

**MATAGORDA COUNTY NAVIGATION DISTRICT #1
REQUEST FOR PROPOSAL SPECIFICATIONS
ANNUAL INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT**

Matagorda County Navigation District #1 (“MCND#1”) is requesting proposals from qualified firms of certified public accountants to perform its annual independent financial and compliance audit for Fiscal Year 2019. The contract will be for a period of one (1) year and, at the option of the District, may be extended for two additional one (1) year periods, and will begin January 1, 2020. The Board of Commissioners will select a firm at its normally scheduled Board meeting in September 2019.

Additional information regarding this RFP including specific requirements and evaluation criteria is available at the Port Administration Building, 1602 Main St., Palacios, or by emailing a request to info@portofpalacios.com or calling (361) 972-5556 during regular business hours. MCND#1 reserves the right to negotiate with any or all firms submitting qualifications.

Interested firms must submit one (1) paper copy of qualifications with “MCND#1 AUD2019” clearly marked on the front cover. Responses to this request should be addressed and mailed to Victor Martinez Jr., Port Director, Matagorda County Navigation District #1, P. O. Box 551, Palacios, Texas 77465 or dropped off in person at 1602 Main Street, Palacios, Texas 77465 and are due no later than 4:00 p.m., Monday, September 9, 2019.

Proposals will be accepted only from proposers that:

- A. Are free of all obligations and interests that may conflict with the best interests of MCND#1.
- B. Have the capacity to provide services on a timely basis.

Additionally, MCND#1 will not be liable for any costs incurred in preparing proposals or associated travel costs. The proposer shall furnish MCND#1 such additional information as MCND#1 may reasonable require. MCND#1 reserves the right to conduct pre-contract negotiations with any potential proposers.

The RFP Number for this contract is AUD2019. Each vendor must complete and file a Certificate of Interested Parties Texas Ethics Commission – HB 1295 form online/electronically with the Texas Ethics Commission website. Once completed online, the Form 1295 must be printed and signed by an authorized agent of the business entity. The completed Form 1295 with the certificate of filing must be filed with MCND#1 before purchases can be made from any vendor or work orders or contracts can be awarded to any vendor.

Small and minority businesses, women’s business enterprises, and labor surplus area firms are encouraged to submit qualifications and firms using subcontractors must solicit such firms in the subcontracting process.

THIS RFP IS NOT A BID. There will be no formal bid opening. It is the intent of the RFP to determine the most qualified and cost competitive firm or individual through which MCND#1 could contract these services.

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I. Introduction

Matagorda County Navigation District #1 (“MCND#1”) is requesting proposals from qualified firms of certified public accountants to perform its annual independent financial and compliance audit for Fiscal Year 2019. The contract will be for a period of one (1) year and, at the option of the District, may be extended for two additional one (1) year periods, and will begin January 1, 2020. The Board of Commissioners will select a firm at its normally scheduled Board meeting in September 2019.

II. Scope of Audit

MCND#1’s reporting year-end is December 31. The District shall have closed and balanced all accounts and prepared schedules for all funds to be examined by the auditor by March each year. The auditor shall prepare all fund statements, notes and schedules for the District’s Financial and Overall Compliance and Internal Controls Sections of the District’s CAFR and shall report on the District’s general-purpose financial statements and supplemental financial schedules, compliance with laws, regulations, contracts and grants, and internal controls. The auditor will have the responsibility to provide a Management Letter and a copy of all statements, notes, schedules and reports for the Financial and Overall Compliance and Internal Controls sections of the CAFR for the District. Auditor will provide miscellaneous consultation during the term of the contract for various accounting questions as they arise. Auditor agrees to provide these consultations at no additional costs.

The auditors shall observe the adequacy of internal control. If weaknesses are noted, appropriate recommendations should be reviewed with the Port Director and included in a separate letter to the Board of Commissioner of MCND#1.

The audit shall be completed and the statements, notes and schedules and reports shall be submitted to District management by the April Board of Commissioners Meeting each year.

III. Auditing Standards

The examination shall be in accordance with generally accepted auditing standards, as adopted by the membership of the AICPA, and Government Audit Standards, issued by the Controller General of the United States. MCND#1 prefers all audit staff members to be experienced in government auditing.

IV. Audit Assistance

The auditors will coordinate their efforts with the Port Director to determine possibilities for fee reduction through utilizing available District staff and will endeavor to accomplish the audit on a phased basis throughout the year to reduce the

year-end workload on the District's staff. Schedules that are needed by the auditors for interim and fieldwork analysis will be provided as agreed upon.

The District will provide the auditor with a work area and access to telephone, internet, copier and fax machine.

V. Working Paper Retention and Access to Working Papers

At the District's request, copies of any or all of the working papers prepared in conjunction with the audit engagement will be provided, on a timely basis, at no cost to the District.

All working papers and reports must be retained, at the auditors' expense, for a minimum of three (3) years, unless the firm is notified in writing by MCND#1 of the need to extend the retention period.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

VI. Description of the District

The following provides a brief description of the District. The CAFR for the fiscal year ended December 31, 2019 submitted with this RFP should also be referenced.

