

**Appomattox River Water Authority &  
South Central Wastewater Authority  
21300 Chesdin Road  
South Chesterfield, VA 23803  
804-590-1145  
804-590-9285 fax**

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**Request for Proposals  
PROFESSIONAL ACCOUNTING AUDITING SERVICES:  
ANNUAL CONTRACT  
RFP #: 22-01**

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Contact Information:

Melissa Wilkins  
Accounting / Business Manager  
Appomattox River Water Authority  
South Central Wastewater Authority  
21300 Chesdin Road  
South Chesterfield, VA 23803  
(804) 590-1145  
(804) 590-9285 (fax)  
mwilkins@arwava.org

**Proposal Released By: Appomattox River Water Authority & South Central Wastewater Authority**  
**Request for Proposal Number: RFP-22-01**  
**Release Date: March 4, 2022**

Proposals, subject to the specifications and conditions contained herein and attached hereto, will be received in the Appomattox River Water Authority, 21300 Chesdin Road, South Chesterfield, Virginia 23803 until, but no later than **2:00 p.m. Local Time Prevailing April 8, 2022**, for:

**PURPOSE**

The purpose of this Request for Proposal is to solicit sealed proposals from qualified certified public accountants/auditors to perform financial and compliance audits for the Appomattox River Water Authority and South Central Wastewater Authority (collectively the "Authorities") for the fiscal year ending June 30, 2022, with the option of up to four one-year renewals for each fiscal year ending June 30, 2022, through 2026.

If you are an individual with a disability and require a reasonable accommodation, please notify Melissa Wilkins at **(804) 590-1145**, at least three working days prior to date due. To be considered, your proposal must be submitted on a copy of this Request for Proposal. Return proposal documents to:

Melissa Wilkins  
Accounting / Business Manager  
Appomattox River Water Authority  
21300 Chesdin Road  
South Chesterfield, VA 23803

**Mark outside of your envelope with Request for Proposal # RFP 22-01 and opening date of proposal April 8, 2022**, as directed in Section 8.4 "Identification of Proposal Envelope".

**Proposals, to include addenda or changes to a response, shall not be accepted via Fax machine or by Internet E-mail, orally, or by telephone.**

TIME IS OF THE ESSENCE and any proposal received after the announced time and date for submittal, whether by mail or otherwise, will be rejected. The time of receipt shall be determined by the Authorities.

Nothing herein is intended to exclude any responsible Vendor, his/her product or service, or in any way restrain, or restrict competition. On the contrary, all responsible Vendors are encouraged to submit, and their proposals are solicited.

## **1. BACKGROUND/STATEMENT OF NEEDS**

The Appomattox River Water Authority (the “ARWA”) is a wholesale water utility serving the Counties of Chesterfield, Dinwiddie, Prince George and the Cities of Colonial Heights and Petersburg. The ARWA has an annual operating budget of approximately \$10 million.

The South Central Wastewater Authority (the “SCWWA”) provides wastewater treatment services for the Counties of Chesterfield, Dinwiddie, Prince George and the Cities of Colonial Heights and Petersburg. The SCWWA has an annual operating budget of approximately \$10 million.

## **2. SCOPE OF SERVICES/GENERAL REQUIREMENTS**

**Contractor’s Qualifications:** During the term of this contract, the individual and/or firm performing the auditing work (the “Auditor”) shall be licensed as provided in the applicable laws and regulations of the Commonwealth of Virginia to perform the audit in accordance with Section 15.2-2511 of the Code of Virginia and additional services as requested herein. The Auditor shall also be independent as that term is defined in the AICPA Code of Professional Conduct. The Auditor shall comply with the requirements of qualifications as contained in the Government Auditing Standards issued by the Comptroller General of the United States.

**Auditing, Internal Controls, and Compliance:** The Auditor shall audit all funds of the Audited Entities in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards (GAS)* issued by the Comptroller General of the United States; the provisions of the OMB Circular A-133 (if necessary), *Audits of States, Local Governments and Non-Profit Organizations*; and the *Specifications for Audits of Counties, Cities and Towns issued by the Commonwealth of Virginia’s Auditor of Public Accounts (APA)*. Following the audit, the Auditor shall produce opinions on the financial statements of the Audited Entities, the Audited Entities’ compliance and internal control over financial reporting in accordance with *GAS*, the Audited Entities’ compliance with OMB Circular A-133 (if necessary), and the Audited Entities’ compliance with Virginia’s Laws, Regulations, Contracts and Grants. The Auditor’s opinions shall be unqualified unless the Auditor furnishes the Authorities, on a timely basis, the reasons for qualifying the opinion, disclaiming an opinion, or rendering an adverse opinion.

