

Brazos Valley Groundwater Conservation District

REQUEST FOR QUALIFICATIONS (RFQ) FINACIAL AUDIT
SERVICES

EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede, CPA
Donna Ede Jones, CPA
Kevin Ede, CPA

133 N. Camp St.
Uvalde, Texas 78801
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Brazos Valley Groundwater Conservation District
112 W. 3rd Street
Hearne, TX 77859

Gentlemen:

We are pleased to submit a proposal to provide audit services to the Brazos Valley Groundwater Conservation District and preparation of the annual financial report, for the year ended December 31, 2024.

We are a firm that has been providing accounting and auditing services for over 64 years. Our success has been a direct result of our focus on quality service. There are many other firms offering governmental audit services. Our firm is different than most other firms in the fact that our partners are directly involved in all aspects of your audit. We realize that an audit is a major disruption for you and your staff. We strive to be sensitive to your workplace, employee's routine, and minimize the disruptions as much as possible. One of the most rewarding results of the quality of services we provide is the recommendations from our clients. We urge you to contact any of the representatives listed (see attached client list).

The audit team for the Brazos Valley Groundwater Conservation District will be led by our Partner in Charge, Kevin Ede and Assistant Partner in Charge Eric Ede.

Kevin Ede, CPA has one (2) year of experience providing audit and accounting services to nonprofit and local government entities. Mr. Ede received a Bachelor of Science from Texas A&M University, College Station Class of 2016, and is currently working toward his Masters of Business Administration from The University of Texas, San Antonio. He is a veteran of the United States Army Reserves, having been actively deployed.

Eric Ede, CPA has forty-one (42) years experience providing audit and accounting services to local government clients. Mr. Ede received a Bachelors of Business Administration in Accounting from The University of Texas at Austin in 1982. Mr. Ede has served as partner-in-charge on numerous governmental audits under *Government Auditing Standards* as well as OMB A-133 audits under the *Single Audit Act*.

The enclosed proposal is a firm and irrevocable offer to provide financial audits for Brazos Valley Groundwater Conservation District. This proposal will remain a firm offer for 60 days from the date of this proposal. Kevin Ede is authorized to enter into engagement agreements on behalf of the firm. Again, we appreciate the opportunity to offer services to Brazos Valley Conservation District and urge you to call us if you should need additional information.



Ede & Company, LLC
Certified Public Accountants
Uvalde, Texas

September 13, 2024



TECHNICAL COMPONENT

A. Generally Accepted Government Auditing Standards (GAGAS)

GAGAS are the auditing standards which must be followed in the performance of a governmental audit as set forth by the Comptroller General of the United States. All Generally Accepted Auditing Standards (GAAS) are included in GAGAS and the objective of applying those standards remains the same, however, there are certain differences as follows:

- a. Qualifications of auditors responsible for planning, directing, conducting or reporting on governmental audits require completion of at least 80 hours of continuing professional education every two years, with at least 20 hours in any one year, and at least 24 of the 80 hours should be in subjects directly related to the government environment and to governmental auditing.
- b. Due professional care is used on all audit engagements, but GAGAS indicates that materiality levels and/or thresholds of acceptable risk in government audits may be lower than in similar-type audits in the private sector. This is due to the public accountability of the entity, various legal and regulatory requirements and the visibility and sensitivity of government programs, activities, and functions.
- c. GAGAS requires auditors to report the status of known, but uncorrected significant or material findings and recommendations from prior audits that effect the current audit objectives.
- d. GAGAS requires that audit organizations conducting government audits have an appropriate internal quality control system in place and participate in an external quality control review program.
- e. GAGAS standards on planning specifically states that all levels of government be considered in planning an audit. In many instances audits of the same organizations, programs, activities or functions may be required by federal, state, and local laws, regulations and ordinances.
- f. GAGAS requires tests be made of compliance with applicable laws and regulations and to design audit steps and procedures that provide reasonable assurance that the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or regulations.
- g. Internal controls are required to be tested under GAGAS if the auditor plans to use the reliance of controls in performing the audit. Under the Single Audit Act, internal controls must be tested regardless of the reliance placed upon them. An audit under the Single Audit Act is required if federal assistance exceeds \$750,000 in any one audit year.

B. Specific Audit Approach

There are many different ways to approach an audit. The approach we take places a high priority on quality service while maintaining an acceptable level of efficiency. We feel that quality is most often enhanced by planning the audit work flow to provide the least interruption to District's personnel. Following is a brief outline of the anticipated audit work. Prior to the start of our fieldwork, we begin to analyze internal controls through interviews and walkthrough procedures, compute initial planning materiality through analytical procedures, assess audit risk and determine audit steps to detect and report financial statement misstatements due to error or fraud, if any. Once the above has been accomplished, we modify the audit program based on our assessment of audit need and risk.