- A. Background Information: MCND#1 is a single purpose government and therefore has only one function - public port facilities. The CAFR distinguishes functions of MCND#1 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities).
- B. Fund Structure: MCND#1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and reports the following major governmental funds: General Fund, Debt Service Fund and Capital Projects Fund.
- C. Budgetary Basis of Accounting: MCND#1 prepares its budget on a basis consistent with generally accepted accounting principles.
- D. Magnitude of Financial Operations: MCND#1 currently has budgeted \$1 million in revenue for its fiscal year 2019, \$771,177 in expenditures and \$440,221 for debt service.
- E. Computer Systems: The majority of the District's financial records are stored on PC's utilizing QuickBooks accounting software applications.
- F. Ad Valorem Tax Assessment/Collection: The District contracts with Matagorda County for the assessment and collection of ad valorem taxes.

- G. Internal Audit Function: The District does not currently have an internal audit function.
- H. Federal and State Grants: The District will receive over \$2 million in federal and grant funding for 2019; subsequently may carry over to 2020.

VII. Time Requirements

The desired schedule for completion of certain aspects of the audit is as follows:

- A. Fieldwork may commence February 15 (field work is normally towards the end of March) of each subsequent year.
- B. All documents, statements, notes and reports of the CAFR should be available review by the District by the April Board of Commissioners Meeting of each year.
- C. The CAFR shall be approved by the Board and submitted to the Texas Commission on Environmental Quality by April 30 of each year.

VIII. Information to be Requested from Proposer:

To achieve a uniform review process, it is required that proposals be organized in the following manner:

- A. Title Page: Show the RFP subject, name of the proposer's firm, local address, telephone number, name of contact person and date.
- B. Letter of Transmittal: Briefly state the proposer's understanding of the work to be done and commitment to perform the work within the specified time period. Give the names of the persons who will be authorized to make representations for the proposer, their titles, addresses and telephone numbers.
- C. Profile of the Proposer: Provide a profile of your organization and:
 - 1. State whether your organization is national, regional or local.
 - 2. Indicate the number of people (by level) located within the local office that will be assigned to the audit.
 - 3. Provide a list of the local office's current and prior governmental financial audit clients, indicating the type(s) of services performed and the number of years served for each.
 - 4. Describe your approach to the audit process, including the following points: Type of audit program used (tailor-made, standard government or standard commercial), typical assistance expected from District's staff and tentative schedule for completing audit and CAFR within specified deadlines of the RFP.
- D. Fee: MCND#1 is prohibited from requesting a competitive bid for this engagement, however, an all-inclusive maximum audit fee should be provided for each of the two years of the contract. Also, provide the expected billing

rates for any additional services for which the District might desire to utilize the expertise of the auditor on projects outside the scope of the financial audit.

- E. Scope Section: Clearly describe the scope of the required services to be provided, in terms of the matters discussed in the following subsections:
1. The scope of the examination will be to prepare the audit report and render an opinion on the individual and combined funds and account group financial statements of MCND#1.
 2. The auditors shall familiarize themselves with, and comply with, the provisions of any and all federal and state statutes as outlined in the Annual Audit Report Requirements for Texas Water Districts and Authorities (or its successor) of the Texas Water Commission; bond covenants, administrative code and orders, rules and regulations that may pertain to the work required in the engagement.

IX. Evaluation of Proposals

The submission of a proposal shall be prima facie evidence that the proposer has full knowledge of the scope, nature, quantity and quality of work to be performed; the detailed requirements of the specifications; and the conditions under which the work is to be performed. The proposer shall furnish the District such additional information as the District may reasonably require.

Proposals will be evaluated by the Port Director and the Chairman of the Board of Commissioners using, but not limited to, the following items of importance:

- A. The firm's technical experience in performing government audits and producing CAFR's.
- B. The audit team's experience and qualifications.
- C. Estimated audit fees.
- D. Other factors such as audit approach and ability to meet deadlines as presented in the RFP.

The District reserves the right to conduct personal interviews of any or all proposers prior to selection. The District will not be liable for any costs incurred by the proposer in connection with such interview (i.e., travel, accommodations, etc.)

The District reserves the right to reject any and all proposals, the right in its sole discretion to accept the proposal it considers most favorable to the District's interest, and the right to waive minor irregularities in the procedures. The District further reserves the right to reject all proposals and seek new proposals when such procedure is reasonable in the best interest of the District.

X. Additional Information and Contact

The District will not be liable for any costs not included in the proposal.

The District reserves the right to replace the selected auditors if the performance of the audit, at any time, does not meet the requirements of this RFP or deviates from selected auditor's submitted proposal.

Proposers who want additional information or clarification should submit requests in writing via mail or fax. Responses will be made in writing only and furnished to all parties receiving this request for proposal.

The contact person for these requests will be Victor Martinez Jr., Port Director, Matagorda County Navigation District #1, P. O. Box 551, Palacios, Texas 77465, Ph. 361-972-5556; Fax: 361-972-3584.