisfactory negotiation of terms for any additional work that may be required.

C. Understandings and Proposal Requirements

By submission of a proposal in response to this RFP, the proposer agrees to and understands the following:

- Proposer must have experience with audit of a government water utility. For a firm to qualify as ‘experienced’ as required by this RFP, they must have independent auditing experience in the government water utility industry within the last five years.

- Proposer’s lead audit partner (having primary responsibility for the audit) cannot have previously performed audit services for the District as lead audit partner in each of the five previous fiscal years of the District.
- There is no express or implied obligation for the District to reimburse responding firms for any expense incurred in the preparation or submission of any proposal. The District will not be responsible for any internal or external delivery delays that may cause any proposal to arrive beyond the stated deadline.
- Inquiries and/or requests for clarification of this RFP must be submitted no later than September 23, 2022, via email with “RFP - Audit Services” in the subject line to Kameka Wittal at kwittal@massapequawater.com.
- During the evaluation process, the District reserves the right, where it may serve the District’s best interest, to request additional information or clarification from a proposer, or to allow corrections of non-material errors or omissions or waive non-material requirements.
- Proposer will execute all services requested under this RFP. No aspect of this RFR will be subcontracted.
- At the discretion of the District, firms submitting proposals may be requested to make presentations as part of the evaluation process. If conducted, presentations will be scheduled with each proposer.
- Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.
- The selection of a firm will be completed by October 14, 2022. Following notification of the selected firm, it is expected a contract will be executed between both parties by November 4, 2022.
- The District reserves the right, as best serves its interest to change any of the projected dates set forth in this RFP, including but not limited to, the due date for receipt of proposals.

II. SCOPE OF SERVICES REQUIRED

A. General

The District is soliciting the services of qualified firms of certified public accountants to audit the financial statements of the District for fiscal years ending December 31, 2022, 2023, 2024, with an option to renew its contract with the firm for each of the two (2)

subsequent fiscal years. The audit is to be performed in accordance with the provisions contained in this RFP.

B. Scope of Work to be Performed

The auditor will conduct an audit and express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles and should include a review and evaluation of the District's system of accounts, its accounting procedures, and internal controls to determine their adequacy and compliance with the applicable guidance set forth by the AICPA.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepted auditing standards set forth by the Financial Accounting Standards Board (FASB), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. All documents prepared by the firm shall comply with all applicable laws, statutes, ordinance, codes, orders, rules, and regulations in effect at the time such documents are drafted.

D. Reports to be Issued

Following completion of the audit of the District's fiscal year-end statements, where applicable, the firm shall produce:

- a. Independent Auditor's Report
- b. Management Discussion and Analysis
- c. Financial Statements
 - i. Statement of Net Position
 - ii. Statement of Activities
 - iii. Balance Sheet – Government Funds
 - iv. Reconciliation of Balance Sheet for Government Funds to the Statement of Net Position
 - v. Statement of Revenues, Expenditures and Changes in Fund Balances
 - vi. Notes to Financial Statements
- d. Required Supplementary Information Other than Management Discussion & Analysis
 - i. Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
 - ii. Schedule of the District's Proportionate Share of the Net Pension Liability
 - iii. Schedule of the District's Pension Contributions

- iv. Schedule of Changes in the District's OPEB Liability and Related Ratios
- v. Schedule of Project Expenditures and Financing Resources for Capital Fund

- e. Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing standards (if applicable).
- f. Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in accordance with the Uniform Guidance (if applicable).
- g. Comprehensive Annual Financial Report (CAFR) to be filed with the Town of Oyster Bay by May 31st of each year.
- h. Any additional, required reports not indicated above.

