



Palau Public Utilities Corporation

REQUEST FOR PROPOSAL RFP PUC17-010 AUDIT FY17-19

Issued on : February 14, 2017
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Request For Proposal No. (RFP No.) : RFP-PUC17-010
Employer : Palau Public Utility Corporation (PPUC)
PO Box 1372, Oldiais Building, Medalaii, Koror
Republic of Palau 96940

Country : Republic of Palau

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1. PREFACE

This Request For Proposals (RFP) Interested CPA Firms may submit sealed proposals bearing their name and address, and identified with the proper Request for Proposal number in BIG FONTS to address [P.O. Box 1372, PPUC Main Office, 1st Floor--Oldiais Building--Koror, Palau 96940] no later than 4:00PM, March 1, 2017, Palau time. All inquiries may be directed to Sofronio "Pons" Mahor at (680) 488-5320/3870 or e-mail at ponz@ppuc.com. Further details and information such as the scope of work, work duration, payment terms, contract clauses, and other relevant details relating to the RFP are provided below and in the following pages.

2. BACKGROUND

The Palau Public Utilities Corporation (PPUC) provides power, water and sewerage services to Koror and other areas in the Republic of Palau. In this RFP, PPUC is soliciting Proposals for the Performance of its Single Audit for Fiscal Years ending September 30, 2016, September 30, 2017, and September 30, 2018.

PPUC was created in 1994, the same year Palau gained independence as a sovereign nation. Since then, PPUC has been operating the national electric utility and the distribution facilities, which now cover about 47 linear miles of 34.5KV transmission and 114 linear miles of 13.8KV distribution lines.

On June 6, 2013, the Palau Water and Sewer Corporation which managed the water and wastewater services of Palau, was dissolved and its operations merged with the PPUC.

Currently, PPUC serves about 6,400 customers and bills about 5.5 Million kwh and 60 Million gallons of water per month. Our services cover Koror (the economic capital), Babeldaop and the three outlying island states. PPUC currently employs 239 employees and maintains two administrative offices, five power plants and several water/ sewer stations.

PPUC's fiscal year begins October 1 and ends September 30. The following are unaudited operating revenues and expenses for fiscal year 2016:

- Operating revenues \$22.7M
- Operating expenditures \$28.0M
- Non-operating revenue \$3.3M

Budgets for fiscal year 2017 reflect the following:

	Electric	Water/ Sewer
Operating Expenditures	\$22.2M	\$7.6M
Capital Improvements	\$ 4.1M	\$2.4M

PPUC utilizes the following automated systems:

1. ABILAMIP (Micro Information Product) Fund Accounting System
 - a. General Ledger

- b. Inventory
 - c. Fixed Assets
 - d. Payroll
 - e. Accounts Payable
 - f. Cash Management
2. Microix, Inc.
 - a. Purchasing
 - b. Inventory
 3. Suprima Pre-Paid Meter System
 4. Utility Star Platinum(UTP)
 - a. Customer electric billing
 - b. Accounts receivable
 - c. Customer Information maintenance

3. SCOPE OF SERVICES

The firm shall perform an audit of the financial statements of the PPUC in accordance with pertinent audit governance standards, and shall express an opinion, based on the audit work, on the fairness of the presentation of the financial statements in conformity with the United States of America (US) Generally Accepted Accounting Principles (GAAP), and report on internal controls over financial reporting considered during the audit and compliance with relevant provisions of laws, and other authoritative regulations, contracts or instruments.

1. Scope of Audit:

1. The audit shall be made in accordance with US Generally Accepted Auditing Standards and with Generally Accepted Government Auditing Standards, issued by the office of the Comptroller General of the US, or US Government Accountability Office (GAO) covering financial and compliance audits.
2. At present, total Federal financial assistance received by PPUC falls below the threshold for a OMB Circular A-133 audit. Should PPUC receive and expend Federal financial assistance in excess of \$500,000 during any given fiscal year within the scope of this proposal, the audit shall apply the standards and requirements of the Single Audit Act (OMB Circular A-133).
3. In the event PPUC receives funding from the Republic of Palau National Government sourced from the Compact of Free Association with the US (COFA), the audit shall expand to include compliance with pertinent provisions of the COFA.
4. The audit shall cover the entire operation of the PPUC and the expenditures of U.S. Federal Financial Assistance or Compact of Free Association funds, if any.
5. The audit shall cover the Koror-Airai Sanitation Project that is funded by Asian Development Bank loan proceeds.
6. Period of Audit

The audit shall cover the following fiscal years:

FY2017: begins October 1, 2016 and ends September 30, 2017

FY2018: begins October 1, 2017 and ends September 30, 2018

FY2019: begins October 1, 2018 and ends September 30, 2019

Final Audit Reports must be submitted to the PPUC four (5) months after the end of each FISCAL YEAR.