We use several innovative audit efficiency techniques recognized by the accounting profession in accomplishing our audit. Three of these are described below:

- a. **Focus on Significant Issues.** One means we use measures and places in order of priority areas for audit coverage based on materiality and internal controls. This technique simply

assigns values to areas which permit a weighting for prioritizing audit coverage. Thus, either high dollar value, limited internal controls, or a combination of these two factors could cause an area to have high priority for audit coverage. Conversely, low dollar value and strong internal controls tend to lower the audit coverage priority.

- b. **Minimizing Work in Selected Areas.** In addition to the prioritizing technique described above, we use computer-generated statistical sampling, third-party confirmations, and other professional auditing techniques to minimize the amount of time we must spend in any one area.
- c. **Consideration of Fraud in a Financial Statement Audit.** AU Section 316, Consideration of Fraud in a Financial Statement Audit, established standards on the auditor's responsibility to consider the risks of fraud and to design the audit to provide reasonable assurance of detecting fraud that results in the financial statements being materially misstated. The consideration of fraud is not separate, but is integrated into the overall risk assessment process, and is continuous throughout the audit.

Our practice is to gain an initial assessment of the risk of material misstatement through the interview process and understanding the design of internal controls. We conduct walk-throughs of selected control processes and interview key personnel to determine if controls are effective. All responses we receive (if any) regarding potential fraud are kept in a professional and confidential manner by the engagement partner and evaluated for applicability to the audit process. We will share all concerns noted with the appropriate District staff.

Additional procedures will be performed during field work and will include steps to test the following:

1. Revenues
2. Expenditures, payables and receivables
3. Bank balances
4. Investments
5. Other balance sheet accounts not already tested
6. Additional federal and state compliance testing

C. Multi-Year Audit Approach

The audit methodology for multi-year engagements is the same as described in the preceding sections. However, we re-assess the need for audit coverage on particular areas based on knowledge gained through previous audits. Areas given low priority for audit risk one year may be tested in more detail in subsequent years.

D. Independence

We take the utmost care in determining that our firm and staff are independent with respect to our governmental clients. We determine independence prior to making a decision to submit our qualifications by complying with our quality control standards and standards prescribed by Government Auditing Standards.

We are independent with respect to the Brazos Valley Groundwater Conservation District: there have been no prohibited transactions including direct or indirect financial interest with the Brazos Valley Groundwater Conservation District, and no one on our staff is related to District personnel or any member of the Brazos Valley Groundwater Conservation District.

E. Consultation

It is our philosophy that it is easier to fix problems as they occur rather than waiting until the audit is in process. We encourage our audit clients to contact us for technical support whenever the need arises. It is our policy not to charge our clients for routine consultation that can be accomplished by telephone, e-mail, or fax.

MANAGEMENT COMPONENT

We have enrolled in the American Institute of Certified Public Accountants, Quality Review Program. Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent review in June 2023 resulted in a peer review rating of "pass" and accompanies this letter. We will have independent peer review at least every three (3) years.

Woodrow Ede founded our firm in 1960, and we have provided accounting and auditing services for the past 64 years. Partners of our firm are members of the Texas Society and American Institute of Certified Public Accountants. We are also members of the AICPA Governmental Audit Quality Center (GAQC) Our proposed audit team will consist of:

Kevin Ede, CPA
Partner in Charge
Texas A&M University
Class of 2016

Eric Ede, CPA
Assistant Partner in Charge
University of Texas at Austin
Class of 1982

Each member has completed 80 hours of Continuing Professional Education during the past 2 years. At least 80 of the 80 hours of are in subjects directly related to the government environment and governmental auditing.

The following is a list of Water District and River Authority audits which we are presently engaged.

HEADWATERS UNDERGROUND WATER
125 LEHMANN DR. SUITE #102
KERRVILLE, TX 78028
830-896-4110
GENE WILLIAMS, GENERAL MANAGER

BANDERA COUNTY RIVER AUTHORITY
P.O. BOX 177
BANDERA, TX 78003
210-796-7260
DAVID MAUK, GENERAL MANAGER

UPPER GUADALUPE RIVER AUTHORITY
125 LEHMANN DR. SUITE #100
KERRVILLE, TX 78028-5908
830-896-5445
RAY BUCK, GENERAL MANAGER

MEDINA COUNTY UNDERGROUND WATER
1613 AVENUE K SUITE 105
HONDO, TX 78861-1838
830-741-3162
DAVID CALDWELL, GENERAL MANAGER

