

LOST PINES GROUNDWATER CONSERVATION DISTRICT  
REQUEST FOR PROPOSALS WITH QUALIFICATIONS  
FOR AUDIT SERVICES FOR THE FISCAL YEAR 2017

**Introduction and Instructions**

Lost Pines Groundwater Conservation District (the “District”) requests proposals with qualifications from qualified accounting firms to perform an annual audit of the financial condition of the District for the fiscal year ending December 31, 2017 in accordance with Texas Water Code § 36.153.

Please mail or deliver Proposals with Qualifications to the attention of:

Lost Pines Groundwater Conservation District  
Attn: James Totten, General Manager  
908 Loop 230  
P O Box 1027  
Smithville, Texas 78957

In responding to this Request for Proposal with Qualifications (“Request for Proposal”) 2 copies of the proposal with qualifications (“Proposal”) must be delivered on or before October 1, 2017 at 4:00 PM. The envelope containing the Proposal must be sealed and plainly marked “Proposal and Qualifications for Annual Audit Services.” The Proposals must include the following information:

1. Cover letter signed by person(s) authorized to enter into contracts on behalf of accounting firm;
2. Firm background, qualifications, experience in performing annual audits, experience in performing audits for groundwater districts or other public entities, and references;
3. Scope of work/services to be performed, including a comprehensive audit plan and detailed description of each step that will be taken in the proposed audit process and estimated time requirements for each such step;
4. Evidence of insurance as required herein;
5. Proposed pricing information; and
6. Draft copy of any proposed audit engagement letter or agreement.

It is the responsibility of the respondent to this Request for Proposal (the “Respondent”) to clearly mark and identify all portions of the Proposal which, in the Respondent's opinion, contain trade secrets, confidential information, and other proprietary information. The District intends that trade secrets and confidential information contained in the Proposals and clearly identified as such will not be open for public inspection at any, time, even after the contract has been awarded and executed, and whether or not the Respondents selected.

Following the October 1, 2017 deadline for submission of Proposals, the Board of Directors of the District will review all proposals and award a contract for audit services at its meeting in December, 2017. The District will authorize its attorneys and staff to negotiate details of a proposed contract, which will be effective January, 2018 or as soon as practicable thereafter.

The District reserves the right to accept any Proposal or to reject any or all Proposals, to waive irregularities and/or informalities in a Proposal, and to negotiate a contract with any Respondent in any manner, consistent with law, deemed in the best interests of the District. Negotiations may be conducted with Respondents deemed to be within a final competitive range; however, the District reserves the right to award a contract for audit services without negotiations.

## Background

The District is a groundwater conservation district operating pursuant to Chapter 36 of the Texas Water Code. The District was created by an act of legislature to protect the water supply for the residents of Bastrop and Lee Counties, Texas. The District is governed locally by ten citizens, (five from each county) who have been appointed by their respective County Commissioners Courts to serve as directors for a term of four years. Their charge is to determine how best to protect the underground aquifer from over pumping so that there will be enough water for everyone, now and in the future.

The District's operations are funded by fees paid by large volume water users, such as industrial interests and municipal water supply companies. Annual revenues in 2016 were \$1,005,680.80, and the District employs 3 people in one location. The District's 2016 audit report will be provided to any Respondent upon request. More information about the District can be found on its website at [www.lostpineswater.org](http://www.lostpineswater.org), and any questions concerning the District or this Request for Proposal should be emailed to [lpgcd@lostpineswater.org](mailto:lpgcd@lostpineswater.org).

The failure of any Respondent to familiarize itself with the requirements of the services to be provided shall not relieve the Respondent of any commitments contained within its Proposal. No additional compensation will be granted due to a lack of knowledge of, or familiarity with such requirements.

## Objectives of the District

The contract for audit services awarded pursuant to this Request for Proposal will be for the fiscal year ending December 31, 2017.

The District seeks a qualified accounting firm to provide the following services (collectively the "Audit Services"):

1. Meet with the Budget Committee prior to commencement of audit process to review audit plan and schedule;
2. Perform an audit of the financial condition of the District in accordance with Texas Water Code § 36.153;
3. Meet with Budget Committee upon conclusion of the audit review to discuss audit scope, audit findings, a preliminary draft of the audit report, and recommended actions;
4. Prepare and present a final audit report to the Board of Directors of the District by July, 2018, and provide 15 copies of such audit report to the District;
5. Prepare and present a management letter with comments and suggestions for constructive improvements;
6. Maintain copies of all audit working papers and provide same to the employees and directors of the District upon request; and
7. Retain, at the Respondent's expense, all working papers and reports for a minimum of five (5) years, unless notified in writing by the District that the retention period must be extended, and make such papers and reports available to the District or third parties upon the District's authorization;

The Respondent must demonstrate the capability to perform the annual audit and Audit Services in accordance with generally accepted governmental auditing standards. A copy of the District's 2016 year end audit report will be provided upon request.