E. Other Reports

1. Internal Controls - Any internal controls matter identified in the audit must be communicated to those charged with management of the District as soon as they are identified. Significant deficiencies in internal controls must be communicated in the required reports. A significant deficiency shall be defined as a material weakness 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.
2. Irregularities and Illegal Acts - Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of which they become aware to the Board of Commissioners.
3. Reporting to the Board of Commissioners - Auditors must be available to report to the District's governing board, in-person or virtually, at the conclusion of each year's audit. Auditors must inform the Board of Commissioners on:
 - a. The auditor's responsibility under generally accepted auditing standards.
 - b. Significant accounting policies
 - c. Management judgment and accounting estimates
 - d. Significant audit adjustments
 - e. Other information in documents containing audited financial statements.
 - f. Disagreements with management

- g. Management consultation with other accountants
- h. Major issues discussed with management prior to retention
- i. Difficulties encountered in performing the audit.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor’s expenses, for a minimum of seven (7) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor is required to make working papers available, upon request, to the following parties or their designees:

- Massapequa Water District
- Town of Oyster Bay
- Nassau County
- NYS Comptroller’s Office
- U.S. General Accounting Office
- Any additional oversight agencies
- Parties designated by the federal or state government or by the District as part of an audit quality review process
- Auditors of entities of which the District is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE DISTRICT

A. Contact Person

The auditor’s principal contact with the District will be:

Kameka Wittal, CPA – Business Manager
Phone: (516) 798-5266
Email: kwittal@massapequawater.com

B. Board of Commissioners

The Board of Commissioners consists of three (3) board members, each elected to a three-year term.

C. Background Information

The District is 6.5 square miles and supplies potable water to an estimated population of 43,000 through 13,641 metered service connections. The District’s fiscal year begins on January 1 and ends of December 31. The District has a budget of approximately \$7.3 million for 2021.

D. Fund Structure

The District uses the following fund types in its financial reporting:

- General Fund (legally adopted annual budget)
- Capital Projects Fund
- Debt Service Fund
- Fixed Assets Fund
- Long Term Debt

E. Budgetary Basis of Accounting

The District’s budget for General funds is legally adopted annually on a basis consistent with a Generally Accepted Accounting Principles (GAAP). Capital Projects fund is budgeted on a Project basis.

F. Pension and Other Plans

The District participates in the New York State and Local Retirement System as well as the New York State Deferred Compensation Plan.

G. Magnitude of Finance Operations

All financial accounting and reporting are handled through the Business Manager who is a CPA with over 20 years of experience in accounting.

The District’s office staff and responsible supervisory/management personnel will be available during the audit to assist with document and explanation requests. The preparation of confirmations will be the responsibility of the auditor.

H. Computer Software

The District uses Friendly Bytes as the accounting and billing software. The District will be implementing a new ERP system in 2023.

I. Availability of Prior Audit Reports and Working Papers

Each interested proposer wishing to review prior years’ audit reports and management letters should contact the Business Manager, Kameka Wittal, via email at kwittal@massapequawater.com. The District will use its best efforts to make prior audit reports and supporting workpapers available to each proposer to aid in its response to this RFP.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals must be submitted:

RFP issued	September 1, 2022
Due date for inquiries	September 23, 2022
Due date for proposals	October 3, 2022

B. Notification and Contract Dates

Selection and Notification	October 14, 2022
Date of Contract & Engagement Letter	November 4, 2022

C. Date Final Report is Due

The report on the financial statements of the District is due no later than May 1, 2022. This deadline is determined by the Town of Oyster Bay. The District’s financial statements must be completed and issued in order to be included in the Town of Oyster Bay’s financial statements, which has a deadline of June 30th.

The final report and up to 10 signed copies should be delivered to the Water District Office. One copy should be delivered to the business manager via email. The selected firm will present the report to the Board of Commissioners and District management.

The District reserves the right, as best serves its interest, to change any of the projected dates set forth in this RFP, including, but not limited to, the due date for receipt of proposals.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. On-site Inspections

An on-site inspection of the District may be arranged for firms interested in submitting proposals. Water District Office staff will be available to discuss their areas of responsibility.

2. Inquiries

Written inquiries concerning the RFP and its subject must be made by September 23, 2022, via email to Kameka Wittal at kwittal@massapequawater.com. District responses to all inquiries will be distributed to each potential proposer.

3. Submission of Proposals

The following material is required to be received by October 3, 2022, for a proposing firm to be considered.

