



REQUEST FOR PROPOSALS
WSA R22011
FOR
PROFESSIONAL AUDITING SERVICES

NEW JERSEY WATER SUPPLY AUTHORITY
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809-0196

NEW JERSEY WATER SUPPLY AUTHORITY

REQUEST FOR PROPOSALS
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NEW JERSEY WATER SUPPLY AUTHORITY

**REQUEST FOR PROPOSALS
WSA R22011**

I. INTRODUCTION

A. General Information

The New Jersey Water Supply Authority is requesting proposals from qualified nationally recognized firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2022 with the option of auditing its financial statements for each of the four (4) subsequent fiscal years subject to the limitations of NJ State Comptroller Report 2008-1, Executive Order 122 (2004) and Executive Order 37 (2006). These audits are to be performed 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 General of the United States.

There is no expressed or implied obligation for the New Jersey Water Supply Authority to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

a. Questions and Inquiries

It is the policy of the Authority to accept questions and inquiries from all potential Firms receiving this RFP, up to the cutoff date detailed below.

Written questions can be e-mailed, faxed or mailed to the Authority to the attention of the Controller at the following address:

Rita Shaw, Controller
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, NJ 08809

E-Mail: rshaw@njwsa.org
Phone Number: (908) 638-6121 extension 243
Fax Number: (908) 638-5241

After the submission proposals, unless requested by the Authority, contact with the Authority is limited to status inquiries only and such inquiries are only to be directed to the Controller. Any further contact or information about the proposal will be considered an impermissible supplement of the Firm's proposal.

b. Question Protocol

Questions must be submitted in writing to the attention of Rita Shaw, Controller.

Short procedural inquiries may be accepted by telephone by the Authority, however, oral explanation or instruction given over the telephone shall not be binding upon the Authority.

c. Written Question Period

Written questions concerning the RFP must be received prior to the cut-off date.

CUT-OFF DATE	December 3, 2021
TIME	Close of Business (4:30 PM)
	Rita Shaw, Controller New Jersey Water Supply Authority 1851 Highway 31 Post Office Box 5196 Clinton, NJ 08809 E-Mail: rshaw@njwsa.org Phone Number: (908) 638-6121 extension 243 Fax Number: (908) 638-5241

To be considered, **six (6) hard copies and one (1) digital PDF copy on disc of the Proposal, and six (6) hard copies and one (1) digital PDF copy on disc of a Dollar Cost Bid in a Separately Sealed envelope** must be received by Rita Shaw, Controller by **2:00 p.m., Friday, December 17, 2021**. The New Jersey Water Supply Authority reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the New Jersey Water Supply Authority Audit Committee.

During the evaluation process, the Audit Committee and the New Jersey Water Supply Authority reserve the right, where it may serve the New Jersey Water Supply 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 New Jersey Water Supply Authority or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The New Jersey Water Supply Authority reserves the right to retain all proposals submitted and to use any ideas in any 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 any resulting contract between the New Jersey Water Supply Authority and the firm selected.

It is anticipated that the selection of a firm will be completed by January 15, 2022. Following notification to the selected firm, it is expected a contract will be executed between both parties by May 2, 2022.

B. Term of Engagement

A one (1) year contract is contemplated. Subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the New Jersey Water Supply Authority and the selected firm), the concurrence of the Authority members and the annual availability of an appropriation; the contract may be renewed annually without seeking other proposals for a period of four (4) additional years subject to the limitations of NJ State Comptroller Report 2008-1, Executive Order 122 (2004) and Executive Order 37 (2006).

C. Subcontracting

Subcontracting out portions of the engagement will not be allowed without the express prior written consent of the New Jersey Water Supply Authority.

II. NATURE OF SERVICES REQUIRED

A. General

The New Jersey Water Supply Authority is soliciting the services of nationally recognized firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2022, with the option to audit the New Jersey Water Supply Authority's financial statements for each of the four (4) subsequent fiscal years subject to the limitations of NJ State Comptroller Report 2008-1, Executive Order 122 (2004) and Executive Order 37 (2006). These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

1. The New Jersey Water Supply Authority desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.
2. The New Jersey Water Supply Authority also desires the auditor to express an opinion on the fair presentation of its schedule of changes in cash and investments by fund information in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained

in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" report on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the individual and combining fund financial statements and schedules. The auditor is not required to audit the statistical section of the report.

