



Request for Proposal for Independent Audit Services

South Hadley Electric Light Department is requesting proposals for Independent Audit Services from qualified independent certified public accounting firms licensed to practice in the Commonwealth of Massachusetts. If you wish to present SHELD with a formal proposal for a three-year period beginning with the year ending December 31, 2019, please submit **two (2) copies** of the proposal in a sealed envelope to Michael P. Conchieri, Financial Manager, **prior to 12:00 p.m. on November 1, 2019**. Proposals should be clearly marked ***“South Hadley Electric Light Department Audit Services Proposal”***. Any proposal received after 12:00 p.m. (noon) on Friday, November 1, 2019, will not be accepted.

Any questions about the RFP should be directed to the Office of the Financial Manager, 85 Main Street, South Hadley, MA 01075. No fax or electronic bids will be accepted. All bids must be clear and legible in order to be considered.

The Request for Proposal is also available on our website: www.sheld.org, under “About”, then “RFP and Specifications”.

The South Hadley Electric Light Department reserves the right to accept or reject any or all bids, to waive minor irregularities or informalities, and has the right, in its sole discretion, to accept any bid deemed in the best interest of the public.

Michael Conchieri, Financial Manager
South Hadley Electric Light Department
85 Main Street
South Hadley, MA 01075



South Hadley Electric Light D E P A R T M E N T

**REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES
FOR THE YEARS ENDING DECEMBER 31, 2019, 2020 AND 2021**

The Municipal Light Board of the South Hadley Electric Light Department ("SHELD" or "Department") invites qualified independent certified public accounting firms, licensed to practice in the Commonwealth of Massachusetts, to submit written fixed fee proposals to conduct an independent audit of the Department's financial statements. The engagement will be for an initial three-year period beginning with the year ending December 31, 2019, with the option to extend for two additional years. Audit firm selection will be primarily based upon the proposer's professional experience and approach to the audit. This request for proposals is exempt from the requirements of Massachusetts General Laws ("MGL"), Chapter 30B, *Uniform Procurement Act*. The South Hadley Electric Light Department reserves the right to accept or reject any or all bids, to waive minor irregularities or informalities, and has the right, in its sole discretion, to accept any bid deemed in the best interest of the public.

I. INFORMATION FURNISHED TO PROPOSERS:

A. General Information

SHELD is an enterprise fund of the Town of South Hadley, Massachusetts ("Town"). It is a regulated municipal utility that purchases and distributes electricity and operates an internet access and data storage business. SHELD functions, under the general direction of the Municipal Light Board which is a separately elected governing body established under MGL Chapter 164 §55, as an autonomous entity. The Town processes all payments for SHELD and maintains custody and control over the Department's cash, which is comingled with other Town funds. SHELD has approximately 8,000 customers and 25 employees under the direction of a General Manager. The General Manager is appointed by the Municipal Light Board. SHELD is a member of the Hampshire County Retirement System.

The most recent audit of the Department was conducted by Baker Tilly Virchow Krause, LLP for the year ended December 31, 2018. The Department has had audits performed since 2015, prior to which, annual compilations were performed by various independent public accounting firms. Copies of the reports are available on our website (<https://www.sheld.org/>) or upon request from the Financial Manager at SHELD's business office located at 85 Main Street, South Hadley, MA 01075.

B. Description of Financial Records

The Department prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") and maintains its general records in accordance with the Uniform System of Accounts for Public Utilities and Licensees prescribed by the United States Federal Energy Regulatory Commission ("FERC") using the economic resource measurement focus and the accrual basis of accounting.

The Department's utilizes Southeastern Data Cooperative, Inc.'s (SEDC) enterprise software for accounts receivable/billing, collections, accounts payable/disbursements, general ledger and Harpers Payroll Services System's software for Payroll. All other computerized records are processed and maintained utilizing internally developed custom software.

The Department reconciles cash and receivables and prepares internal financial reports on a monthly basis.

For the past four years, the Department has provided its independent auditors with a fully adjusted trial balance, substantially all supporting documentation, and draft financial statements and disclosures.

The financial records for the Department are available for review by appointment at SHELD's business office located at 85 Main Street, South Hadley, MA 01075 by contacting the Financial Manager.

C. Nature of Services Required

Required services consist of:

1. An independent audit conducted for the purpose of forming an opinion as to whether the Department's financial statements as of and for the years ending December 31, 2019, 2020 & 2021 present fairly its financial position, changes in financial position, and cash flows in accordance with GAAP.
2. In addition to conducting the audits, the accounting firm shall be available during the normal business hours throughout the audit period to provide management with advice and guidance on financial accounting and reporting issues. The accounting firm will also be expected to keep management abreast of the working requirements of all new accounting and financial pronouncements of the Governmental Accounting Standards Board, Massachusetts Department of Public Utilities, and the Federal Energy Regulatory Commission.
3. The Department retains the ultimate responsibility for the preparation of the financial statements.
4. All audit work papers are the property of the accounting firm and shall be retained for a period of at least seven years. Work papers shall be available for examination or duplication without charge to authorized Department personnel, representatives of Federal or State Agencies upon request of that Agency or the Department in accordance with Federal Law, State Law and other regulations. Working papers will also be made available for examination, at no charge, or duplication, at a reasonable charge, to subsequent auditors engaged by SHELD.