1. A master copy (so marked) of a Technical Proposal and TWO copies to include the following:
 - i. Title Page
Title page showing “Proposal for Professional Auditing Services – 2022”; the firm’s name; name, address, and telephone number of the contact person; and the proposal date.
 - ii. Table of Contents
 - iii. Transmittal Letter
A signed letter of transmittal briefly stating the proposer’s understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer.
 - iv. Detailed Proposal
The detailed proposal should follow the order set forth in Section V, Part B, of this RFP.
2. A master copy (so marked) and TWO copies of a Cost Proposal in a separate sealed envelope marked as follows:

SEALED COST PROPOSAL
FOR MASSAPEQUA WATER DISTRICT
FOR PROFESSIONAL AUDITING SERVICES

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, capacity, and audit approach of the firm and the staff to be assigned to this engagement in conformity with the requirements of this RFP. The technical

proposal should address all the points outlined in this RFP, excluding any cost information which should only be included in the price proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this RFP. While additional data may be presented, the following items must be included, as they represent the criteria against which the proposal will be evaluated.

2. Independence

The firm must provide an affirmative statement that it is independent of the District as defined by the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

3. Firm's Qualifications and Experience

The proposal must state the size of the firm, the size of its governmental audit staff, the location of the office where this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full- and part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement of whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk review or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is registered or licensed to practice as a certified public accountant in New York State. Provide information on the government auditing experience of each person, including relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists mentioned in response to this RFP may be changed if those personnel leave the firm, are

promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the District.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided replacements have substantially the same or better qualifications or experience.

5. Similar Engagements with Other Water Districts

The proposal must include a list of the firm's most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this RFP.

Indicate the scope of work, date, engagement partners, total hours, and name and telephone number of the principal client contact.

6. Specific Audit Approach

The proposal must set forth a work plan, including an explanation of the audit methodology to be followed, to perform the service required in Section II of this RFP. In developing the work plan, reference should be made to such sources of information as the District's budget and related materials, organizational chart, programs, and financial and other management information systems.

Each proposal must include the following information on its audit approach:

- Information regarding the ability and scope for testing of controls and processes of financial accounting software.
- Proposed segmentation of the engagement.
- Staff levels and number of hours to be assigned to each proposed segment of the engagement.
- Approach to the methodology of sampling and the extent any statistical sampling is to be used in this audit.
- Type and extent of analytical procedures to be used in the engagement.

- Approach to be taken to gain and document an understanding of the District's internal control structure.
- Approach to be taken in determining laws and regulations that will be subject to audit test work.
- Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Identification of Anticipated Potential Audit Problems

The Technical Proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the District.

C. Sealed Cost Proposal

1. All-Inclusive, Not-to-Exceed (NTE) Price

The Cost Proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The all-inclusive NTE price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses. Out-of-pocket expenses included in the all-inclusive NTE price (i.e., travel, lodging, postage, and subsistence) will be the responsibility of the auditor. The fee should also cover follow up work, rectifying deficiencies, and consultation with all appropriate governmental, non-governmental, and regulatory agencies, as appropriate and provide for advice and counsel to the staff throughout the terms of the engagement.

The District will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Cost Proposal. Such costs should not be included in the Cost Proposal.

The first page of the Cost Proposal should include the following information:

- Name of firm
- Certification that the person signing the Cost Proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the District.
- A total All-Inclusive NTE Price for each of the three fiscal years contemplated in the request, i.e., 2022, 2023, and 2024.

2. Rates by Partner, Specialist, Supervisory, and Staff Level Times Hours Anticipated for Each

The second page of the sealed price proposal should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price. The cost of all special services, if applicable, should be disclosed as separate components of the total all-inclusive maximum price.

VI. SELECTION OF AUDITOR

A. Review of Proposals

The Board of Water Commissioners and Business Manager will approve a firm based on an evaluation of the proposals. The Water District reserves the right to enter negotiations with the proposer offering the next-best value should the District be unable to negotiate and execute a contract with the awardee.

B. Evaluation Criteria

It is anticipated that a firm will be selected by October 14, 2022. Cost will not be the primary factor in the selection of an audit firm.

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contact between the District and the firm selected.

The District reserves the right without prejudice to reject any or all proposals.