

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

RESOLUTION 15-29  
Approval of RFP for Audit Services

WHEREAS, 29-1-603(1) C.R.S. requires that an audit be performed annually of the financial statements of SEMSWA; and

WHEREAS, the Board has determined that a Request for Proposals (RFP) be issued for audit services for SEMSWA's 2015 audit; and

WHEREAS, the Board has selected a review committee to review proposals for audit services to perform the 2015 audit; and

WHEREAS, the Board wishes to approve the RFP and accompanying procedures prior to its issuance; and

WHEREAS, the Board has reviewed the attached RFP and accompanying procedures.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Board of Directors of the Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise approves the attached RFP for audit services and accompanying procedures for SEMSWA's 2015 audit and directs that the RFP be issued in time for the Board to select and retain an audit firm by February 28, 2016.

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairperson

APPROVED AS TO FORM:  
Attorney for  
Southeast Metro Stormwater Authority

By \_\_\_\_\_  
Edward J. Krisor

# Procedures to be Followed – SEMSWA Audit RFP

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## Issuance, Questions, Submittals

The RFP will be issued and proposals received electronically. Only the Finance Director is authorized to answer questions from prospective firms. Any questions relating to matters not covered in the RFP will be answered in writing and circulated to all prospective firms.

## Review of Proposals

All electronic proposals received by the deadline will be circulated to the Review Committee. During the course of the review, Review Committee members will not share any information with outside parties. Any questions among the Review Committee will be coordinated by the Finance Director.

The Finance Director will develop a review form which will be completed by each Review Committee member in order to rank the proposals. Based on the composite rankings of each of the firms, the three top ranked firms will be chosen for an interview.

## Interview of Top Three Firms

The Finance Director in consultation with the Review Committee will develop a list of questions to be asked of all firms.

Time will be provided for each firm to give their “pitch” as to why they should be hired.

After the interviews, each Review Committee member will again rank the firms. The top-ranked firm will be presented to the SEMSWA Board for approval. In the event of a tie, the Review Committee will discuss to see if there is consensus as to which firm should be recommended to the Board. If consensus cannot be reached, then the firms that are tied as top-ranking will be presented to the Board for a decision.



7437 S. Fairplay St.  
Centennial, CO 80112

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Xxxxxx XX, 2015

Dear Sir or Madam:

Southeast Metro Stormwater Authority ("SEMSWA") is accepting proposals from CPA firms to provide audit services for our 2015 audit. We invite your firm to submit a proposal to us by Xxxxxxx XX, 2015, for our consideration. A description of our organization, the services needed, and other pertinent information follows:

## Background of SEMSWA

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SEMSWA was formed pursuant to Section 29-1-204.2, C.R.S. by an intergovernmental agreement dated September 19, 2006, among Arapahoe County ("the County"), the City of Centennial ("the City"), the Arapahoe County Water and Wastewater Authority ("ACWWA"), the East Cherry Creek Valley Water and Sanitation District ("ECCV"), and the Inverness Water and Sanitation District ("IWSD"). The purpose of the agreement is to plan, fund, construct, acquire, operate, and maintain drainage and flood control facilities within SEMSWA's boundaries. By resolution of the Board of Directors, SEMSWA serves as an enterprise, as such term is defined in Article X, Section 20 of the Colorado Constitution, and in furtherance thereof, to serve as a government-owned business, engaged in water enterprise activities.

SEMSWA is a separate, stand-alone governmental entity. SEMSWA's Board of Directors consists of 2 voting members appointed by the Arapahoe County Board of County Commissioners, 3 voting members appointed by the City of Centennial City Council, and one ex-officio non-voting member appointed jointly by ACWWA, ECCV, and IWSD.

## Services to Be Performed

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Your proposal is expected to cover the following services:

1. Audit of SEMSWA's 2015 financial statements to be completed in accordance with generally accepted auditing standards and the state audit law. In addition, a letter shall be issued communicating internal control matters as required by professional standards, as well as a letter outlining any recommendations for improvement noted during the course of the audit.
2. Meetings with board of directors, as necessary.

# Key Personnel

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David C. Agee, SEMSWA's Director of Finance and Administration is the contact for information you may seek in preparing your proposal. Mr. Agee may be reached at [dagee@semswa.org](mailto:dagee@semswa.org) with any questions you have about this RFP. Do not contact any other SEMSWA personnel with questions.

Requests for additional information should be coordinated directly with the Director of Finance and Administration. You may reach him at the email address listed above.