3. The auditor shall also be responsible for performing certain limited procedures involving supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
4. Due to the receipt of grant revenue, the Authority expects that a Single Audit will be required. The Auditor shall be responsible for reviewing the Single Audit requirements in connection with the Authority's receipt of Federal and State Awards, as per Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), and the State of New Jersey Circular Letter 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid ("Circular Letter 15-08-OMB"). The fee for the Single Audit is a part of the all-inclusive price. If no single audit is required, the Auditor must submit a letter to the Office of Management and Budget indicating same.
5. For the Manasquan Reservoir System an arbitrage rebate calculation is needed for the period May 12, 2022 through June 30, 2023. The rebate requirement is a result of the Tax Reform Act of 1986 and the Internal Revenue Code of 1986 which established certain requirements to be met related to the 1987 Manasquan State Loan Notes and 2016 Manasquan Reservoir System Refunding Bonds which were issued to defease the 2005 Manasquan Revenue Bonds. The final arbitrage calculation and payment was made on the 2005 Bonds. For the Raritan System, there is currently only NJEIFP debt outstanding. In general, the code and regulations provide that arbitrage profits from investing in non-purpose investments must be rebated as a condition of tax-exemption. A non-purpose investment is any investment property acquired with the gross proceeds of an issue that is not acquired to carry out the governmental purpose of the issue.

The rebate is required to be calculated at the end of every fifth year that any Bonds are outstanding. The Authority's management has requested that the rebate requirements be calculated on an annual basis. When applicable, the Authority would seek assistance in filing the necessary forms to either remit or recover all or a portion

amounts rebated to the IRS with respect to the 2016 Bonds or any other debt issued by the Authority.

During calendar year 2022, it is anticipated that rebate requirement calculations will be required for two specific points in time:

<u>DATE</u>	<u>DESCRIPTIONS</u>
May 12, 2022	Sixth Anniversary date for the 2016 Manasquan Reservoir Water System Refunding Bonds
June 30, 2022	Fiscal year end

7. Cost Allocation Procedures:

The Manasquan Reservoir Project was completed on schedule and actual operations commenced on July 1, 1990. Many administrative and support functions such as human resources, procurement, etc. are handled at the Authority's main headquarters in Clinton, New Jersey. As a result, a methodology and specific procedures have been developed to allocate budgeted and actual overhead costs between the Raritan and Manasquan System, and to further allocate the Manasquan System salary and various costs between the reservoir and water treatment plant and transmission functions. In order to ensure that each system is charged its fair share of the overhead costs, the cost allocation services which are required include:

- Recompute allocations based upon actual fiscal year 2022 charges and issue a report on the equity of the allocations.
- Evaluate allocation methodology for fiscal year 2024 based upon results of procedures performed on actual fiscal year 2022 allocations.

8. Certificate of Achievement for Excellence in Financing Reporting Program:

The Authority's Comprehensive Annual Financial Report has been awarded the prestigious "Certificate of Achievement for Excellence in Financial Reporting" by the Government Finance Officers Association of the United States and Canada (GFOA) for the fiscal years ended June 30, 1992, through June 30, 2020 and plans to make application for FY 2021 and 2022. In order to be

awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards.

Audit Services sought will include assistance for continued compliance with this program. A review of the previous years' comments and recommendation's for the future will be required from the audit firm.

9. The Auditor shall provide guidance in the implementation of new GASB standards which apply to the Authority.

C. Auditing Standards to be followed

To meet the requirements of this request for proposals, the audit is to be performed 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 General of the United States.

D. Reports to be issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.

In the required report (s) on internal controls, the auditor 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 the assertions of management in the financial statement. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Nonreportable conditions discovered by the auditors shall be reportable in a separate letter to management, which shall be referred to in the report (s) on internal controls.

The report on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware of to the following parties:

1. Marc Brooks, Executive Director
2. Steven J. Picco, Chair, Audit Committee
3. Shawn LaTourette, Chair, New Jersey Water Supply Authority

Reporting to the Audit Committee. The auditors should make sure that the New Jersey Water Supply Authority's audit committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Special Considerations

1. The financial statements of the New Jersey Water Supply Authority are included as a component unit of the financial statements of the State of New Jersey. It is anticipated that the auditor will be required to provide special assistance to the State of New Jersey's auditors.

