



THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
OF THE
MOHAWK VALLEY WATER AUTHORITY
FORMALLY REQUEST PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES
FOR THE YEARS ENDING DECEMBER 31, 2024, 2025 and 2026
(with the option to extend the contract upon agreement of the parties)

MOHAWK VALLEY WATER AUTHORITY

REQUEST FOR PROPOSALS

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REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The Mohawk Valley Water Authority and the Upper Mohawk Valley Regional Water Finance Authority (collectively, the Water Authority) is requesting proposals from qualified professional service firms to audit its combined financial statements, cash flows, the related notes to the financial statements and required supplementary information for the years ended December 31, 2024, 2025 and 2026 with the option to extend the contract beyond the three-year period upon agreement of the parties.

These audits are to be performed in accordance with audits generally accepted in the United State of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Under certain circumstances, the audits may be subject to the standards for financial audits set forth in the U.S. Government Accountability Office's (GAO) *Government Auditing Standards (the Yellow Book)*, and the NYS Public Authorities Accountability Act of 2005 (with amendments included for 2009).

The following opinions, reports and letters are requested:

1. An opinion on the presentation of its basic financial statements in accordance with accounting principles generally accepted in the United States and the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) *Government Auditing Standards (2018 and 2024)*.
2. Provide an opinion on the Water Authority's internal controls over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. An opinion on compliance with investment guidelines as defined under Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York regarding the investment of Water Authority assets. These investments are primarily funds deposited with a trustee.
4. A report or communication on compliance with bond covenants listed in our initial financing agreement related to all current and future bond issues.
5. In accordance with professional standards (SAS 114), a letter to the Audit Committee of the Board of Directors at the end of the audit communicating the scope and results of the audit.
6. Management's comments or communications in accordance with professional standards established by the American Institute of Certified Public Accountants.

A. General Information (continued)

7. Provide a letter, presentation or equivalent communication of “observations and recommendations” consisting of less severe findings discovered during audit fieldwork to management and the Board.

All proposals and a staff recommendation will be submitted for discussion and evaluation by the Audit Committee of the Board of Directors. Final approval of the Firm will be made by the Audit Committee in accordance with the by-laws of the committee. It is anticipated the selection of a firm for all proposed services will be completed at the September/October Audit Committee meeting.

During the evaluation process, the Audit Committee and the Mohawk Valley Water Authority reserve the right, where it may serve the Mohawk Valley Water Authority's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Mohawk Valley Water Authority or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Mohawk Valley Water Authority reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Mohawk Valley Water Authority and the firm selected.

B. Term of Engagement

A three-year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, and the satisfactory negotiation of terms (including a price acceptable to both the Mohawk Valley Water Authority and the selected firm). Also, the option to extend the contract upon agreement of the parties.

C. Subcontracting and Minority/Women Business Enterprises

Firms submitting proposals may consider subcontracting portions of the engagement to women-owned or veteran-owned audit firms or firms controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without prior express written consent of the Mohawk Valley Water Authority.

II. NATURE OF SERVICES REQUIRED

A. General

The Mohawk Valley Water Authority is soliciting the services of qualified professional service firms that consist of certified public accountants qualified to perform audits of financial statements. These audits are to be performed in accordance with the provisions contained in this request for proposals. We strongly desire professional service firms that have audited water utilities or have had extensive consulting work in the water utility field, or the like, for a period of at least three (3) years. However, this will not automatically exclude your firm from being considered as a qualified audit firm.

The Mohawk Valley Water Authority is a Special-Purpose Proprietary-Type government (New York State Public Authority) in the business of providing public water to a two-county region in upstate New York.

B. Scope of Work to be Performed

The Mohawk Valley Water Authority desires the auditing firm to express an opinion on the presentation of its basic financial statements in accordance with accounting principles generally accepted in the United States and the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) *Government Auditing Standards (2018 and 2024)*.

