

RFP No. 2020-1

Request for Proposal For Audit Services

Frankfort Plant Board (FPB)

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PURPOSE

The Electric and Water Plant Board (the “Board”) of the City of Frankfort, Kentucky doing business as the Frankfort Plant Board (FPB) is soliciting the services of an independent certified public accounting firm experienced in electric and other utility accounting to audit its financial statements and express an opinion on the Board’s financial statements in accordance with generally accepted accounting principles (GAAP). The term of the Contract will be for five (5) consecutive fiscal years beginning with the fiscal year ended June 30, 2021 and concluding with the fiscal year ended June 30, 2025. Each year following the initial year, the work performance of the selected firm will be reviewed and evaluated to determine if the contract will be extended for year two, three, four and five. The Board reserves the right to extend the Contract if the parties mutually agree in writing.

COMPANY BACKGROUND

FPB is a municipal utility operating in and around Frankfort, the capital of the State of Kentucky. The company provides electric, water, cable television, broadband service, high-capacity fiber optic connectivity services, security service, local/long distance telephone service and also bills for sewer services on behalf of the City of Frankfort. The Board operates as an independent entity under the provisions of the Kentucky Revised Statutes 96.172 through 96.188.

The Plant Board serves approximately 22,000 electric customers, 16,500 water customers (including six water districts and Georgetown, Kentucky), and 18,000 cable-telecom customers.

PROPOSAL SUBMISSION INSTRUCTIONS

Proposals with all required information must be delivered to Katrina Cummins, CPA, Finance Director, at 151 Flynn Avenue, PO Box 308, Frankfort, KY 40602 no later than 3:00 p.m. eastern time on December 1, 2020 in a sealed envelope. Late proposals will not be considered. Inquiries concerning this RFP should be directed to Katrina Cummins at kcummins@fewpb.com or 502-352-4547.

In responding to this request, we request the following information:

1. Specify the proposed fee, including out-of-pocket expenses, for each of the five consecutive years beginning with the fiscal year ending June 30, 2021 and concluding with the fiscal year ending June 30, 2025.
2. Detail your firm’s experience in providing auditing services to organizations in the electric, water and telecommunications utility industry or any related industry entities, associations or groups.
3. Provide an affirmative statement that it is independent of the Frankfort Plant Board as defined by generally accepted auditing standards. The firm is also requested to provide a list describing the firm’s professional relationships involving the Board for the past three years with an explanation of why such relationships do not constitute a conflict of interest relative to the performance of the proposed audit.
4. Identify the partner, manager and in-charge accountant (including biographies) who will be assigned to this engagement if you are successful in your bid. Describe how your firm will assure the continuity of the assigned personnel during the term of the proposed contract.
5. Provide the names and contact information for other similarly sized clients of the partner and manager that will be assigned to our organization for reference purposes.

6. Include a copy of your firm's most recent peer review report, the related letter of comments and the firm's response to the letter of comments. Please disclose any recent disciplinary actions taken against the firm and any pending lawsuits against the firm, if any.
7. Describe how and why your firm is different from other accounting firms and why our selection of your firm as our external auditor is in FPB's best interest.
8. Describe your firm's methods for submitting and receiving data requests, specifically your firm's client portal capabilities and or electronic data exchange platform. How effective was your platform in light of the pandemic? Were you still able to efficiently exchange data with your clients and meet pertinent reporting deadlines?

The Board may cancel, reject in whole or in part any Proposals, without liability incurred at any time after issuing a RFP, if it is in the Board's best interest to do so. Proposers responding to RFPs are responsible for all costs they may incur in connection with submitting Proposals and responses to RFPs, which includes, but is not limited to: submittal preparation, pre-proposal conference, if any, Proposal submittal, travel, expenses, interviews, presentations, or evaluation of any Proposal.

RFP SCHEDULE

Release of RFP	November 2, 2020
Closing Date of RFP	December 1, 2020 by 3:00 PM EST
Responses Evaluated	December 2-4, 2020
FPB Board of Directors Approval Request	December 15, 2020
Audit Engagement Letter Execution	Between December 16, 2020 and December 31, 2020

SCOPE OF WORK

The services for the term of the agreement include, but are not limited to, the following:

1. Examine the Board's financial statements. The purpose of the examination is to obtain the Auditor's opinion on financial statements presented, and whether they conform to GAAP in the United States of America. The examination shall be conducted in accordance with generally accepted auditing standards and shall include such tests, sampling and other audit procedures as the Auditor determines necessary under the circumstances.
2. Prepare a standard audit report after examining the Board's financial statements and related records. The audit report shall include an opinion, Management's Discussion and Analysis, Statements of Net Position, Statements of Revenues, Expenses and Changes in Fund Net Position, Statements of Cash Flows, accompanying notes to the financial statements and any required supplementary information. The audit report should be finalized on or before October 10th of the year for which the audit report is prepared.
3. Examine the Combining Statement of Net Position – Electric & Water, Cable, Statement of Revenues, Expenses and Changes in Net Position – Budget to Actual, Combining Statement of Revenues and Expenses – Electric, Water and Telecommunications Divisions, Detail Schedules of Budgeted and Actual Operating Expenses – Electric, Water and Telecommunications Divisions and Comparative Schedules of Operating Expenses – Electric, Water and Telecommunications Divisions. The purpose of the examination is to obtain the Auditor's opinion of the basic financial statements taken as a whole.

4. Request Audit services shall include examination of and reporting on the Board's internal control structure, including recommendations on findings, if any.
5. Determine whether the Board has complied with bond covenants, debt service, bond reserve fund and other requirements as prescribed in the various bond resolutions and communicate any items of non-compliance to FPB staff.
6. Attend entrance and exit interview meetings with FPB representatives during the course of the audit.
7. Auditors shall be required to make an immediate, written report to the Board of Directors and appropriate FPB staff of all irregularities and illegal acts or indications of illegal acts of which they become aware of.

SUGGESTED ENGAGEMENT SCHEDULE

Below is a suggested engagement schedule:

- Interim Work
 - Anytime during year under audit prior to final fieldwork.
- Final Fieldwork
 - August 1st – September 15th
- Draft Report
 - October 1st
- Presentation to the FPB Board of Directors
 - Third Tuesday of October following each audit year.
- Final Audit Report
 - After approval of FPB Board of Directors but no later than third Friday of October following the conclusion of each fiscal year under audit in order to meet bond continuing disclosure requirements due November 1st.

The final audit report must be delivered no later than the third Friday of October following the conclusion of each fiscal year under audit in order to meet bond continuing disclosure requirements due November 1st. The selected firm shall provide a PDF electronic version and 10 bound paper copies of the final audit report. Reports may be submitted earlier than the above schedule.

A copy of the Frankfort Plant Board's most recent audit can be found on our website at www.fpb.cc under the "Documents" section.

EVALUATION OF PROPOSALS

The Frankfort Plant Board will evaluate proposals on a qualitative basis. This includes our review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to the organization, results of discussions with other clients, and the firm's completeness and timeliness in its response to us.

The Board reserves the right to conduct discussions, either oral or written, with the CPA firms determined by the Board to be reasonably viable for award selection.

Nothing in this Request for Proposal creates an obligation on the part of FPB to enter into a contract with any proposer.