2. Requirements of the Auditor

1. The audit shall be made by an independent auditor. An "independent auditor" means (1) A State or local government auditor who meets the independence standards specified in the Generally Accepted Government Auditing Standards, or (2) a public accountant who meets such independence standards.

The following information must be submitted by all respondents:

1. An affirmation that the offeror is properly licensed for public practice as a certified public accountant or a public accountant. The offeror must also be licensed to practice in the Republic of Palau pursuant to the Republic of Palau's Board of Accountancy Act.
 2. An affirmation that the offeror meets the independence requirements of the Generally Accepted Government Auditing Standards, 2007 revision, published by GAO.
 3. The offeror must submit a copy of most recent peer review report.
 4. An affirmation that the offeror meets any other specific qualification requirements imposed by the Republic of Palau Accountancy Act.
3. The offeror shall meet from time to time with the General Manager, and the Chief Financial Officer to the PPUC and the Republic of Palau Public Auditor to discuss the progress of the audit and other related matters and concerns. Upon issuing a draft audit report, the offeror shall hold an exit conference with the PPUC General Manager and the Chief Financial Officer to discuss the report and related issues.

4. Assistance Available to Offerors

1. The last final audit of PPUC is for fiscal year 2015 and was conducted by Deloitte & Touche LLP, Tamuning, Guam
2. The PPUC Chief Financial Officer will assign staff available to assist the offeror.
 - a. The staff can prepare schedules, reproduce documents, pull documents, etc.
 - b. PPUC financial records shall be made available for auditing purposes.
 - c. PPUC engages the services of two legal counsels who shall be available to discuss legal issues related to the audit, plus a third legal counsel whose services focuses on collections of receivables.

3. The PPUC will provide adequate working space for the Offeror. Working space will be within the vicinity of the records.
4. The U.S. Department of the Interior is the cognizant Federal Agency for the Single Audit.

5. Reports Required

At the conclusion of the audit, the Offeror is required to submit the following audit reports:

- (1) Report on the audit of Financial Statements with supplementary financial information specified by the client
- (2) Report on the audit of the KASP statement of project account
- (3) Independent Auditor's Report on Internal Control and on Compliance
- (4) If applicable, the above reports shall conform with the standards of OMB Circular A-133
- (5) If applicable, a Schedule of Findings and Questioned Costs

In addition, the audit reports should meet the following minimum requirements:

1. State the authoritative standards by which the audit was conducted.
2. Include an opinion on the fair presentation of the financial statements in conformity with GAAP.
3. Include an opinion on the Schedule of Expenditures of Federal Awards, if applicable.
4. Include an opinion on compliance with laws, regulations, contracts or grants which could have a direct and material effect on each major program, if applicable.
5. Identify material weaknesses in internal controls which could adversely affect PPUC's ability to capture and report financial transactions in conformity with GAAP.
6. Identify material noncompliance with relevant laws, regulations, contracts, grants or other instruments which could materially affect PPUC's financial position or operations.
7. Identify fraud, irregularities, waste or abuse discovered during the audit in a separate letter to management unless authoritative standards require that these be presented in the audit reports. This report shall include other recommendations that will aid PPUC's efforts towards a strong internal control environment, financial transparency and accountability.

4. FEE PROPOSAL

The fee proposal should be submitted in a separate sealed envelope and the fee amount should not be disclosed anywhere in the proposal. The offeror will be expected to provide transportation, temporary housing and meals while performing the audits. Proposal shall state total project hours, total professional fee, and reimbursable expenses with firm not-to-exceed caps for completion of the work.

5. CONTRACTUAL ARRANGEMENT

The contract shall be for a period of three (3) years. Invoices and payments shall be in accordance with progress of work. Final payment to the contractor shall not be disbursed until a final audit report has been received by the PPUC.

6. WORKING DETAILS

1. Working papers will be retained for at least three years.
2. Working papers will be available for examination by the Office of Public Auditor, Republic of Palau, and local representatives of the cognizant Federal audit agency.

7. OBTAINING RFP

Electronic copies of the RFP may be obtained by emailing the nominated Contact Officer below, or from the PPUC website www.ppuc.com. All prospective bidders are requested to provide their contact details (company name and website, contact person, email and telephone number) to ensure they receive any updates to the RFP.

PPUC will also issue hard copies of the RFP on request at Palau Public Utilities Corporation (PPUC), Oldiais Building, Medalaii, Koror PO Box 1372, Republic of Palau 96940.