## Proposal Content Details

Cover Letter: Include a letter transmitting the proposal to the General Manager of the District. This letter should indicate that the proposal is for the Audit Services, provide the date of submittal, and be

signed by a person authorized to contractually bind the Respondent. The letter should include the full name of the Respondent, address for service of legal notices, name and telephone number of an authorized contact person, and indicate the legal status of the Respondent, whether corporation, partnership or individual.

Firm Background, Qualifications, Experience and References: Provide a brief description and history of the firm including current size, and how many persons in the firm are directly engaged in providing auditing or accounting services. Discuss the firm's experience in providing the proposed service to other public entities or organizations of comparable size, whether locally, regionally or nationally, and provide a list of such organizations. Provide references from three (3) recent audit engagements, and include the audited organization's name, address, contact person, and telephone number. Identify the accountant(s) that will serve as the primary contact person for the District, and discuss in detail his or her qualifications. Describe any characteristics, values, audit philosophies or procedures, or technology of the firm that might distinguish it from other Respondents. Make a statement concerning the independence of the firm, including disclosure of any direct or indirect financial interests and the relationship of the proposed audit team to any employees or directors of the District. State whether the firm is currently under a public or private reprimand by the Texas State Board of Public Accountancy or other licensing board.

Scope of Work, Audit Plan and Services to be Performed: Describe how the firm would approach the audit of the District. Provide a comprehensive audit plan with details on procedures to be implemented and a detailed description of each task to be performed and service to be provided, the expected completion dates of each task or service, and the estimated personnel and time requirements for such task or service. State which members of the audit team will be responsible for planning, directing, and conducting substantial aspects of the Audit Services. In addition, the audit plan should include, without limitation, information on personnel to be utilized in completing the audit services (including educational background and licenses), quality control and review methods, and any additional services that might be recommended.

Evidence of Insurance: Provide evidence of coverage of insurance or ability to obtain coverage in appropriate amounts and types, but at a minimum, in the limits specified below:

<u>Coverage</u>	<u>Coverage Limit</u>
• Worker's Compensation	Statutory
• Comprehensive and General Public Liability	\$1,000,000 per occurrence
• Comprehensive and General Public Liability	\$1,000,000 aggregate
• Professional Liability or Errors and Omissions	\$1,000,000 per occurrence
• Professional Liability or Errors and Omissions	\$1,000,000 aggregate

Pricing Information: Set forth your full fee proposal and billing procedures for the 2017 Audit Services, and prepare a billing proposal for questions on technical matters that may arise throughout the year. Furnish current standard billing rates for classes of professional personnel, and indicate any discounts that may be applied.

<b>Proposal Selection</b>
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Evaluation: Proposals will be evaluated based upon a review of the materials submitted in response to this Request for Proposals, the quality and comprehensiveness of the proposed audit plan, pricing and cost information, interviews with senior personnel, results of discussions with other clients, the Respondent's record of experience, and the Respondent's completeness and timeliness in its Proposal, among other factors. The proposal selected by the District will be the one which best meets the needs of

the District in the most cost effective manner, which assures compliance with any applicable laws and regulations, and which represents the best value to the District.

The District may utilize sources of information not supplied by the Respondent concerning the abilities to perform the Audit Services. Such sources may include, but are not limited to, current or past clients of the Respondent, licensing boards, and background research firms.

Disqualification of Respondents: Although not intended to be an exhaustive list of causes for disqualification, any one or more of the following causes, among others, may be considered sufficient for the disqualification of a Respondent and the rejection of a proposal:

- Evidence of collusion among Respondents;
- Failure to address each of the requirements as stated in this Request for Proposals; and
- Lack of competency as availed by reference to previous audit work, interviews with previous clients, or other factors.

Selection of Proposal and Award of Contract: After consultation with appropriate committee members, consultants, and employees, the Board of Directors of the District expects to select a Proposal and award the contract at its December, 2017 board meeting. Formal execution of a contract or engagement agreement will be subject to the review of such contract or agreement by counsel for the District and formal approval by its Board of Directors.