

**REQUEST FOR PROPOSALS
FOR
AUDIT SERVICES**



Response Deadline

July 19, 2016

3:00 PM Central Standard Time (CST)

**To:
David Gaines
Brushy Creek MUD
16318 Great Oaks Drive
Round Rock, TX 78681
d.gaines@bcmud.org**

**REQUEST FOR PROPOSAL
AND STATEMENT OF QUALIFICATIONS
FOR AUDIT SERVICES**

1. INTRODUCTION

Brushy Creek Municipal Utility District (the “District”) is seeking proposals from Certified Public Accounting Firms for the District’s annual audit services for a three (3) year contract term to include the fiscal years ending September 30, 2016 through September 30, 2019. The District reserves the right to reject any or all proposals, to waive technical or legal deficiencies, and to accept any proposal that may deem to be in the best interests of the District. The District further reserves the right to terminate the contract with proper notice.

Vendors submitting pricing must respond in writing to all requirements of this Request for Pricing (RFP). Responses should reflect detailed considerations of the issues and opportunities presented by this specific project. Any additional information or tasks that are felt to be relevant by the responding firms should be included together. Interested firms should submit five (5) copies of their proposal in the format described below to:

Brushy Creek Municipal Utility District
David Gaines
16318 Great Oaks Drive
Round Rock, TX 78681

2. PROCEDURAL INSTRUCTIONS

A. RFP Questions

Questions regarding the proposal process or specific aspects of this RFP must be in writing via e-mail to d.gaines@bcmud.org, no later than **4:00 PM** (CST) **July, 1 2016**. The subject line shall read: “*Questions for Auditing Services RFP.*” Phone calls and faxes WILL NOT be accepted. Questions will be consolidated and provided via e-mail to all firms on record as having received the RFP.

B. Timeline

RFP distributed to firms:	June 24, 2016
Questions regarding RFP:	July 1, 2016 by 4:00 PM (CST)
Responses to Questions:	July 8, 2016
Proposals due from firms:	July 19 by 3:00PM (CST)
Recommendation to Board of Directors:	July 28, 2016
Estimated Implementation:	August 2016

C. Sealed Proposals

Proposals must be submitted in a sealed envelop using the attached response forms. The proposer shall return One (1) original and four (4) exact duplicate copies of the completed proposal forms and other pertinent information and reports to the attention of: David Gaines, Brushy Creek Municipal Utility District, 16318 Great Oaks Drive, Round Rock, TX 78681 by **3:00 PM (CST) on July 19, 2016**. Any proposals received after the above date and time will not be considered. Facsimiles and e-mails will not be accepted.

All proposals must be sealed and the envelope clearly marked, "CONFIDENTIAL AUDIT PROPOSAL ENCLOSED."

All costs associated with the preparation and submission of proposals are the sole responsibility of the proposer and shall be signed and dated by an official authorized to bind the firm in legal matters.

All submitted proposals become the property of the District and information included therein or attached thereto shall become public record after the agreement is finalized.

III. AUDIT OBJECTIVES AND SCOPE OF SERVICES

- A. The objective of the audit is to provide an opinion on the financial statements taken as a whole. The audit must meet accounting policies in accordance with Government Auditing Standards, the Texas Commission on Environmental Quality and Texas Water code audit and financial statement presentation guidelines.
- B. The audit will be a financial and compliance audit with a report on the District's internal control over financial reporting and on test of it's compliance with certain provisions of laws, regulations, contracts and grants.

- C. The audit fieldwork should be completed by December 31st of each year. The statements must be ready for publication by February 1st of the calendar year following the audit year.

- D. The examination of the District's financial records must be made in accordance with generally accepted accounting principles (GAAP), and the Government Accounting Standards Board (GASB).

- E. Accompanying the financial statements, the Auditor will submit a Management Letter of Comments and Recommendations, if applicable, for improvement of program and financial management per the Auditor's opinion after examining the District's systems.

- F. The Auditor shall submit an audit report which shall comply with the applicable reporting standards. Ten copies of each report shall be made. Each audit report shall contain at least the following:
 - 1. An index.
 - 2. The auditor's reports on:
 - a. The annual financial statements and any supplementary data within the scope of the audit.
 - b. The auditor's study and evaluation of the District's system of internal accounting control and, where applicable, pertinent other control systems. The auditor's report shall identify those systems established, those systems evaluated, those systems not evaluated and also shall disclose any material control deficiencies coming to the auditor's attention.
 - c. Compliance matters which may have a material effect on the financial statements reported upon. The auditor's report shall include statements of positive assurance based on all items tested and negative assurance on items not tested.
 - d. Any other disclosures or expressions of opinion required by previously referenced federal or state guidelines.
 - e. Additional activities, if any, required to be included within the scope of the annual financial audit and required to be included in the audit reports, including but not limited to a Management Discussion and Analysis section and information critical to the District's debt service requirements.
 - 3. A statement that the audit was made in accordance with generally accepted government auditing standards as well as all applicable laws and provisions.
 - 4. The Audit working papers shall be retained by the Auditor for five years. The working papers shall be made available to the District should the need arise during that time.

- G. An exit conference with the Audit Committee/ Finance Committee and staff will be conducted by the auditor in charge. At the exit conference findings and recommendations regarding compliance and internal control shall be discussed. The Manager or a designee shall have the opportunity to respond, orally or in writing, to the findings. Any such written responses shall be included in the audit report.

- H. The Auditor shall give a overview and answers any questions at the District's second regularly scheduled Board of directors meeting in January (fourth Thursday in January).