## Relationship With Prior Audit Service Provider

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The 2013 and 2014 audits were conducted by Hamblin and Associates LLC. They are being invited to propose on the 2015 audit. In preparing your proposal, be advised that management will give permission to the successor firm to contact the prior auditors, and the prior auditors are expected to fully cooperate with the successor firm.

## Your Response to This Request for Proposal

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

1. Detail your firm's experience in providing auditing services in the local government sector, in particular, stand-alone enterprise funds. If applicable, indicate your experience in auditing entities that provide storm drainage services.
2. Discuss the firm's understanding of accounting and auditing standards applicable to local governmental entities.
3. Discuss the firm's independence with respect to SEMSWA.
4. Affirm that the firm is licensed to practice in the State of Colorado.
5. Discuss commitments you will make to staff continuity, if the audit engagement is extended beyond the 2015 audit.
6. Identify similar entities your firm has audited in the past three years.
7. Identify the partner, manager, and in-charge accountant who will be assigned to our job if you are successful in your bid, and provide biographies. Indicate any complaints against them or the firm that have been alleged or investigated by the state board of accountancy or other regulatory authority, if any, and any sanctions that have been imposed. Indicate any corrective actions that have been taken by the firm with respect to these people or the firm.
8. Describe how your firm will approach the audit of the organization, including the use of any associate or affiliate member firm personnel and the areas that will receive primary emphasis.

Also, discuss the firm's use of technology in the audit. And finally, discuss the communication process used by the firm to discuss issues with management and the board of directors.

9. Set forth your not-to-exceed fee proposal for the 2015 audit, with whatever guarantees can be given regarding increases in future years. It is the intent of SEMSWA to renew the contract for two additional years, upon satisfactory performance.
10. Furnish standard billing rates for classes of professional personnel that will be assigned to the audit.
11. 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.
12. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our independent accountant is the best decision we could make.
13. 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.

## Evaluation of Proposals

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

Please submit your response to this request for proposal by no later than XXXXXXXX XX, 2015, at 5:00 pm (our clock). We would also appreciate a response if you decline to submit a proposal. Responses should be emailed to Nicole Torrez, SEMSWA Office Support Specialist - [ntorrez@semswa.org](mailto:ntorrez@semswa.org).

Sincerely,

***David C. Agee***

David C. Agee  
Director of Finance and Administration

Attachments:  
Background Information  
2014 audited financial statements

# Background Information

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## Accounting System, Report Preparation and Audit Assistance

SEMSWA utilizes Asyst government accounting software provided by United Systems Technology for general ledger, accounts receivable, accounts payable, and purchasing functions. SEMSWA utilizes Quickbooks for payroll functions.

SEMSWA prepares all financial statements, notes, and MD&A. Comparative financial statements are not issued, although comparative information is shown in the MD&A.

SEMSWA provides the audit firm with a set of electronic working papers relating to the audit including, but not limited to: trial balance, general ledger, reconciliations, calculations, check registers, bank statements, confirmations, depreciation schedules, payroll reports, copies of invoices, minutes, budgets, interim financial reports, and SEMSWA's Management Control Systems Procedures.

There have been no audit adjustments in the last nine years. SEMSWA's Finance Director has a high level of expertise in working with auditors and preparing the financial statements. In addition to the year-end financial statements, the annual budget and interim financial reports are all prepared in-house by the Finance Director.

The Finance Director is the only full-time finance employee. Other Administrative Services staff perform some finance related functions on a part-time basis, including, but not limited to, payroll, cash receipts, cash disbursements, and billing. Approximately 85% of SEMSWA's annual fees are billed and collected by the Arapahoe County Treasurer on the property tax bill.

## Audit Timing and Report Issuance

In the past, there has been no interim field work, although SEMSWA is not opposed to interim field work and/or time spent documenting policies and procedures prior to final field work. This work can easily be scheduled with the Finance Director.

Final field work needs to be completed, and the audit report issued, in time for presentation to the Board of Directors at the June board meeting (the fourth Wednesday in June). In order to meet this deadline, the audit report and related communications should be issued by the third Wednesday in June.

Final field work typically lasts one week.

There is no printing and binding of the financial statements. They are prepared and distributed electronically. The auditor has no responsibility for preparing or creating the electronic financial statements, notes, and MD&A other than to submit to SEMSWA a Word or pdf version of the independent auditor's report.

[Note: When the RFP is issued, SEMSWA's 2014 financial statements will be included as an attachment.