Contact Officer:

The contact officer for this RFP is:

Mr SOFRONIO B. MAHOR

Chief Procurement Officer

PPUC

Oldiais Building, Medalaii, Koror

PO Box 1372,

Republic of Palau 96940

Telephone No.: 680-488-3870/3872

E-mail Address: ponz@ppuc.com

8. CONTENT OF PROPOSALS

At a minimum, the proposal shall contain:

1. The name of the offeror, the location of the offeror's principal place of business and, if different, the place of performance of the proposed contract.
2. Contact information: contact person, position, address, telephone and fax numbers, and email address.

3. The age of the offeror's business and the average number of employees in the past year.
4. The current workload of the offeror.
5. The abilities, qualifications, experience and the role of the key persons that would be assigned to perform the services contained in The Scope of Work, (include but specifically identify any sub-consultants).
6. The anticipated involvement expressed by percentage and the nature of involvement of the work as described by the Scope of Work that will be conducted by off-island sub-consultant(s), if any.
7. A list of other contracts under which services similar in scope, size and discipline for the required services which the firm substantially performed or accomplished as the Prime and/or Principal Consultant in the past ten years. The list should describe briefly project scope and the total project cost.
8. A reference list of 3 – 5 projects comparable to this RFP (may include projects listed above). Include contact name, position, telephone and fax numbers, and email address.
9. A list of current clients showing location, length of engagement, contact names, and telephone numbers.
10. A discussion of the program (plan) that the Consultant will undertake to accomplish the objectives of the project and the work described in the Scope of Work. The plan shall be detailed into steps against which PPUC and Consultant could refer to as the project progresses. The plan shall detail a tentative timeline for completion of each step and estimated man-hours.
11. Total project cost shall be detailed to identify costs allocated to each step delineated in the Scope of Work. Cost estimates shall include estimated hours for each project task/ step and the rate per hour. Equipment, supplies, and other costs shall be itemized separately.
12. Certification to the effect that the firm has not been debarred from participation in public contracts or Federal programs, and that the firm has not been in bankruptcy, reorganization, or receivership within the last five years.

9. SUBMISSION OF PROPOSALS

Interested Contractors may submit their sealed Proposal hardcopy to PPUC- Main Office, 2nd Floor, Oldiais Building, Medalaai, Koror, Palau 96940, or by email to the nominated Contact Officer. For inquiries regarding submission of quotations, please contact Mr. Mahor as noted above.

10. EVALUATION AND SELECTION PROCESS

All proposals received shall be evaluated by a specially convened committee. The following criteria (NOT Necessarily in Order) will be used to evaluate proposals:

1. Proposed Project Cost
2. The company's ability to provide the required services. (Please provide audited financial reports for the last three years or equivalent. Further, provide an affirmative statement regarding the company's solvency and going-concern. The statement should include a negative affirmation that the company is not a defendant in a litigation proceeding and is not at risk of declaring bankruptcy during the effective period of policy coverage specified in this RFP.)

3. A comprehensive list of customers with contact information for reference purpose.
4. Copy of a valid and current Palau business license.
5. Proposal compliance with all RFP requirements as stated in this document.
6. Payment Terms
7. Other details including but not limited to added-value packages

11. GENERAL CONDITIONS

- A. Proposers are required to submit their proposals based upon the conditions expressed in these instructions
 - i. Assignment of Contract: The contract shall not be assigned to any party without prior written consent from PPUC.
 - ii. RFP Modification: This RFP does not commit PPUC to award a contract, to pay any costs incurred in the preparation of the proposal under this request, or to procure or contract for services. PPUC also reserves the right to accept or reject any or all proposals received under this request, to negotiate with qualified Bidder, or to cancel in whole or in part this RFP, if it is in the best interest of PPUC to do so. Prospective Bidder under this RFP may be required to participate in negotiations and to submit any price, or technical revisions to their proposals as may result from the negotiation process.
 - iii. Performance & Payment Bond: PPUC requires that all contractors with contracts in excess of \$50,000 should acquire performance and payment bonds tendered in a manner and through a surety acceptable to the PPUC Chief Executive Officer / General Manager, which guarantees satisfactory completion of a project. The performance and payment bonds shall be in an amount equal to the total price specified in the contract. (to be determined by PPUC)
 - iv. Transfer of property: All proposals shall become PPUC property.
 - v. Conformity: The PPUC procurement regulations shall apply to all proposals and winning contractor shall be bound by them.
 - vi. Bid Bond: Each project cost proposal must be accompanied by a certified check, cashier's check or proposal bond made payable to PPUC, in the sum of 10% of the aggregate cost of the proposal; such guarantee to be forfeited should the offeror to whom the work is awarded fail to execute and deliver contract and for the payment of all persons performing labor or furnishing materials in connection therewith, and in all other respects perform the agreement created by the PPUC's acceptance of said proposal.
 - vii. Submission of the Proposal:
 1. A cover page with a table of contents
 2. An executive summary page that summarizes the corporate history, contractor's ability to satisfy the requirements of this RFP, project cost and a synopsis of salient details required in this RFP.

