

ERIE COUNTY WATER AUTHORITY
 AUTHORIZATION FORM
 For Approval/Execution of Documents
 (check which apply)

Contract: _____ **Project No.:** 201900184
Project Description: Independent Accounting & Audit Services

Item Description:

Agreement Professional Service Contract Amendment Change Order
 BCD NYSDOT Agreement Contract Documents Addendum
 Recommendation for Award of Contract Recommendation to Reject Bids
 Request for Proposals
 Other _____

Action Requested:

Board Authorization to Execute Legal Approval
 Board Authorization to Award Execution by the Chairman
 Board Authorization to Advertise for Bids Execution by the Secretary to the Authority
 Board Authorization to Solicit Request for Proposals
 Other _____

Approvals Needed:

APPROVED AS TO CONTENT:

Department Head Karen A. Presbyst Date: 7/20/19
 Risk Manager [Signature] Date: 07/30/2019
 Director of Administration [Signature] Date: 7/30/19
 Executive Engineer _____ Date: _____

APPROVED AS TO FORM:

Legal Margaret A. Murphy Date: 7/30/19

APPROVED FOR BOARD RESOLUTION:

Secretary to the Authority [Signature] Date: _____

Remarks: _____

Resolution Date: _____ **Item No.:** _____

AM



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

July 30, 2019

To: Commissioners Schad, Carney, and Jones

From: Karen A. Prendergast, Chief Financial Officer *KAP*

Subject: Request for Proposals for Independent Accounting & Audit Services

The Authority's contract with Drescher & Malecki has expired and all extensions exhausted. The RFP was presented to the Audit Committee at their August 8th meeting. It includes financial statement audit services for the years ending 2019, 2020, and 2021 with options to extend the contract through 2022 & 2023.

I have also included requests for pricing on assistance with bond issuance, agreed upon procedure (AUP) engagements at the request of the Board, and assistance in implementing new Governmental Accounting Standard Board statements if requested.

Please consider approving the issuance of the RFP for Independent Accounting & Audit Services as recommended to the Board by the Audit Committee at the August 8th Board Meeting.

cc T. McCracken
M. Murphy
J. Tomaka

ERIE COUNTY WATER AUTHORITY
Request for Proposal
for
Independent Accounting & Audit Services

Project No: 201900184



Erie County Water Authority
295 Main Street, Rm. 350
Buffalo, NY 14203-2494

Contact:
Karen A. Prendergast
Chief Financial Officer
Telephone: (716) 849-8461
E-mail: kprendergast@ecwa.org

**REQUEST FOR PROPOSALS (RFP) FOR
AUDIT SERVICES**

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REQUEST FOR PROPOSALS AUDIT SERVICES

The Erie County Water Authority (the Authority) is a public benefit corporation created in 1949 by an Act of the New York Legislature to provide potable water to the residents of Erie County. The Authority is financially self-sustaining, paying all operating expenses from revenues generated by the sale of water to 170,648 customers. The Authority is not a component unit of either New York State or Erie County.

The activities of the Authority are reported in conformity with governmental accounting and financial reporting principles of the Government Accounting Standards Board (GASB) and are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

A. Introduction

The Authority is seeking proposals from independent Certified Public Accountant firms (Respondents) to provide audit services to the Authority. The Authority seeks a three (3) year contract with the option of two (2) one (1) year mutually agreed extensions for the purpose of,

- 1) Conducting an examination of our financial affairs for each of the fiscal years ending December 31, 2019, 2020 and 2021, with the purpose of expressing an opinion on the Authority's Financial Statements;
- 2) Reviewing the Authority's accounting and internal control systems and making recommendations for improvement;
- 3) Providing advice and consultation on financial matters as requested by Authority management; and
- 4) Providing services related to debt issuance during the engagement period.

There has been no disagreement with our current auditors on any matter of accounting principle or practice, financial statement disclosure, or audit scope procedure. Our current independent accounting firm has been included in the distribution of this request for proposal.