In addition, we request additional reports, letters or opinions as identified as 2 through 7 in the Introduction section of this Request for Proposal.

In the past, the Water Authority has received minimal or no federal funds and therefore may not be subject to a Circular A-133 Single Audit. However, we are receiving FEMA funds for water system repairs from recent weather events and Environmental Facilities Corporation (EFC) grants that may be subject to a Single Audit.

C. Auditing Standards To Be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the US Government Accountability Office's *Government Auditing Standards* and Generally Accepted Government Auditing Standards (GAGAS).

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue letters or opinions as identified in 1 through 7 in the introduction section of this Request for Proposal.

E. Special Considerations

The Mohawk Valley Water Authority may send its Comprehensive Annual Financial Report to the Government Finance Officers Association of the United States and Canada (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. Minimal work, if any, will be required by the audit firm in assembling and preparing the CAFR. However, questions regarding reporting, placement, or technical handling of transactions may be requested.

The Mohawk Valley Water Authority may commence bonding during the contract period. The use of the audited financial statements and the auditor's opinion may be included in the bonding document (official statement). Your agreement will be necessary.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a time period required under state and federal standards.

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 WATER AUTHORITY

A. Name and Telephone Number of Contact Persons/Organizational Chart/Location of Offices

The auditor's principal contact with the Mohawk Valley Water Authority:

James Korfonta, CPA
Comptroller
1 Kennedy Plaza
Utica, NY 13502
315-792-0335

However, any necessary communications will always be available to the Audit Committee of the Mohawk Valley Water Authority.

B. Background Information

The Mohawk Valley Water Authority serves seven villages, eight towns and one city within a two-county area consisting of 700 miles of transmission and distribution mains. The Mohawk Valley Water Authority's year begins on January 1 and ends on December 31.

The Mohawk Valley Water Authority organizational structure is as follows:

1. The Mohawk Valley Water Authority has a total payroll of approximately \$5.6 million covering 85-90 employees.
2. The Mohawk Valley Water Authority is organized into approximately ten departments and/or functions. The accounting and financial reporting functions of the Mohawk Valley Water Authority are centralized.
3. More detailed information on the Water Authority and its finances can be found on the Water Authority's web site www.mvwa.us under the "finance" tab.

C. Budgetary Basis of Accounting

The Mohawk Valley Water Authority prepares its budgets on a cash basis for the Board of Directors to approve sixty (60) days prior to the new operating year starting January 1.

D. Pension Plans

The Mohawk Valley Water Authority participates in the New York State Employees Retirement System (NYSERS). This is a multi-employer defined benefit pension plan administered by the New York State Comptroller.

E. Computer Systems

The computer systems used for the financial operations of the government consist of two main operating systems:

- a. The financial reporting, purchase order, accounts payable, capital projects, etc. are run by a proprietary system -**MAS 200**. This is a very user-friendly system that can generate most any report at the desired detail.
- b. The utility water billing system is an in-house created system based upon an older, proprietary system. Additional software is used to perform more comprehensive reporting, analyzing and trouble-shooting.
- c. Payroll for employees is completed on a by-weekly basis using ADP Payroll services.

The data base for operations is run on a windows-based operating system.

Technology personnel will also be available to provide reports, systems documentation and explanations. The auditor may have access to computer programs if necessary to complete audit work.

F. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact James Korfonta, CPA, Comptroller at 315-792-0335.

The Mohawk Valley Water Authority staff will use its best efforts to answer all questions, make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

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

Request for proposal issued	July 22, 2024
Due date for proposals	August 19, 2024
Selected Firm notified	September/ October 2024 Audit Committee Meeting

B. Date Audit May Commence

1. Preliminary Audit Field Work

Records will be available at the earliest convenience of the auditors following the selection of the audit firm.