2. The New Jersey Water Supply Authority will send its annual comprehensive financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated the auditor will be required to provide special assistance to the New Jersey Water Supply Authority to meet the requirements of that program.
3. The auditor shall be required, if requested by the Authority's financial advisor and/or the bond underwriter; to issue "consent" as the auditor and any necessary "comfort letters" in connection with the preparation of an official statement for sale of debt securities should it become necessary.
4. The reports on the internal control structure and compliance are not to be included in the annual comprehensive financial report, but are to be issued separately.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the New Jersey Water Supply Authority of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. State of New Jersey
2. New Jersey Water Supply Authority
3. Parties designated by the federal or state governments or by the New Jersey Water Supply Authority as part of an audit quality review process.
4. In addition, the firm shall respond to the reasonable inquires of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE AUTHORITY

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

The auditor's principal contact with the New Jersey Water Supply Authority will be Rita Shaw, Controller, or a designated representative,

who will coordinate the assistance to be provided by the New Jersey Water Supply Authority to the Auditor.

An organizational chart (Appendix A) and a list of key personnel with the location of their principal offices (Appendix B) are attached.

B. Background Information

The New Jersey Water Supply Authority's fiscal year begins on July 1 and ends on June 30.

The New Jersey Water Supply Authority is organized into three (3) distinct and separate entities:

1. The Raritan Basin System
2. The Manasquan Reservoir Water Supply System
3. The Manasquan Water Treatment Plant/Transmission System

The accounting and financial report functions of the New Jersey Water Supply Authority are centralized at its Administration Building in Clinton, New Jersey.

More detailed information on the Authority and its finances can be found in the Annual Comprehensive Financial Report.

C. Budgetary Basis of Accounting

The New Jersey Water Supply Authority prepares its budgets on a basis consistent with generally accepted accounting principles.

D. Pension Plan

The New Jersey Water Supply Authority participates in the following pension plan:

Permanent full time employees of the New Jersey Water Supply Authority are covered by the Public Employee's Retirement System of the State of New Jersey (PERS), a multiple public employee retirement system.

E. Magnitude of Finance Operations

The finance department consists of six (employees) headed by Susan Buckley, Director of Finance and Administration, reporting to Marc Brooks, Executive Director.

F. Computer Systems

Hardware

1. Dell PowerEdge R620 Server
2. Drobo NAS Backup
2. 40 Dell Workstations

Software

1. Microsoft Windows 2012 R2 Server including Remote Server
2. Sage Accounting System Sage 100C
3. Microsoft Office Suite 2010
4. FAS Asset Accounting Network version 2015.1

G. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters may do so at www.njwsa.org.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date a contract is to be executed:

Request for Proposals (RFP) issued	11/18/2021
Written Question cut-off date	12/03/2021
Return of Proposals and sealed cost quotation	12/17/2021
Review of Proposals by Staff	12/23/2021
Review of Proposals by Audit Committee	01/07/2022
Notification of final candidates	01/14/2022
Interview of final candidates as necessary	01/21/2022
Selection and authorization by Authority Board	03/7/2022
Selected firm notified	03/31/2022

Contract date 05/02/2022

Pre-Audit Meeting with Audit Committee 06/06/2022

B. Date Audit may commence

The New Jersey Water Supply Authority will have records ready for audit and all management personnel available to meet with the firm's personnel beginning July 1, 2022.

C. Schedule for the 2022 Fiscal Year Audit (A similar schedule will be developed for audits of future years if the New Jersey Water Supply Authority exercises its option for additional audits by the selected firm).

Each of the following shall be completed by the auditor no later than the dated indicated.

1. Interim Work

If required by the auditor, all interim work should be completed by June 30, 2022.

2. Detailed Audit Plan

The auditor shall provide the New Jersey Water Supply Authority by June 15, 2022 both a detailed audit plan and a list of all schedules to be prepared by the New Jersey Water Supply Authority.

3. Fieldwork

The auditor shall complete all fieldwork by August 31, 2022.

4. Draft Reports

The auditor shall have drafts of the audit report (s) and recommendations to management available for review by the Audit Committee and the Controller by September 18, 2022 and a presentation will be made to the Audit Committee at its meeting on October 3, 2022.