B. Scope of Services

The Erie County Water Authority is accepting proposals to provide audit and accounting advisory services for each of its fiscal years ending December 31, 2019, 2020 and 2021. Services will include, but are not limited to:

- 1) Audit of Authority financial statements in accordance with generally accepted auditing standards;
- 2) Audit of Schedule of Cash & Investments and Income from Cash & Investments and expression of an opinion on same. The 2018 Schedule can be found on our website (https://ecwa.org/pdf/PublicationsReports/010_Annual_Investment_Reports.pdf) ;
- 3) Audit of investment practices in compliance with §2925 of the Public Authority's Law including an internal control review, compliance with the authority's own investment policies, and a statement of positive assurance of compliance on the items tested and a statement of any other material deficiency or finding;
- 4) Examination of the Schedule of Overhead Percentage resulting in the expression of an opinion on the overhead methodology and components used to arrive at the overhead percentage. The 2018 Schedule can be found on our website (https://ecwa.org/pdf/PublicationsReports/Schedule_Of_Overhead_Percentage.pdf)
- 5) A presentation to the Audit Committee on the results of the annual audit, including procedures followed and comments on any material items noted during the examination; and
- 6) Assistance in compilation of the Authority's Comprehensive Annual Financial Report (CAFR) for submission to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The 2018 CAFR can be found on our website (https://www.ecwa.org/files/pdf/ecwa_12_31_18_cafir.pdf)
- 7) Provide approximately 20 bound copies of the CAFR, Basic Financial Statements, Investment Audit, and Statement of Overhead Percentage.

Additional services which could be requested by the Authority include;

- 1) Assistance in debt issuance as required by the underwriter;
- 2) Agreed upon procedures requested by the Board upon the appointment of a new member; and
- 3) Implementation or assessment of new Governmental Accounting Standards Board statements.

All reports must be completed by March 25th of the following year to allow the Authority to comply with New York State Public Authorities Law reporting deadline which is March 31st each year. The Authority also requires all reports in a PDF format so that they can be posted on the Authority's website.

C. Estimated Timetable

| | |
|--------------------|---|
| August 08, 2019 | Distribute Requests for Proposals |
| August 29, 2019 | Responses to proposals must be received by 5:00 pm |
| September 11, 2019 | Evaluation completed by selection committee |
| October 3, 2019 | Recommendation by Audit Committee to Board of Commissioners |

The Independent Certified Public Accountant selected will be notified after the Audit Committee of the Board of Commissioners has made an award of contract.

D. Proposal Format

Proposals must include the following:

- 1) Engagement timing including interim and year end field work;
- 2) A brief description of your firm and its areas of expertise including specific public sector or public authority experience and a list of references;
- 3) A list of personnel to be assigned to the engagement noting any governmental audit experience and the name of the individual to who we should direct any questions about the proposal;
- 4) Estimated number of total hours for the engagement;
- 5) A fee quotation by year including any out-of-pocket expenses;
- 6) Hourly or fixed billing rates for each year for additional services outlined in Section B;
- 7) A list of clients receiving the GFOA Certificate of Excellence in Financial Reporting;
- 8) A list of membership in professional associations or organizations;
- 9) Any potential conflict of interest your firm may have or encounter if selected by the Authority, and the firm's procedure for resolving conflicts of interest;
- 10) Please provide information regarding how information provided to your firm in conjunction with audit testing is protected and if your firm carries cyber liability insurance.