In connection with the audit of the financial statements, the Auditor shall consider, test, and report on internal controls of the Audited Entities in accordance with Auditing Standards Generally Accepted in the United States of America (GAAS), *Government Auditing Standards*, OMB Circular A-133 (if necessary), *Audits of States, Local Governments and Non-Profit Organizations*, and the APA’s *Specifications for Audits of Counties, Cities and Towns*. The Authorities reserve the right to request additional internal control test work as deemed necessary.

In connection with the audit of the financial statements, the Auditor shall perform tests and report on compliance in accordance with *Government Auditing Standards*, OMB Circular A-133 (if necessary), *Audits of States, Local Governments and Non-Profit Organizations*, and the APA’s *Specifications for Audits of Counties, Cities and Towns*.

**APA VRS Examination Engagement:** In connection with this engagement, the Auditor should perform sufficient examination procedures of the census data that the Authorities submitted to the Virginia Retirement System for the fiscal year to determine and report on management’s assertion that it is fairly stated.

**Meetings with ARWA and SCWWA Staff:** The selected Auditor shall meet with ARWA and SCWWA staff before the preliminary work and at the end of the fieldwork. The purpose of these meetings is to address any new financial reporting standards and their impact on the Authorities and to keep the Authorities fully informed on the scope and progress of the audit. During the course of the audit, the auditor shall meet with ARWA and SCWWA staff on an as-needed basis.

**Required Reports:**

Based on the audit work performed, the Auditor shall prepare and submit the following reports:

(1) An opinion on the fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America.

(2) An opinion on the fair presentation of the other supplementary information and the schedule of expenditures of federal awards in conformity with accounting principles generally accepted in the United States of America.

(3) A report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. The Auditor shall communicate all instances of noncompliance that could have a material effect on the financial statements in the report. The Auditor shall communicate all reportable conditions and material weaknesses in internal controls over financial reporting and its operation in the report.

(4) A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 (if necessary). The Auditor shall report all instances of noncompliance with the specific requirements for major federal program in the report on compliance and in the Schedule of Findings and Questioned Costs. The Auditor shall communicate all reportable conditions affecting major federal programs in the report. Further, the Auditor shall identify any material weaknesses in the report. Any finding or weaknesses shall be reported immediately to the appropriate level of management.

(5) Any other reports that may become required reports over the period of this contract, in accordance with Government Auditing Standards; OMB Circular A-133 (if necessary); Audits of State and Local Governments; the Specifications for Audits of Counties, Cities and Towns, and the Uniform Financial Reporting Manual.

(6) The Auditor shall make an immediate, written report to the appropriate level of management of all management letter comments of which they become aware.

(7) The Auditor shall make an immediate, written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware to the: Board of Directors for the Appomattox River Water Authority & South Central Wastewater Authority.

(9) The Auditor shall prepare as needed CPA Certificate of No Default letters as required by debt covenants.

**Draft Reports:** The Auditor shall have drafts of the Auditor's reports, comments on the financial statements and recommendations to management available for review by the appropriate level of management by **September 30th** of each year. Any findings to be reported shall be available for review by the appropriate level of management by the same date.

**Report Preparation and Presentation:** The Auditor will be responsible for report and financial statement preparation, editing and printing, providing five bound copies and an electronic file in .pdf format to the ARWA and SCWWA. The Auditor shall present the recommendations to management and the required communications to those charges with governance to the Board of Directors at a public session as required by Section 15.2-2511 of the Code of Virginia.

**Additional Services:** The Auditor shall provide additional auditing and/or consulting services as may be required in accordance with the agreed fee schedule.

### **3. PROPOSAL PREPARATION & SUBMISSION**

Four (4) copies of proposal submittals, including one (1) original and three (3) copies, marked **RFP # 22-01** should be submitted to the address as listed on Page 4 of this RFP, in a sealed envelope properly identified as directed in the section entitled “Identification of Proposal Envelope”.

An authorized representative of the Offeror shall sign the proposals. All information requested should be submitted. Failure to submit all information requested may result in the Authorities requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals which are incomplete or lack key information may be rejected by the Authorities. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.

Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number should be repeated at the top of the next page. The proposal should contain a table of contents, which cross-references the RFP requirements. Information which the Offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed. The Offeror’s proposal should provide all the information that it considers pertinent to its qualifications for the project, and which respond to the Statement of Needs described.

Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.

The Offeror shall be fully responsible for all costs incurred in the development and submission of the proposal. It is the responsibility of the Offeror to ensure that their proposals reach the appropriate office prior to the closing time on the proposal.