EVERGREEN UNDERGROUND WATER
CONSERVATION DISTRICT
110 WYOMING BLV
PLEASANTON, TX 78064
830-569-4186
RUSSELL LABUS, GENERAL MANAGER

UVALDE COUNTY UNDERGROUND WATER
200 E. NOPAL SUITE 202
P.O. BOX 1419
UVALDE, TX 78802-1419
830-278-8242
VIC HILDERBRAN, GENERAL MANAGER

WINTERGARDEN GROUNDWATER
CONSERVATION DISTRICT
P. O. BOX 1433
CARRIZO SPRINGS, TX 78834
830-876-3801
DEBBIE FARMER, GENERAL MANAGER

LOWER TRINITY GROUNDWATER
CONSERVATION DISTRICT
602 EAST CHURCH STREET
SUITE #141
LIVINGSTON, TX 77351
936-327-9531
GARY ASHMORE, GENERAL MANAGER

CENTRAL TEXAS GROUNDWATER
CONSERVATION DISTRICT
P. O. BOX 870
BURNET, TX 78611
512-756-4997
MITCHELL SODEK, GENERAL MANAGER

POST OAK SAVANNAH GROUNDWATER
DISTRICT
P. O. BOX 92
MILANO, TEXAS 76556
512-455-9900
GARY WESTBROOK, GENERAL MANAGER

We also audit numerous Public Utility Districts and Water Supply Corporations, reporting to Texas Commission to Texas Commission on Environmental Quality (TCEQ)

Numerous other Governmental audit contacts are available on request.

Our firm has never been publicly or privately reprimanded by the State Board of Public Accountancy.

Our firm is currently under no litigation or pending claims.

We do not anticipate the need to engage any outside specialists or consultants in our engagement.

We will utilize the District's personnel to the extent possible in order to keep our fees within the range specified in this proposal.

Our report will be government-wide and will include any reconciliations necessary to comply with GASB Statement No. 34.

Estimated Fees

Our estimated fee for the annual audit for the fiscal year ended December 31, 2024 is \$5,700.00. This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We do not charge our clients for routine consultation that can be accomplished by telephone, e-mail, or fax, however, if more extensive consultation is needed, that consultation will be billed at our standard hourly rate of \$285.00 per hour.

EXHIBIT A

CERTIFICATION OF NON-DISCRIMINATION

**TO BE EXECUTED BY PROPOSER AND SUBMITTED WITH
STATEMENT OF QUALIFICATIONS**

Proposer hereby certifies in performing work or providing services for the District, there shall be no unlawful discrimination in its hiring or employment practices, and Proposer shall comply with applicable federal and Texas anti-discrimination laws.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Non-Discrimination this 13 day of September, 2019.2024

PROPOSER:

Ede + Company, LLC
(Type or print complete legal name of firm)

BY: 
(Signature)

NAME: Kevin Ede, CPA
(Type or Print)

TITLE: Partner
(Type or Print)

ADDRESS: 133 N. Camp Street

CITY Uvalde, STATE Texas, ZIP 78801

EXHIBIT B

REFERENCES	
Proposer shall provide a minimum of three (3) References with three (3) or more years' experience with the Proposer.	
REFERENCE #1	
NAME	<i>See Proposal for References</i>
ADDRESS	
CITY, STATE, ZIP CODE	
TELEPHONE #	
CONTACT	
DATES OF SERVICE	
DESCRIPTION OF SERVICES	
REFERENCE #2	
NAME	
ADDRESS	
CITY, STATE, ZIP CODE	
TELEPHONE #	
CONTACT	
DATES OF SERVICE	
DESCRIPTION OF SERVICES	
REFERENCE #3	
NAME	
ADDRESS	
CITY, STATE, ZIP CODE	
TELEPHONE #	
CONTACT	
DATES OF SERVICE	
DESCRIPTION OF SERVICES	

(ATTACH ADDITIONAL SHEETS IF DESIRED)

STATEMENT OF QUALIFICATIONS/PROPOSAL SUBMITTAL CHECKLIST

This checklist is provided to assist in the preparation of Proposer's Statement of Qualifications. It is only intended as a guide.

Proposers are encouraged to use the following checklist when preparing their proposed Statement of Qualifications/Proposal:

- LETTER OF INTEREST** – all requested information included, and signed by authorized representative
- RESPONSE TO MANDATORY REQUIREMENTS** – include narrative, resumes, experience and qualifications, proof of professional liability insurance, association memberships, groups/individuals represented regarding groundwater, and statement of no conflict of interest
- FEE PROPOSAL** – all requested information included, including hourly rates, billable hours, increments, and other expenses that may be incurred by the District
- EXHIBIT A – Certification of Non-Discrimination** – completed and signed by authorized representative
- EXHIBIT B - References** – complete as requested