D. Report Requirements

1. A senior representative at the partner or manager level of the accounting firm will conduct an audit planning conference with management at least one month prior to the start of the audit, will provide management with weekly status reports during the course of the field work, and will make a formal presentation of the results of the audit to the Municipal Light Board.
2. The accounting firm will hold an exit conference with management and a designated member of the Municipal Light Board to review draft copies of the reports before such reports are issued. The draft report will be reviewed with management at an exit conference to be held no later than May 15 of each year subsequent to yearend.
3. Deliverables shall consist of twelve (12) printed and bound copies and one electronic version of the reports.

E. Timing Considerations

Qualified independent certified public accounting firms wishing to present SHELD with a formal proposal for providing independent audit services for the years ending December 31, 2019, 2020 and 2021 should forward two (2) copies of the proposal to:

Michael P. Conchieri, Financial Manager
South Hadley Electric Light Department
85 Main Street
South Hadley, Massachusetts 01075

All proposals must be in a sealed envelope and clearly marked "South Hadley Electric Light Department Audit Services Proposal." Any proposal received after 12:00 p.m. (noon) on Friday, November 1, 2019, will not be accepted.

F. Department Responsibilities

SHELD will provide the accounting firm with the following assistance during the audit:

1. Preparation of draft financial statements and supporting schedules.
2. Preparation of the Management Discussion and Analysis.
3. Preparation of all written documents for mailing by the accounting firm.
4. Photocopying of all necessary records and documents for audit papers. Depending upon the Department personnel's work load and schedule, there may be times when the accounting firm will have to take responsibility for these services.

G. Billings

Progress payments may be billed monthly for actual services rendered to date. SHELD will withhold payment of 1/3 of the annual contract value until after the final report is delivered.

H. Additional Information

If it becomes necessary to revise any part of this RFP or otherwise provide additional material information, an addendum will be issued by SHELD and furnished to all firms that have received a copy of this document. All proposals become the property of SHELD and are subject to disclosures as required by Massachusetts General Laws. SHELD is not and will not be liable for any cost(s) incurred by proposers in the preparation of responses to this RFP.

II. INFORMATION TO BE SUPPLIED BY PROPOSERS:

In order to simplify the evaluation process and obtain maximum comparability, the Department requires that all responses to the RFP be organized in the manner described in this section. Any material deviation from this format may result in disqualification of the proposal.

A. Title Page

1. RFP Title
2. Name of Proposer
3. Address and telephone number of proposer
4. Name of primary contact
5. Submission date

B. Letter of Transmittal (limit to one or two pages)

1. Briefly state the proposer's understanding of the work to be performed and make a positive commitment to complete and deliver all work and written reports within the specified time frames.
2. Specify an all-inclusive fixed fee and state that your proposal is valid for a period of sixty (60) days.
3. The letter must be signed by an individual authorized to contractually bind your firm.

C. Professional Experience

1. Describe your Massachusetts municipal utility auditing experience during the past ten (10) year period.
2. Identify the specific partner and senior staff that will be assigned to this engagement and provide copies of the resumes of each showing relevant past experience, education, training, etc.
3. Describe the firm's participation in any professionally sponsored quality control review program employed by your firm. Please include a copy of the results of the last professional peer review report of your firm.
4. Provide the name, address, and telephone number of all Massachusetts municipal utility audit client references for the past three (3) years that management can contact.
5. Please identify if your firm is a member of the AICPA's Governmental Audit Quality Center (GAQC).

D. Proposer's Approach to the Audit

1. State the proposer's understanding of the services to be performed and the work products to be delivered.
2. Submit a detailed work plan, including time estimates and staffing requirements for each major component of the engagement.
3. Provide a description of any additional services that your firm is willing to provide to SHELD in connection with the audit.

E. Compensation

1. State the estimated number of hours which you expect to commit, by staff level, for each component of the engagement by year.
2. The proposal must include an all-inclusive fixed fee.

F. Additional Information

1. Please provide any additional information, not specifically requested, but that you believe would be useful to management in evaluating your proposal. We would appreciate any comments or observations that you might have about specific improvements which you would recommend in SHELD's annual financial statements.
2. Management reserves the right to reject any and all bid proposals if it is determined to be in the best interest of the Department.
3. After review of the technical proposals, management may, at its discretion, schedule interviews with any or all of the proposers for the purpose of further evaluation of the proposer's qualifications and ability to provide the required service. Interviewees will be ranked based on their presentation.