**OFFERORS ARE REQUIRED TO INCLUDE THE FOLLOWING INFORMATION IN THEIR PROPOSALS. FAILURE BY OFFEROR TO PROVIDE THE INFORMATION SHALL RENDER THE PROPOSAL NON-RESPONSIVE:**

- **A cover letter describing the firm**
- **References from a minimum of three organizations, preferably local authorities of similar size and complexity as the Appomattox River Water Authority & South Central Wastewater Authority.** This list should include a name and contact information for personnel from the organization who are/were associated with each audit and who may be contacted as a reference.
- **Completed Signature Sheet** - Proposals by an individual must give the full business address of the Offeror and be signed by the Offeror with the Offeror's usual signature. Proposals by partnerships must furnish the full name of all partners and must be signed in the partnership name by one of the members of the partnership or any authorized representative, followed by the designation of the person signing. Proposals by corporations must be signed with the legal name of the corporation followed by the name of the State in which it is incorporated and by the signature and designation of the president, vice president, secretary, or other person authorized to bind it in the matter. The name of each person signing shall also be typed or printed below the signature. A proposal by a person who affixes to the signature the word "President", "Vice President", "Secretary", "Agent" or other designation without disclosing the principal, may be held to be the proposal of the individual signing. When requested by the Authorities, satisfactory evidence of the authority of the officer signing on behalf of the corporation shall be furnished.

**IN ADDITION TO PROVISION OF THE ABOVE MANDATORY INFORMATION, PROPOSALS SHALL ADDRESS OFFEROR'S PROFESSIONAL ABILITIES AND PROCESSES/POLICIES REGARDING THE FOLLOWING:**

a. Independence

1. The Offeror shall provide an affirmative statement that it is independent of the Audited Entities as defined by generally accepted auditing standards and the U.S. General Accounting Government Auditing Standards and the AICPA Code of Professional Conduct.
2. The Offeror shall also list and describe any professional relationships involving the Authorities, other Audited Entities, or ARWA and/or SCWWA staff for the past five (5) years and explain why any such relationship does not constitute a conflict of interest relative to performing the proposed audit.

b. License to Practice in the Commonwealth of Virginia

An affirmative statement shall be included that the Offeror and all assigned key personnel are **properly licensed** to practice as certified public accountants in the Commonwealth of Virginia. Also, an affirmation that the Offeror meets all specific qualification requirements imposed by the Commonwealth of Virginia shall be included.

c. Offeror's Profile, Qualifications and Experience

The proposal should provide:

1. The organization and size of the Offeror, and whether it is local, regional, national, or international in operations.
2. The size of the Offeror's governmental staff.

3. The location of the office from where the work on this engagement is to be performed and the number and nature of the professional staff to be employed in the engagement on a full-time basis and the number and nature of staff to be employed on a part-time basis.
4. Description of the range of activities performed by the Offeror's office such as audits, accounting, tax services, or management services.
5. Description of any continuing professional education obtained by proposed engagement staff demonstrating conformance with GAO yellow book requirements for governmental engagements.
6. The Offeror shall also submit a copy of its most recent external quality control review including a statement if that review included government specific engagements; in addition, the Offeror shall provide information on the results of any Federal or state desk reviews or field reviews of its audits for the past three (3) years. Further, the Offeror shall provide any information on the circumstances and status of any disciplinary action taken or pending against the Offeror in the previous three (3) years with any state regulatory body or professional organization.

d. Partner, Supervisory, and Staff Qualifications and Experience

Identify the principal supervisory and management staff including engagement partners, managers, and other supervisors or specialists, who would be assigned to the engagement. Provide resumes and information on the government auditing experience of each person including information on relevant continuing professional education for the past three (3) years.

e. Similar Engagements with other Government Entities

1. This section of the auditor's proposal should list and describe representative clients currently served by the Offeror's office or local office focusing on clients similar in size and complexity with the Authorities.

f. Specific Audit Approach and Work Plan

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section 2 (Scope of Services/General Requirements) of this RFP. In developing the work plan references should be made to such sources of information as the ARWA and SCWWA organizational charts, manuals and programs, and financial or other management information systems. The Offeror should clearly distinguish tasks that the auditor shall undertake and those that are the responsibility of the Authorities.

Offerors shall provide the following information in their approach:

1. Discussion regarding overall approach and processes in conducting the audit with proposed segmentation of the engagement.