E. Submission of Proposal

One original and five additional copies of your response must be submitted in a sealed envelope, containing the following;

Proposal For: AUDIT SERVICES

Submitted To: ERIE COUNTY WATER AUTHORITY AUDIT COMMITTEE

Submitted By: RESPONDENT'S NAME
MAILING ADDRESS
PRIMARY CONTACT PERSON
RESPONDENT'S TELEPHONE NUMBER
DATE SUBMITTED

- Any changes to the request will be communicated in writing to all firms who receive this RFP.
- All responses to the RFP must be received by the Authority no later than 5:00 pm on August 29, 2019 at the following address:

Erie County Water Authority
295 Main St., Rm. 350
Buffalo, NY 14203

- Respondent must include a completed copy of Form A, B & C in Appendix A2 as required by State Finance Law §§139-j and 139-k.
- Respondent's Certification in Appendix A3 must be completed and included with the submission.
- All responses to the RFP become the property of the Erie County Water Authority.
- The Authority reserves the right to reject any responses to the RFP. The award will be made to the firm whose appointment is deemed to be in the best interest of the Authority in its sole discretion.
- The Authority reserves the right to request additional information from any Respondents to assist it in its evaluation process.

- Any questions regarding the RFP should be addressed by email or in writing to:

Karen A. Prendergast
295 Main St, Rm 350
Buffalo NY 14203

kprendergast@ecwa.org

- The Authority reserves the right to distribute any questions and responses to all firms receiving the request for proposal.
- Respondent, its agents and/or associates shall refrain from contacting or soliciting any other Erie County Water Authority official, including Commissioners and employees of the Authority, regarding the selection of an Independent Certified Public Accountant during the RFP process. Failure to comply may disqualify the respondent, at the option of the Authority.

F. Evaluation and Selection Process

- The Audit Committee will review all accepted responses to the RFP and will have the option of requesting an oral presentation from any or all responding firms. The Authority will notify the firm if an oral presentation is required.
- The Audit Committee or its representative may contact a respondent for additional information.
- The Chairman of the Audit Committee will report to the Board of Commissioners the results of the evaluation process at which time the Board will vote on the selection.
- At the time of the award, the successful respondent must comply with the Authority's insurance requirements in Appendix A1.
- The Respondent to whom the contract is awarded shall be required to enter into a professional services contract approved by the Authority's legal counsel. The Authority reserves the right to negotiate the terms and conditions of the contract with the selected Respondent.
- The RFP and the response to the RFP, or any part thereof, may be incorporated into and made a part of the final contract.
- Should the Authority be unable to negotiate a satisfactory contract with the selected firm, negotiations with that firm shall be formally terminated and consideration may be given to another respondent.

- The Authority shall have the right to terminate the contract without cause in a written notice to the firm at least sixty (60) working days before the termination date. In this event, the firm shall be entitled to just and equitable compensation for any work completed.
- The firm shall not assign any interest in this agreement and shall not transfer any interest in the same without prior written approval of the Authority.

**THE ERIE COUNTY WATER AUTHORITY IS UNDER NO OBLIGATION
TO AWARD A PROFESSIONAL SERVICE CONTRACT TO THE
LOWEST COST RESPONDENT OR ANY RESPONDENT.**

APPENDIX A1
INSURANCE REQUIREMENTS

Erie County Water Authority Insurance Requirements for Professional Services

Project Number: 201900184

Description: Audit the Authority's financial statements for years ending December 31, 2019, 2020 & 2021 in accordance with Generally Accepted Auditing Standards. Upon request, assist in bond issuance activities, and GASB implementation.

The following minimum insurance requirements shall apply to professional service providers under agreement with the Erie County Water Authority (ECWA). The professional service provider carries relevant insurance for the services covered. If at anytime, in the opinion of ECWA, there is an unusual or exceptional risk, ECWA may establish additional insurance requirements for the duration of the agreement. All insurance required herein shall be obtained at the sole cost and expense of the professional service provider, including deductibles and self-insured retentions. These requirements include but are not limited to the minimum insurance requirements.

An X indicates insurance coverage is required.

X **Commercial General Liability Insurance:** (including, but not limited to, Bodily (Personal) Injury, Premises Operations, Property Damage Liability (broad form), Contractual Liability, Advertising Injury, Independent Contractors, Product Liability, and Completed Operations Liability – in an amount not less than \$1,000,000 combined single limit and \$2,000,000 in the aggregate:

- X Per Policy
- ___ Per Project or Job
- ___ Per Location

There should be no exclusions for any claims filed, actual or alleged, for violation of any applicable statute including, but not limited to, the New York State or federal labor laws, ordinances, administrative orders, executive orders, rules, regulations, or decrees of any court of competent jurisdiction.

