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North Attleborough Electric Department Independent Audit Services Request for Proposal

The North Attleborough (MA) Electric Department (NAED) is seeking proposals from qualified firms of certified public accountants to audit its financial accounts and records for the year ending December 31, 2017. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States.

A three-year contract is contemplated, subject to an annual review by the General Manager. An alternative price proposal form for a three year contract is included. The North Attleborough Electric Department reserves the right to renew this contract for two additional terms based on satisfactory past performance and proposed fees the Department considers appropriate.

Two original proposals shall be submitted to Paula Tattrie, Business Division Manager, North Attleborough Electric Department, 275 Landry Avenue, North Attleboro, MA 02760 no later than 2:00 P.M. on December 15, 2017.

If you have any questions about this Request for Proposals, please contact Paula Tattrie, at 508-643-6325 or by email at ptattrie@naelectric.com.

Sincerely,

James C. Moynihan
General Manager

I. PROPOSAL REQUIREMENTS

In order to simplify the evaluation process and obtain the maximum degree of comparison, North Attleborough Electric Department is requiring prospective auditors to submit proposals in the format and manner prescribed by this section. Firms are cautioned that any deviation from this format may result in disqualification of their proposals.

The proposals should contain at a minimum the following:

1. Title page containing the following:
 - a. Request for Proposal Project Title
 - b. Name of proposer firm
 - c. Address and telephone number of proposer firm
 - d. Name of contact person
 - e. Date of submission
2. A table of contents with all-important information listed by page number.
3. A short letter of transmittal (no more than two pages) containing the following:
 - a. A statement of your understanding of the work and a description of the audit approach.
 - b. The approximate date the audit will begin and end as well as a positive commitment that financial statements, compliance reports and letters of comments and recommendations will be furnished within the dates outlined in the Request for Proposal.
 - c. This letter should be signed by the individual authorized to negotiate for and contractually bind the firm.
4. Profile of the Proposer stating:
 - a. Whether the firm is local, regional or national.
 - b. Location of the office or offices from which the work will be managed and controlled.
 - c. The number of staff, by classification, assigned to that office.
 - d. The types of services (i.e. audit, management consulting, and tax) performed by that office.

- e. The identity and relevant experience of the staff (down to the level of on-site supervisors) to be assigned to the audit must be presented in your proposal.
 - 1) Please list the specific experience of auditing Massachusetts municipal electric utilities for all partners, managers, supervisors for the last five fiscal years.
 - 2) Please indicate if the staff assigned is a CPA.
- f. A description of the firm's experience with this type of audit such as:
 - 1) Audits of GAAP basis financial statements of municipal electric utilities.
 - 2) Audits prepared under the Governmental Accounting Standards Board Statement Number 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.
- g. Assurance that the firm is managed by and that all key assigned professional staff are properly licensed to practice in Massachusetts.
- h. Assurance that the firm meets the independent standards of Generally Accepted Government Auditing Standards, the Standards for Audit of Governmental Organization, Programs Activities and Functions.
- i. A description of the firm's formal training, program and training requirements for all partners and staff. State that all staff assigned to the engagement has met the minimum requirements for continuing professional education.
- j. A description of the scope and depth of the firm's government training programs; include coverage of the latest techniques, such as, statistical sampling and electronic work paper preparations.
- k. Assurance that the firm has met the three-year peer review requirements of the AICPA for firms in public practice, and that a copy of the reviewer's report is available for inspection.
- l. A description of support available to the audit team to provide research and technical advice
 - 1) Does the firm have a central accounting and auditing organization? How large is the group, and is it available at all times to provide resolution of problems encountered?
 - 2) Does the firm have resources in place to assist in dealings with various regulatory and funding bodies at the various levels of government with whom NAED must deal?
- m. Relevant experience in auditing Massachusetts municipal electric utilities of comparable size.

- n. A complete listing including names, addresses and telephone numbers of all Massachusetts municipal electric utility clients that your firm has provided audit services during the past five fiscal years.
- o. An audit approach for both the financial and compliance audit.
- p. Identify what specialists will be used and in what capacity in the audit process.
- q. Arrangements for progress meetings, consulting and draft report reviews.

5. Compensation

- a. On the price proposal form, state the total hours and hourly rate required by staff classification for each type of service requested in Section I-C and the all inclusive maximum fee for the year. This fee shall include all costs, which the firm expects to bill the town for, including staff, travel, clerical, and any other indirect costs.
- b. Proposers are also encouraged to include an alternative price proposal to perform the financial audit for three consecutive fiscal year's commencing with the Fiscal Year 2017 audit. NAED may, at its option, award a three year contract if deemed to be in the best interest of the Department.

6. Additional Information

Give any additional information, not specifically requested previously, considered necessary for fair evaluation of the proposal.

This Request for Proposal and the selected firm's proposal will by reference become a part of any formal agreement between the Contractor and North Attleborough Electric Department resulting from this solicitation.