2. Discussion of the auditor's willingness to produce the Authorities financial statements from the ARWA and SCWWA General Ledger. Specifically, does the Offeror's interpretation of independence standards prevent the compilation of the Authorities' required financial statements from balance sheets and income statements produced by the ARWA and SCWWA ledgers? Would production of those statements be included in the Offeror's engagement? If not, would the Offeror be able to provide said production services if requested by the Authorities?
  3. Explanation of how the Offeror would propose to utilize ARWA and SCWWA staff, if at all, to assist during the audit, including approximate time required, the types of information or schedules to be provided and the deadline for such information as to not jeopardize the audit schedule.
  4. Manner in which, if at all, you intend to utilize computer-assisted auditing procedures and statistical sampling techniques. Indicate sample sizes if possible. Describe the approach to be taken in drawing audit samples for the purposes of compliance testing.
  5. Type and extent of analytical procedures to be utilized during the engagement.
  6. Approach to be taken to gain and document an understanding of the Authorities' internal control structures.
  7. Approach to be taken in determining laws and regulations that will be subject to audit test work.
  8. Procedures followed in the technical and quality control review of audited financial statements prior to their issuance.
  9. Statement verifying the Offeror's understanding of the specific reporting requirements outlined in this RFP.
  10. Description of any anticipated potential audit problems, the Offeror's approach to resolving these problems, and any special assistance required from the ARWA and/or SCWWA.
- g. Commitment to Continuity of Quality for Assigned Staff
1. Identify other engagements, if any, to which the staff identified will be or are assigned to during the period of time they would be performing audit services for the Authorities.
  2. Please indicate what level of assurance the Offeror can provide the Authorities that the principal staff assigned to the engagement will continue for the full duration of the engagement or otherwise how the quality of staff assigned to the engagement shall remain constant over the term of the engagement.

NONBINDING COST ESTIMATE – (NBCE) SUBMITTED AT INTERVIEW STAGE

As this is a professional services solicitation, the ARWA and SCWWA are **NOT** requesting a NBCE at this time. The Authorities will request NBCE under separate cover from one or more of the highest ranked and fully qualified Offerors at a later date.



A complete bound NBCE shall be provided when requested. The NBCE shall include hourly rates for all job categories that can or will be used to accomplish work under a resulting contract. The NBCE shall also include costs for all reimbursable items such as travel, printing, reproduction work along with a % of markup of all reimbursable items provided by an outside source or subcontractor. The Offeror shall provide a fixed price NBCE based upon the above information. In proposing pricing to the ARWA and SCWWA, the Offeror shall keep in mind that the complexity of the Authorities can and will change in the near term and the foreseeable future.

ORAL PRESENTATION: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the Authorities. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not include negotiation. The Authorities will schedule the time and location of these presentations. Oral presentations are an option of the Authorities and may or may not be conducted.

#### **4. EVALUATION AND AWARD CRITERIA**

Proposals will be evaluated by the Authorities according to the following criteria, using best value procurement procedures. These criteria are to be utilized in the evaluation of qualifications for development of the list of those Offerors/Vendors to be considered for interviews and/or negotiations. Individual criteria may be assigned varying weights at the ARWA and SCWWA's discretion to reflect relative importance. Proposals shall contain documentation and information which describes the Offeror's/Vendor's ability to meet the criteria and exceed the performance of other Offerors/Vendors.

- Profile, qualifications, and experience of Offeror
- Assigned staff qualifications and experience
- References from clients similar in size and complexity to the Authority
- Specific audit approach and work plan
- Commitment to continuity of quality of assigned staff
- Ability to complete the audit by required deadlines

The Authorities shall engage in individual discussions with two or more Offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. Such Offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise. At the discussion stage, the Authorities may discuss non-binding estimates of audit costs. Proprietary information from competing Offerors shall not be disclosed to the public or to competitors. At the conclusion of the informal interviews, on the basis of evaluation factors published in the Request for Proposals and all information developed in the selection process to this point, the Authorities shall select, in the order of preference, two or more Offerors whose professional qualification and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the Offeror ranked first. If a contract satisfactory and advantageous to the Authorities can be negotiated at a price considered fair and reasonable, the award shall be made to that Offeror. Otherwise, negotiations with the Offeror ranked first shall be formally terminated and negotiations conducted with the Offeror ranked second, and so on, until such a contract can be negotiated at a fair and reasonable price. Should the Authorities determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror. The Authorities may cancel this Request for Proposals or reject proposals at any time prior to an award and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (*Code of Virginia*, § 2.2-4359(D)). The award document will be

a contract incorporating by reference all the requirements, terms, and conditions of the solicitation and the contractor's proposal as negotiated.

**The Authorities reserve the right to cancel or reject any or all proposals, to waive any informalities in any proposal received and to negotiate and award a contract deemed to be in the Authorities' best interest.**

## **5. TERM OF CONTRACT**

The term of this contract shall be from date of award through fiscal year ended June 30, 2026. The Authorities reserve the right to renew the contract for up to four (4) additional one-year periods under the terms and conditions of the original contract for the fiscal years ending June 30, 2023, 2024, 2025 & 2026. Price increases may be negotiated only at the time of renewal. Written notice of the Authorities' intention to renew shall be given approximately ninety (90) days prior to the expiration date of each contract period.