D. Date Final Report is due

The Controller, with the Auditors' final review, shall prepare draft financial statements, notes and all required supplementary schedules [and statistical data] by August 31, 2022. The State of New Jersey requires a draft copy of its financial statements by August 31, 2022. The auditor

shall provide all recommendations, revisions and suggestions for improvement to the Controller by September 14, 2022. A revised report, including a draft auditor's report (s) shall be delivered to the Authority for review by the Audit Committee by September 18, 2022.

The Controller and the Audit Committee will complete their review of the draft report as expeditiously as possible. It is expected that the Audit Committee will meet and review the financial statements prior to the October 3, 2022 Authority meeting. During that meeting, the auditors should be present for any questions in review of the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to Rita Shaw, Controller within seven working days. It is anticipated that this process will be completed and the final report delivered by October 16, 2022.

The final report and 10 signed copies and an electronic version on a CD, should be delivered to Rita Shaw, Controller, 1851 Highway 31, Post Office Box 5196, Clinton, New Jersey 08809-0196.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the New Jersey Water Supply Authority. In addition, clerical support will be made available to the auditor for the preparation of routine letters and memoranda.

B. Electronic Data Processing (EDP) Assistance

EDP personnel will also be available to provide systems documentation and explanations. The auditor will be provided computer time and the use of the New Jersey Water Supply Authority's computer hardware and software, if agreed to in advance.

C. Statements and Schedules to be prepared by Staff of the New Jersey Water Supply Authority.

The staff of the New Jersey Water Supply Authority will prepare the following statements and schedules for the auditor by the dates indicated:

All schedules requested by Auditors July 25, 2022

DRAFT Financial Statements July 27, 2022

D. Work Area, Telephones, Photocopying and Facsimile Machines

The New Jersey Water Supply Authority will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities, and facsimile machines.

It shall be noted that pursuant to Governor Murphy's Executive Order No. 271 effective October 20, 2021, a service contractor that requires its workers to visit the Authority must have a policy in place:

- (1) that requires all covered workers to provide adequate proof, in accordance with EO 271, to the covered contractor that the covered worker has been fully vaccinated; or
- (2) that requires that unvaccinated covered workers submit to COVID-19 screening testing at minimum one to two times weekly until such time as the covered worker is fully vaccinated; and
- (3) that the covered contractor has a policy for tracking COVID-19 screening test results as required by EO 271 and must report the results to local public health departments..

E. Report Preparation

Final report preparation, editing, and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirement

1. On-Site Inspections

Representatives of the various departments within the New Jersey Water Supply Authority will be available to discuss their operations and conduct on-site inspections for interested proposers.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Rita Shaw
Controller
1851 Highway 31
Post Office Box 5196

Clinton, New Jersey 08809-0196

(908) 638-6121 Extension 243

Email – rshaw@njwsa.org

3. New Jersey State Sales and Use Tax Exemption

With respect to the performance of work in the State of New Jersey, the Authority is an exempt organization of the type described in subsection (a) of section 9 of the New Jersey State Sales and Use Tax Act, therefore, cost proposals shall not include any amounts for New Jersey State Sales and Use taxes on the services to be provided. A copy of the exemption certificate will be available from the Authority upon request.

4. Insurance Requirements

Insurance requirements are set forth in Article XII of Form Contract.

5. Non Discrimination/Affirmative Action requirements

Bidders shall agree to the New Jersey Statutes Annotated 10:2-1, as supplemented by P.L. 1975, c. 127, and all operative Affirmative Action Regulations issued pursuant to P.L. 1975, c. 127. These provisions are set forth in Article XV of the Form Contract.

6. New Jersey Business Certification

Bidders will be required to comply with provisions of N.J.S.A. 52:32-44, procedures relative to registration of certain businesses.

7. Restrictions on Political Contributions

Bidders are advised of Pay to Play Prohibitions: pursuant to N.J.S.A. 19:44A-20.13 et seq. (P.L. 2005, c. 51), and specifically, N.J.S.A. 19:44A-20.21. The provisions are set forth in Article XXV of the Form Contract.

8. Change in Staff Assigned to the Project

Engagement partner, concurring partner, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express written permission of the New Jersey Water Supply

Authority. However, in either case, the New Jersey Water Supply Authority retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the New Jersey Water Supply 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.

The provisions as set forth in Article VI of the Form Contract thereof.

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the New Jersey Water Supply Authority in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the New Jersey Water Supply Authority as defined

by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards (1994)*.