3. The proposals shall be sealed in a package and should include:
 - a. The Contractors information (i.e., Name, Address, and Contact) on the outside package
 - b. The RFP# on the outside of the package that should be submitted NOLATER THAN 4:00 PM of CLOSING DATE-Palau Time.
 [Note: The RFP # should be in big fonts.]
 - c. The sealed package should include the One (1) original plus Six (6) copies of the proposal.

12. Inquiries:

Any inquiries, requests, clarification, or additional information pertaining to this RFP shall be made in writing, by email.

13. CONTRACT CLAUSE:

A. All contracts shall, at a minimum, contain the following clauses:

- | | |
|---|--------------------------|
| 1. Governing Regulations | 13. Commencement of Work |
| 2. Penalties for Violation of Regulations | 14. Liquidated Damages |
| 3. Contract Disputes | 15. Schedule |
| 4. Gratuities | 16. Clear Title |
| 5. Kickbacks | 17. Taxes |
| 6. Representation of Contractor
Concerning Contingent Fees | 18. Force Majeure |
| 7. Changes | 19. Relationship |
| 8. Stop Work Order | 20. Entire Agreement |
| 9. Termination for Defaults or Convenience | 21. Assignment |
| 10. Approvals, Certificates, Permits and Licenses | 22. Subcontract |
| 11. Laws and Regulations | 23. Contracting Officer |
| 12. PPUC's right to inspect | |

14. CONTACT DETAILS

Sofronio "Pons" Mahor
 PPUC Contracting Officer
 PPUC Procurement Division
 Tel: (680) 488-5320 Fax: (680) 488-4499
 Email: ponz@ppuc.com

Aline Rehuher
 Acting Chief Financial Officer
 PPUC Accounting and Finance Division
 Tel: (680) 488-5320 Fax: (680) 488-4499
 Email: aline@ppuc.com

Hasinta Idechong
 PPUC Acting Chief Financial Officer
 PPUC Accounting and Finance Division
 Tel: (680) 488-5320 Fax: (680) 488-4499
 Email: hidechong@ppuc.com

APPENDIX 1- BID FORM

Letter of Quotation

Date: _____/_____/_____

RFP No.: RFP-PUC17-010

Audit FY17-19.

To: The Chief Executive Officer / General Manager
Palau Public Utilities Corporation

We, the undersigned, declare that:

- (a) We have examined and have no reservations to the RFP, including Addenda issued in accordance (if any);
- (b) The price of our Bid, excluding any discounts offered in item (d) below is the sum of: [amount of local currency in words], [amount in figures]
- (c) Our bid shall be valid for a period of days from the date fixed for the bid submission deadline in accordance with the RFP, and it shall remain binding upon us and may be accepted at any time before the expiration of that period;
- (d) We understand that this bid, together with your written acceptance thereof included in your notification of award, shall constitute a binding contract between us, until a formal contract is prepared and executed;
- (e) We understand that you are not bound to accept the lowest evaluated bid or any other bid that you may receive; and
- (f) We accept full responsibility for the health and safety of persons employed by us in completing the works under this Proposal.

Name

In the capacity of

Signed

Duly authorized to sign the Bid for and on behalf of

Date

Appendix 2: Schedules of Rates and Prices

Price Schedules

General

1. The Request for Proposal will be a Lump Sum Quotation for completion of all specified works.
2. The Schedules generally describe the works to be performed. Bidders shall be deemed to have read the RFP and visited the sites to ascertain the full scope of the requirements prior to filling in the price. The entered price shall be deemed to cover the full scope as aforesaid, including overheads and profit.
3. If bidders are unclear or uncertain as to any item, they shall seek clarification in writing prior to submitting their bid.

Pricing

4. Prices shall be entered in indelible ink, and any alterations necessary due to errors, etc., shall be initialled by the Bidder.
5. Bid prices shall be quoted in United States Dollars, in the manner indicated in the Bid Form of the RFP. For each item, bidders shall complete each appropriate column in the respective Schedules, giving the price breakdown as indicated in the Schedules.
6. Payments will be made to the Contractor in United States Dollars.
7. When requested by the Employer for the purposes of making payments or partial payments, valuing variations or evaluating claims, or for such other purposes as the Employer may reasonably require, the Contractor shall provide the Employer with a breakdown of any composite or lump sum items included in the Schedules.

Signature of Bidder