IV. THE DISTRICT'S ACCOUNTING SYSTEM

A. Type of Government.

The Brushy Creek Municipal Utility District (the "District") was organized in 1977 as a special government entity of the State of Texas and regulated by the Texas Commission on Environmental Quality (TCEQ). The District's primary function is to provide water and wastewater services and maintain drainage facilities within its boundaries. The District collects property taxes, fees for services, and maintains a trail and park system.

B. Funds.

1. Debt Service

The District receives approximately \$3.88 million from interest and sinking (I&S) taxes for annual debt service payments.

2. Capital

The District collects capital recovery fees to offset cost of the debt and maintenance of the water, wastewater, and parks infrastructure.

3. General Fund

The District collects \$4.46 million from operation and maintenance (O&M) taxes, approximately \$6 million in service fees and interest for the cost associated with administrative, maintenance, water and wastewater system.

C. Other Information.

- 1. The FY2016 General Fund operating budget is approximately \$12,164,000
- 2. Accounting records consist of an automated (MIP) general ledger, system and source documents (vouchers, deposits, journal entries, canceled checks) located in the District's Finance Department.
- 3. The books are normally closed for the fiscal year by October 31.

V. ASSISTANCE AVAILABLE TO THE AUDITOR

- A. The Finance Department Staff will prepare the General ledger and Subsidiary Ledger Trial Balances during the audit period. Additional supporting schedules where appropriate will be prepared to assist the audit process. Staff will be available to answer questions and to locate documents as needed.
- B. Copy machines will be made available at no charge, but the auditors will be expected to provide the labor to make any necessary copies.
- C. Work area is available.
- D. Prior audit reports and management letters are available for the Auditor to examine. No major audit findings from previous years are open. The previous year's audit report can be found at the following website;
<http://www.brushycreekmud.com/PublicInformation.html>
- E. The Accounting Manager will act as the liaison for auditors in arranging for the delivery of files and records and in providing supporting documentation as needed.

VI. INFORMATION TO BE INCLUDED IN THE PROPOSAL

In order to facilitate the evaluation of the proposals, it is requested that the required information be arranged in the following format:

SECTION I

INDIVIDUAL AUDIT STAFF TECHNICAL QUALIFICATIONS

1. Describe the experience in government audits of each senior and higher level person assigned to the audit, including years on each job and their position while on each audit. Indicate the percentage of the time the senior will be on-site.
2. Describe the relevant educational background of each individual to be assigned to the audit. This should include volunteer work, seminars and courses attended within the past three years.
3. Describe experience of assigned individuals in auditing programs, activities, and functions related to municipal utility districts. Indicate training and familiarity of staff in auditing municipal utility districts.
4. Describe any specialized skills, training, or background in public finance by assigned individuals. This may include participation in State or National professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.

SECTION II

AUDIT ORGANIZATION/LOCAL OFFICE TECHNICAL QUALIFICATIONS

1. State whether your audit organization is national, regional, or local. Describe the organization, size, and structure or your firm.
2. State the address of the local office which will be conducting the audit.
3. Affirm that your audit organization is properly licensed for public practice as a certified public accountant or a public accountant. Affirm that your organization meets the independence requirements of Standards for Audit of Governmental organizations, Programs, Activities and Functions, published by the U.S. GAO or any subsequent amendments or superseding revisions.
4. Indicate the number of people by level within the local office that will handle the audit. Indicate which other audits this staff will be working on concurrently. State your policy on notification of changes in key personnel. Also, indicate the overall supervision to be exercised over the audit team by the firm's management.
5. Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each. Indicate your experience in auditing entities which are similar in size and complexity to the District.
6. Indicate the local office's experience in providing additional services to government clients by listing the name of each government, the type(s) of

services performed, and the year(s) of engagement. If possible, focus your response to municipal utility districts.

- 7 Indicate the local office's experience in providing developer reimbursement audits.

SECTION III
AUDIT APPROACH

Describe your technical approach to the audit. Describe your understanding of the work to be performed and indicate time estimates for the audit.

SECTION IV
OPTIONAL SERVICES

- The District's staff has limited resources for continual professional development, specifically as it relates to GAAP and GASB updates. Please describe the resources your firm provides to assist staff with keeping the District's financials in compliance.
- The District may request additional guidance in various financial matters throughout the year. Please describe how you can assist with questions and guidance on specific issuance which may not be directly related to the annual audit.

SECTION V
CLIENT REFERENCE

List the names, addresses, and phone numbers of government audit client references. If possible, focus on municipal utility districts.

SECTION VI
OTHER INFORMATION

Include any other information which may be helpful to the Selection Committee in evaluating your firm's qualifications, including peer reviews within the past three years and any disciplinary action received within the past three years. Also, describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

SECTION VII
AUDIT FEE

Provide the hourly rates of each of the individuals who will perform the services and the estimates for each individual, all other expenses, and where appropriate, total costs “not to exceed” amount.

VII. CONFLICT OF INTEREST

The Board of Directors of Brushy Creek Municipal Utility District (the “District”) in compliance with Section 49.199 of the Texas Water Code has adopted a Code of Ethics Policy. In accordance with this policy, please disclose the following information:

1. Whether or not any of the Board of Directors or Management Staff listed below has a substantial interest in the bank or its affiliates.

2. Whether or not any of the Board of Directors or Management Staff listed below has a direct or indirect contractual relationship with the bank or its affiliates.

2016
Board of Directors
Brushy Creek Municipal Utility District

- Rebecca Tullos, Board President
- Russ Shermer, Board Vice-President
- Kim Filiatrault, Secretary
- Shean Dalton, Treasurer
- Donna B. Parker, Assistant Secretary/Treasurer

District Staff

- Mike Petter, General Manager
- David Gaines, Chief Administrative Officer
- Armida Macias, Accounting Manager
- Nora Dinsmore, Administrative Services Specialist