X **Commercial Business Automobile Insurance** in an amount of not less than \$1,000,000 each accident and shall cover liability arising out of any automobile owned, leased, hired, borrowed and non-owned automobiles. Additionally, if vehicles are used for transporting hazardous materials, the contractor shall obtain and maintain the “broadened” coverage (endorsement CA 99 48 10 01 or CA 99 48 12 93), as well as proof of MCS 90 04 00.

Excess Umbrella Liability Insurance:

 \$1,000,000 in the aggregate

 \$2,000,000 in the aggregate

 \$3,000,000 in the aggregate

 \$4,000,000 in the aggregate

 \$5,000,000 in the aggregate

 Per Policy

 Per Project or Job

 Per Location

X **Professional Liability Insurance:** Per each occurrence and in the aggregate. Continuous coverage shall be maintained, or on an extended discovery period (“tail coverage”), for a period of not less than two years from the time the agreement has been completed in an amount of not less than:

 \$1,000,000 in the aggregate

 \$2,000,000 in the aggregate

 \$3,000,000 in the aggregate

 \$4,000,000 in the aggregate

X \$5,000,000 in the aggregate

X **Cyber and Privacy & Security Coverage:**

All vendors with access to confidential records and/or access to any of ECWA’s communication networks, servers, etc. must carry Cyber Liability coverage for damages arising from a failure of computer security, or wrongful release of private information including expenses for notification as required by local, state or federal guidelines. Limit of liability must be at least One Million and 00/100 Dollars (\$1,000,000.00) per claim and One Million and 00/100 Dollars (\$1,000,000.00) in the aggregate. Any retroactive date or prior acts exclusion must predate both the date of this agreement and any earlier commencement of any services. If coverage is on a "claims made basis", a 2 to 5 year extended reporting provision must be included.

Fidelity Bond:

Any vendor with access to ECWA financial systems must provide a Fidelity Bond in the amount of at least Five Hundred Thousand and 00/100 Dollars (\$500,000.00) through a responsible Surety Company naming ECWA as third (3rd) party to the Bond, with respect to all of vendor's employees, as may be necessary to protect against losses, including, without limitation, those arising from theft, embezzlement, fraud, or misplacement of funds, money, or documents. Coverage must extend to any losses incurred by ECWA due to theft, embezzlement or fraud by vendor, vendor's employees or subcontractors. Vendor shall notify ECWA in writing within five (5) days of filing a claim under such coverage and to assign to the Authority, as the case may be, the proceeds of such coverage allocable to losses suffered with respect to the property of ECWA.

X Workers' Compensation and Employers' Liability and New York State Disability Benefits Insurances, as required by New York State statute.

Certificates of Insurance and renewals, on forms approved by the New York State Department of Insurance, must be submitted to ECWA prior to the award of contract. Each insurance carrier issuing a Certificate of Insurance shall be rated by A. M. Best no lower than "A-" with a Financial Strength Code (FSC) of at least VII. The professional service provider shall name ECWA, its officers, agents and employees as additional insured on a Primary and Non-Contributory Basis, including a Waiver of Subrogation endorsement (form CG 20 26 11 85 or equivalent), on all applicable liability policies. Any liability coverage on a "claims made" basis should be designated as such on the Certificate of Insurance.

To avoid confusion with similar insurance company names and to properly identify the insurance company, please make sure that the insurer's National Association of Insurance Commissioners (N.A.I.C.) identifying number or A. M. Best identifying number appears on the Certificate of Insurance.

Acceptance of a Certificate of Insurance and/or approval by ECWA shall not be construed to relieve the professional service provider of any obligations, responsibilities or liabilities.

Certificates of Insurance should be e-mailed to AALESSI@ECWA.ORG, or mailed to Mr. Anthony Alessi, ECWA Claims Representative/Risk Manager, Erie County Water Authority, 295 Main Street – Room 350, Buffalo, New York 14203-2494, or If you have any questions you can contact Mr. Alessi by e-mail or phone (716) 849-8477.