2. Year-End Audit Field Work

The Mohawk Valley Water Authority will have all records ready for audit by mid-February and all management personnel available to meet with the firm's personnel at any time following the end of the fiscal year. All future audits will be scheduled similarly. Preliminary work can be conducted before our December year end.

C. Detailed Audit Plan

The auditor shall provide the Mohawk Valley Water Authority with an audit plan included in the proposal.

Prior to commencing the audit, within a reasonable time frame for collection of data, the audit firm will provide a list of all reports, schedules and analysis to be prepared by the Mohawk Valley Water Authority.

D. Draft Reports

The auditor shall have a draft of the audit report and recommendations to management on the Audited Combined Financial Statements or CAFR available for review approximately three to four weeks following fieldwork. This can be negotiated, upon review by the Audit firm and the Water Authority's Comptroller, based upon the direction of the fieldwork.

E. Reports/ Opinions Deadline

It is understood that the Water Authority is required to have all audits performed and completed in compliant with the Public Authorities Accountability Act of 2005. Currently this requires filing with the Authority Budget Office (ABO), a division of the NYS Comptroller's office 90 days following the end of the operating year starting January 1, currently this date is March 31.

F. Entrance Conferences, Progress Reporting and Exit Conferences

Time schedules will be developed within the proposal and will be finalized upon successful award of the contract.

G. Statements and Schedules to be Prepared by the Staff of the Mohawk Valley Water Authority

The staff of Mohawk Valley Water Authority will prepare all financial statements and financial schedules. In addition, the staff will prepare all schedules and analysis of accounts as previously stated.

H. Work Area, Telephones, Photocopying and FAX Machines

The Mohawk Valley Water Authority will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to the internet, telephone lines, and multi-use machines (FAX, copy, scan).

I. Report Preparation

Report preparation, editing and printing shall be the responsibility of the Mohawk Valley Water Authority. The audit opinions and other communications will be generated by the audit firm.

V. PROPOSAL REQUIREMENTS AND EVALUATION PROCESS

A. General Requirements

1. Submission of Proposal

Firms submitting a proposal must submit by the due date identified in the "Proposal Calendar" stated above. Failure to do so will disqualify firms from submitting a proposal.

2. Inquiries

Inquiries concerning this RFP and/or the overall audit and financial report should direct their telephone calls or written questions to James Korfonta, CPA, Comptroller at 315-792-0335.

3. Content

At a minimum, the following is required to be included in your proposal:

- a. Technical approach to performing the Audit;
- b. Listing of partner, supervisory and staff for the engagement including qualifications and experience of each and the Firm;
- c. Hours required to complete the audit and related work for each level of staffing;
- d. Total cost of engagement for current year and next two (2) years;
- e. Any out-of-pocket costs not directly related to audit work;
- f. Experience related to performing audits and consulting work of water utilities and related entities;
- g. References of engagements related to water utilities and related entities;
- h. Most recent Peer Review report.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. However, the Mohawk Valley Water Authority retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the Mohawk Valley Water Authority, which retains the right to approve or reject replacements.

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

B. Identification of Anticipated Potential Audit Problems

The 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 Mohawk Valley Water Authority.

The Mohawk Valley Water Authority will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

If it should become necessary for Mohawk Valley Water Authority to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be contracted separately at an agreed-to price.

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory elements criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in New York State.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the Mohawk Valley Water Authority
- c. The firm adheres to the instructions in this request for proposal on preparing submitting the proposal.
 1. The firm submits a copy of its last peer review report and the firm has a record of quality audit work.

2. Technical Quality

a. Expertise and Experience

1. The Firm's past experience and performance on comparable engagements;
2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

b. Audit Approach

1. Adequacy of proposed staffing plan for performing the engagement
2. Adequacy of sampling and analytical techniques;
3. Adequacy of working with material provided by Water Authority staff.

3. Price

D. Right To Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Mohawk Valley Water Authority and the firm selected.

The Mohawk Valley Water Authority reserves the right to reject any or all proposals.