The firm should also provide an affirmative statement that it is independent of the State of New Jersey and any other component units of that entity, as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the New Jersey Water Supply Authority or any of its agencies, component units or oversight units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the New Jersey Water Supply Authority written notice of any professional relationships entered into during the period of any resulting agreement.

3. License to Practice in New Jersey

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in New Jersey.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary

action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations.

5. Engagement Partner, Concurring Partner, Supervisory, and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partner, concurring partner, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in New Jersey. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be ensured.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partner, concurring partner, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the New Jersey Water Supply Authority's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE
TECHNICAL PROPOSAL

- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
 - d. Extent of use of EDP software in the engagement
 - e. Type and extent of analytical procedures to be used in the engagement
 - f. Approach to be taken to gain and document an understanding of the New Jersey Water Supply Authority's internal control structure
 - g. Approach to be taken in determining laws and regulations that will be subject to audit test work
 - h. Approach to be taken in drawing audit samples for purposes of tests of compliance
8. 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 New Jersey Water Supply Authority.

9. Report Format

The proposal should include sample formats for required reports.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The New Jersey Water Supply Authority will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of firm.
 - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the New Jersey Water Supply Authority.
 - c. A Total All-Inclusive Maximum Price for the 2022 engagement.
2. Rates by Engagement Partner, Concurring Partner, Specialist, Supervisory and Staff Level by Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price. The cost of the special services described in Section II E of this request for proposals should be disclosed as separate components of the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed. All estimated out-of-pocket expenses to be reimbursed should be presented in the sealed dollar cost bid. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for the New Jersey Water Supply Authority to request the auditor to render any additional services to either supplement the services requested in this request for proposals 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 performed only if set forth in an addendum to the contract between the New Jersey

Water Supply Authority and the firm. Any such additional work agreed to between the New Jersey Water Supply Authority and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

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 billings shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by the Audit Committee of the New Jersey Water Supply Authority.

B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will first score each technical proposal by each of the criteria described in Section VII C below. The full Audit Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

C. Evaluation Criteria

Proposals will be evaluated using three (3) steps of criteria. Firms meeting the mandatory criteria will have their proposal 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 Jersey
- b. The audit firm's professional personnel to be assigned to the project have received adequate continuing professional education within the preceding two (2) years

- c. The firm has no conflict of interest with regard to any other work performed by the firm for the New Jersey Water Supply Authority
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work
- e. The firm adheres to the instructions in this request for proposals in preparing and submitting their proposal

2. Technical Qualifications

a. Expertise and Experience

- (1) The firm's past experience and performance on comparable government 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 various segments of the engagement
- (2) Adequacy of sampling techniques
- (3) Adequacy of analytical procedures

3. Price

**COST WILL NOT NECESSARILY BE THE GOVERNING
FACTOR IN THE SELECTION OF AN AUDIT FIRM**

D. Oral Presentations

During the evaluation process, the Audit Committee may, at its discretion request any one or all firms to make oral presentations. Such presentation will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The New Jersey Water Supply Authority will select a firm based upon the recommendation of the Audit Committee.

It is anticipated that a firm will be selected by 4/03/22. Following notification of the firm selected on or about May 1, 2022, it is expected a contract will be executed between both parties by 6/01/22.

F. Right to Reject Proposals

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 New Jersey Water Supply Authority and the firm selected.

The New Jersey Water Supply Authority reserves the right without prejudice to reject any or all proposals.

VIII. SUBMISSION OF PROPOSALS

The following material is required to be received by Friday, December 17, 2021 for a proposing firm to be considered:

A. A master copy (so marked) of a Technical Proposal and five (5) copies to include the following:

1. Title Page

Title page showing the request for proposals' subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.

2. Table of Contents

3. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for six (6) months.

4. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

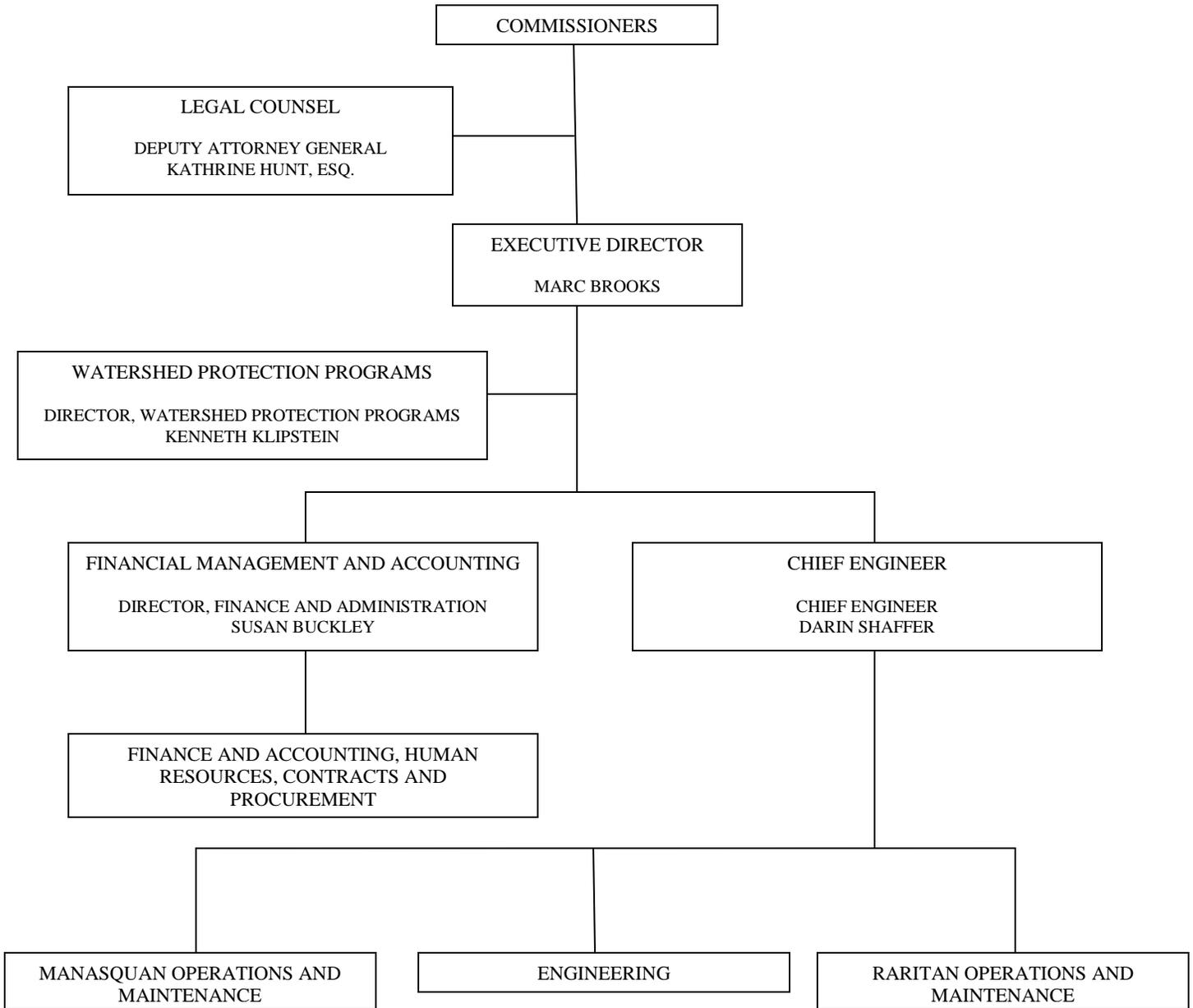
- B. The proposer shall submit an original and five (5) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL WSA R17031
NEW JERSEY WATER SUPPLY AUTHORITY
PROFESSIONAL AUDITING SERVICES
FISCAL YEAR 2022

- C. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Procurement Section
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809-0196

NEW JERSEY WATER SUPPLY AUTHORITY
TABLE OF ORGANIZATION



NEW JERSEY WATER SUPPLY AUTHORITY

List of Key Personnel

Marc Brooks
Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809-0196
(908) 638-6121 extension 221
FAX (908) 638-5241

Susan Buckley, Director Finance and Administration
(908) 638-6121 extension 241

Rita Shaw, Controller
(908) 638-6121 extension 243

Dorota Neulinger, Supervisor Financial Services
(908) 638-6121 extension 277

New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809-0196
FAX (908) 638-5241

Audit Committee

Steven J. Picco, Chair
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809-0196

(908) 638-6121 extension 222
FAX (908) 638-5241