II. REPORTING REQUIREMENTS:

North Attleborough Electric Department desires the independent auditor to express an opinion on the fair presentation of its general-purpose financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States.

1. The following auditor's reports are required at the completion of the audit:
 - a. An auditor's opinion whether the general purpose financial statements fairly present the financial position of the town and the results of its financial operations in accordance with generally accepted accounting principles.
 - b. The auditor's report must identify the town's significant internal accounting controls designed to provide for compliance. The auditor shall report the controls that were evaluated, the controls that were not evaluated, and the material weaknesses identified as a result of the evaluation.
 - c. A comprehensive management letter of comments and recommendations that includes items not dealt with in internal control and compliance reports will be required.

In the required reports on internal controls, the contractor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency 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 assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Prior to the submission of a Final Management Recommendation Letter, a Draft Management Recommendation Letter will be required. The contractor will be required to review the proposed Letter in its entirety with the Business Division Manager and the General Manager.

2. The contractor will print, bind and submit twenty (10) copies of the aforementioned reports to the Business Division Manager.
3. The Contractor will hold an exit conference with the Business Division Manager and the General Manager to review draft copies of the aforementioned reports before such reports are issued.
4. The Contractor will present the reports to the Board of Electric Commissioners at a scheduled meeting.
5. The contractor shall maintain all work papers for a minimum of three (3) years following the issuance of the related audit report. Work papers will be made available for examination by authorized representatives of the Department and cognizant

Federal and State agencies. Copies of the work papers adjusting the financial records of the Department are to be submitted to the Business Division Manager.

III. DEPARTMENT ASSISTANCE AVAILABLE TO CONTRACTOR DURING THE AUDIT

The Department's assistance to the accounting firm will be specifically limited to:

1. Preparation of a working trial balance.
2. Location of appropriate records and the pulling and filing of specific documents.
3. Preparation of required schedules.
4. Meetings and conferences (by appointment, if necessary).

IV. BILLINGS

Progress payments may be billed at one-third (1/3) when Audit is fifty percent (50%) completed, one-third (1/3) when draft reports are presented and one-third (1/3) upon acceptance of final reports.

V. BACKGROUND INFORMATION

1. General Information

The North Attleborough Electric Department serves approximately 13,200 customers and a total budget for Calendar Year 2017 of approximately \$33 million. The current work force of the Department is approximately 34.

The most recent audit of the Department was performed for the fiscal year ending December 31, 2016, by Powers & Sullivan, Certified Public Accountants. A copy of the Fiscal Year 2016 audit report is available upon written request from the Business Division Manager at North Attleborough Electric Department, 275 Landry Avenue, North Attleborough, MA 02760. A fee of \$5.00 may be charged to cover the cost of photocopying the report.

2. Description of Records

- a) NAED maintains its general records in accordance with the Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the Provision of the Federal Power Act established by the Federal Energy Regulatory Commission.
- b) Interdepartmental and cash reconciliations will be made by NAED at year-end.
- c) A physical inventory count will be conducted by NAED at year-end.
- d) Information affecting the status of the records is as follows: All records are complete to the best of NAED's knowledge.

3. The audit contract will be awarded by the General Manger and is tentatively scheduled by the end of December.
4. Preliminary work may commence immediately after award of the contract.
5. The draft reports will be submitted no later than March 30, 2018, and reviewed with the Business Division Manager and the General Manager at an exit conference to be held at an appropriate time and date as determined by the Business Division Manager.
6. The final audit reports will be completed by April 15, 2018 and a presentation of such reports will be made to the Board of Electric Commissioners at a mutually agreed upon time.

VI. CONSULTANT SELECTION PROCESS

Selection of a consultant will be based on evaluation by NAED of consultant qualifications, work plan, references, and cost proposal.

NAED will select the consultant which it deems to be in the best interest of NAED and its rate payers.

**North Attleborough Electric Department
Request for Proposals #2017-1**

**CALENDAR YEAR 2017 AUDIT
PRICE PROPOSAL FORM**

Price for the Calendar Year 2017 audit must be submitted on this form

<u>Staff Classification</u>	<u># of hours</u>	<u>hourly rate</u>

Total estimated hours _____

Lump sum bid price \$ _____

Proposer Name _____

Tax ID _____

Address _____

Phone Number _____

Authorized Signature _____

Date _____

Print Name and Title _____

**North Attleborough Electric Department
Request for Proposals #2017-1**

**ALTERNATIVE PRICE PROPOSAL FORM
FOR CALENDAR YEARS 2017-2019**

Alternative prices to perform the audit for three consecutive years are to be submitted on this form. Please be advised that the North Attleborough Electric Department may at its discretion award a three year contract.

Price to perform auditing services for
the Calendar Year ending December 31, 2017 \$ _____

Price to perform auditing services for
the Calendar year ending December 31, 2018 \$ _____

Price to perform auditing services for
the Calendar Year ending December 31, 2019 \$ _____

Proposer Name _____

Tax ID _____

Address _____

Phone Number _____

Authorized Signature _____

Date _____

Print Name & Title _____