Please refer to the bid and the contract document(s) for additional information regarding insurance requirements.

APPENDIX A2

REQUIRED FORMS A, B AND C

Pursuant to State Finance Law §§139-j and 139-k, this solicitation includes and imposes certain restrictions on communications between a Governmental Entity and an Offeror/bidder during the procurement process. An Offeror/bidder is restricted from making contacts from the earliest notice of intent to solicit offers, August 22, 2019 through final award and approval of the Procurement Contract by the Governmental Entity. The designated contact is identified on the cover page of this solicitation. Governmental Entity employees are also required to obtain certain information when contacted during the restricted period and make a determination of the responsibility of the Offeror/bidder pursuant to these two statutes. Certain findings of non-responsibility can result in rejection for contract award and in the event of two findings within a 4-year period, the Offeror/bidder is debarred from obtaining governmental Procurement Contracts. Further information about these requirements can be found in §§ 139-j and 139-k of the New York State Finance Law and the Erie County Water Authority's Procurement Disclosure Policy.

FORM A

Offerors Affirmation of Understanding of and Agreement Pursuant to State Finance Law §139-j (3) and §139-j (6) (b)

Instructions:

A Governmental Entity must obtain the required affirmation of understanding and agreement to comply with procedures on procurement lobbying restrictions regarding permissible Contacts in the restricted period for a procurement contract in accordance with State Finance Law §§139-j and 139-k. It is required that this affirmation be obtained as early as possible in the procurement process, but no later than September 10, 2019, when the Offeror submits its proposal.

Offeror affirms that it understands and agrees to comply with the procedures of the Governmental Entity relative to permissible Contacts as required by State Finance Law §139-j (3) and §139-j (6) (b).

By: _____ Date: _____

Name: _____

Title: _____

Contractor Name: _____

Contractor Address: _____

FORM B

**Offeror's Certification of Compliance
With State Finance Law §139-k (5)**

Instructions:

A Governmental Entity must obtain the required certification that the information is complete, true and accurate regarding any prior findings of non-responsibility, such as non-responsibility pursuant to State Finance Law §139-j. The Offeror must agree to the certification and provide it to the procuring Governmental Entity. It is required that the certification be obtained as early as possible in the process, but no later than September 10, 2019, when an Offeror submits its proposal.

| |
|--|
| Offeror Certification: |
| I certify that all information provided to the Governmental Entity with respect to State Finance Law §139-k is complete, true and accurate. |
| By: _____ Date: _____ |
| Name: _____ |
| Title: _____ |
| Contractor Name: _____ |
| Contractor Address: _____ _____ _____ |

FORM C

Page 1 of 3

Offeror Disclosure of Prior Non-Responsibility Determinations

Background:

New York State Finance Law §139-k (2) obligates a Governmental Entity to obtain specific information regarding prior non-responsibility determinations with respect to State Finance Law §139-j. In accordance with State Finance Law §139-k, an Offeror must be asked to disclose whether there has been a finding of non-responsibility made within the previous four (4) years by any Governmental Entity due to: (a) a violation of State Finance Law §139-j or (b) the intentional provision of false or incomplete information to a Governmental Entity. The terms “Offeror” and “Governmental Entity” are defined in State Finance Law § 139-k (1). State Finance Law §139-j sets forth detailed requirements about the restrictions on Contacts during the procurement process. A violation of State Finance Law §139-j includes, but is not limited to, an impermissible Contact during the restricted period (for example, contacting a person or entity other than the designated contact person, when such Contact does not fall within one of the exemptions).

As part of its responsibility determination, State Finance Law §139-k (3) mandates consideration of whether an Offeror fails to timely disclose accurate or complete information regarding the above non-responsibility determination. In accordance with law, no Procurement Contract shall be awarded to any Offeror that fails to timely disclose accurate or complete information under this section, unless a finding is made that the award of the Procurement Contract to the Offeror is necessary to protect public property or public health safety, and that the Offeror is the only source capable of supplying the required Article of Procurement within the necessary timeframe. See State Finance Law §§139-j (10)(b) and 139-k (3).

