

KERRVILLE PUBLIC UTILITY BOARD

REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDIT SERVICES



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I. INTRODUCTION

A. Purpose

Kerrville Public Utility Board (“KPUB”) is seeking the services of an independent certified public accounting firm to perform the annual audit. The services provided will be in accordance with the details outlined in this request for proposal (“RFP”). A separate contract detailing the terms and conditions of the services will be executed between KPUB and the selected firm.

The firm will audit the financial statements and provide an opinion for the fiscal years ending September 30, 2023, 2024, and 2025 with the potential to audit KPUB’s financial statements for two subsequent fiscal years.

B. Information

For questions or additional information concerning this RFP, please contact Amy Dozier, Director of Finance in writing at adozier@kpub.com. Questions must be received by 3:00 p.m., Monday, February 20, 2023.

C. Contract Period

The contract shall be for a three (3) year period covering audits for fiscal years ending September 30, 2023, 2024 and 2025.

KPUB reserves the right to extend the contract for two (2) one-year extensions providing: (a) both parties to the contract agree to the extension; (b) fees for services are agreed to by both parties; (c) all other terms, conditions, and specifications remain the same; (d) such extension is approved by KPUB’s Board of Trustees.

II. BACKGROUND

A. KPUB Profile

KPUB was established by the City of Kerrville to operate and manage the electric distribution system. The system was purchased with revenue bonds from the Lower Colorado River Authority on December 10, 1987, and KPUB continues to operate the system according to the requirements of Bond Ordinance 87-45 enacted by the Kerrville City Council on November 24, 1987. KPUB performs all maintenance and construction activities, customer accounting, administration activities, and debt service for the operation of the system.

KPUB serves an area of approximately 146 square miles within Kerr County, Texas. The size of the system with respect to customers served and units of electricity sold has increased slowly but steadily since the system began operation in 1987. As of September

30, 2022, KPUB served 23,927 customer accounts, selling 521 million kilowatt hours of electricity in fiscal year 2022 (FY2022).

KPUB is governed by a five-member Board of Trustees. Four trustees are nominated by the Board of Trustees and appointed by the Kerrville's City Council. One Trustee is the Mayor of Kerrville. KPUB's management includes a General Manager/CEO and a senior management team consisting of five directors that report to the General Manager. Overall, KPUB has approximately 60 employees.

KPUB is an Enterprise Fund of the City of Kerrville, but is autonomous in management and operation, hence the requirement for a separate audit. The audited financial statements will be reported in the financial statements of the City of Kerrville, but will not be examined or adjusted by the auditors for the City. KPUB receives no federal grants, so a single audit is not required.

A copy of KPUB's FY2022 Annual Comprehensive Financial Report is attached to this RFP.

III. MINIMUM SERVICE REQUIREMENTS

A. The Certified Public Accountant (Auditor) shall

- 1) Perform the audit in accordance with auditing standards generally accepted in the United State of America.
- 2) Examine KPUB's compliance with generally accepted accounting principles, Governmental Accounting Standards Board pronouncements, and the Federal Energy Regulatory Commission's uniform system of accounts and methodology for capitalization of fixed assets.
- 3) Express an opinion as to the fair presentation of KPUB's financial statements.
- 4) Complete the audit and a draft of the annual comprehensive financial report ("ACFR") by December 31.
- 5) Prepare a final electronic version and up to 10 bound, printed copies of the ACFR that meets the Government Finance Officers Association's requirements to receive the Certificate of Achievement for Excellence in Financial Reporting by January 31.
- 6) Perform agreed-upon procedures and prepare an agreed-upon procedures report for the Board of Trustees related to KPUB's compliance with the Public Funds Investment Act.
- 7) Present results of the audit to the Board of Trustees at a mutually agreed upon date, preferably by January 31.

IV. PROPOSAL REQUIREMENTS

A. Proposal Format

The proposal should contain sections with the following information:

1. Qualifications – Firm and Personnel

- a) Provide a brief description of the firm – date founded, ownership, size, etc.
- b) Provide information regarding the size of the firm’s governmental and/or electric utility audit practice, including the location of the office that would perform this engagement.
- c) Describe the firm’s experience with governmental and electric utility clients, including a list of similar clients.
- d) Identify and provide a brief resume of key staff that would provide services to KPUB, including titles, responsibilities, and audit experience.
- e) Include an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice as certified public accountants in the State of Texas.
- f) Provide a brief statement regarding why your firm should be selected. In particular, KPUB is interested in the unique capabilities or benefits of your firm that distinguish it from other firms. Include information regarding experience with NISC’s iVue software for electric utilities, if applicable.
- g) Submit a copy the firm’s most recent external quality control review report, with a statement as to whether the review included a review of any governmental engagements.

2. Audit Approach

- a) Provide a general work plan and timeline for the annual engagement, specifically noting items for interim work, physical inventory, field work and annual report preparation.
- b) Include a description of the firm’s approach to remote vs. onsite work.
- c) Include any specific information technology requirements such as software access that may be required.
- d) Describe your methodology for accomplishing audit requirements in a timely and efficient manner as well as any special techniques you may employ to facilitate the first year of the audit.

3. Fees

Detail your firm’s proposed engagement fee as a flat annual fee that includes all expenses for the three (3) year contract by fiscal year. Detail any other potential fees or expenses separately, if necessary.

4. References

Provide three (3) client references, preferably government or electric utility clients.

B. Proposal Submission

Email the proposal to purchasingagent@kpub.com no later than Friday, February 24, 2023 at 3:00 p.m.

V. SELECTION PROCESS**A. Evaluation Committee**

An Evaluation Committee including the General Manager/CEO, Director of Finance, and Accounting Supervisor will review and evaluate all proposals.

B. Review of Proposals

1. Following a review and evaluation of the proposals, the Evaluation Committee will select a firm.
2. KPUB will notify the selected firm by March 3, 2023 and work with that firm to finalize a contract.
3. The contract for audit services will be presented to the Board of Trustees for approval by March 31, 2023.

C. Evaluation Criteria

Proposals will be evaluated based on the criteria detailed in Section IV.A. of this document.

KPUB reserves the right to reject any and all proposals; to waive any and all informalities or irregularities, and to reject all or part of any proposal as they may deem to be in the best interest of KPUB. Additionally, KPUB reserves the right to negotiate all final terms and conditions of any agreement entered into.