Instructions:

A Governmental Entity must include a disclosure request regarding prior non-responsibility determinations in accordance with State Finance Law §139-k in its solicitation of proposals or bid documents or specifications or contract documents, as applicable, for procurement contracts. The attached form is to be completed and submitted by the individual or entity seeking to enter into a Procurement Contract. It shall be submitted to the Governmental Entity conducting the Governmental Procurement no later than September 10, 2019.

FORM C

Offeror Disclosure of Prior Non-Responsibility Determinations

Name of Individual or Entity Seeking to Enter into the Procurement Contract:

Address: _____

Name and Title of Person Submitting this Form: _____

Date: _____

1. Has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the Procurement Contract in the previous four years? (Please circle):

No Yes

If yes, please answer the next questions:

2. Was the basis for the finding of non-responsibility due to a violation of State Finance Law §139-j (Please circle):

No Yes

3. Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a Governmental Entity? (Please circle):

No Yes

4. If you answered yes to any of the above questions, please provide details regarding the finding of non-responsibility below.

Governmental Entity: _____

Date of Finding of Non-responsibility: _____

Basis of Finding of Non-Responsibility:

(Add additional pages as necessary)

FORM C

5. Has any Governmental Entity or other governmental agency terminated or withheld a Procurement Contract with the above-named individual or entity due to the intentional provision of false or incomplete information? (Please circle):

No

Yes

6. If yes, please provide details below.

Governmental Entity: _____

Date of Termination or Withholding of Contract:

Basis of Termination or Withholding: _____

(Add additional pages as necessary)

Offeror certifies that all information provided to the Governmental Entity with respect to State Finance Law §139-k is complete, true and accurate.

By: _____ Date: _____

Signature

Name: _____

Title: _____

APPENDIX A3

RESPONDENT'S CERTIFICATION

I have carefully examined the Request for Proposal and any other documents accompanying or made a part of this Request for Proposal.

I hereby propose to furnish the goods or services specified in the Request for Proposals at the prices or rates quoted in my response. I agree that my response to the RFP will remain firm for a period of up to 120 days in order to allow the Authority adequate time to evaluate all responses.

I agree to abide by all conditions of this RFP.

I certify that all information contained in my response to the RFP is truthful to the best of my knowledge and belief. I further certify that I am duly authorized to submit this response on behalf of my firm as its act and deed and that my firm is ready, willing and able to perform if awarded the contract.

I further certify, under oath, that this response to the RFP is made without prior understanding, agreement, connection, discussion, or collusion with any other person, firm or corporation submitting a response to the RFP for the same product or service; and that the undersigned executed this Respondent's Certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

NAME OF BUSINESS

BY:

SIGNATURE

NAME & TITLE TYPED OR PRINTED

MAILING ADDRESS

CITY, STATE, ZIP CODE

() _____
TELEPHONE NUMBER

2019 Audit RFP

Amato Fox & Company
36 Niagara St
Tonawanda, NY 14150

Chiampou Travis Besaw & Kershner LLP
45 Bryant Woods N.
Amherst, NY 14228

Dansa D'Arata Soucia LLP
361 Delaware Ave
Buffalo, NY 14202

Dopkins & Company LLP
200 International Dr
Buffalo, NY 14221

Drescher & Malecki LLP
3083 William St, Suite 5
Cheektowaga, NY 14227

Freed Maxick CPAs
424 Main St, Suite 800
Buffalo, NY 14202

Lumsden & McCormick LLP
369 Franklin St
Buffalo, NY 14202

Schunk Wilson & Co. CPAs PC
701 Seneca St, Suite 604
Buffalo, NY 14210

The Bonadio Group, LLP
100 Corporate Pkwy, Suite 200
Amherst, NY 14226