



INTERIOR GAS UTILITY
100 Cushman Street, Suite 501
Fairbanks, Alaska 99701

IMPORTANT NOTICE FOR
RFP 2016-P-01

Accounting Services for the Interior Gas Utility
(IGU)

If you are taking this Request for Proposals (RFP) from the IGU web site and intend to respond provide the following information to us via email to david@interiorgas.com to be included on the IGU list of companies interested in responding to this RFP.

Company name _____
Contact name _____
Company Address _____
Telephone number _____
Fax number _____
E-mail address _____

Any amendments or clarifications to this RFP will be posted on the IGU web site at <http://www.interiorgas.com>. Interested offerors are responsible for carefully reviewing this RFP and any amendments or clarifications prior to submitting their proposal.

Contact:

David J. Prusak
Project Manager
IGU
P.O. Box 70200
Fairbanks, AK 99707
E-mail: david@interiorgas.com

RFP ISSUE DATE: October 15, 2015
DEADLINE FOR RESPONSES: November 5, 2015

Table of Contents

1.0 Introduction and Instructions	4
1.1 Overview	4
1.2 Minimum Requirements to Respond.....	5
1.3 Submission of Proposals and Deadline for Receipt of Proposals	5
1.4 Contact Regarding Questions	5
1.5 Location of Work.....	6
1.6 Budget.....	6
1.7 News Releases	6
1.8 RFP/Contract Management	6
2.0 RULES GOVERNING PROCUREMENT	7
2.1 Preparation Costs	7
2.2 Review of the RFP	7
2.3 Addendum and Notices.....	7
2.4 Licenses.....	7
2.5 Disclosure of Proposal Contents – Confidential Information.....	7
2.6 Response Format.....	8
2.7 Signature Requirements	8
2.8 Proposal Acceptance Period	8
2.9 Modification/Withdrawal of Submittal	9
2.10 Rejection of Submissions & Waiver of Minor Informalities.....	9
2.11 Evaluation of Proposals	9
2.12 Evaluation Interviews for Clarification	9
2.13 Discussions for Best and Final Offers.....	10
2.14 Contract Negotiations	10
2.15 Failure to Negotiate.....	10
2.16 Notice of Intent to Award.....	10
2.15 Protests.....	10
2.16 Administrative Appeal of Protest Decision and Hearings.....	11
2.17 Remedies on Protests or Appeals	11
3.0 SCOPE OF WORK	13
3.1 Background.....	13
3.2 Positions required	14
3.3 Tasks	14
3.3.1 Establish and Maintain Accounting Records for The IGU.....	14
3.3.2 Managing and Processing Payment Transactions and Bank Records	15
3.3.3 Compiling Monthly Reports	15
3.3.4 Present Financial Statements to the Board Monthly	15
3.3.5 Prepare Quarterly Expense reports as Requested	15
3.3.6 Preparation of Annual Financial Reports	15
3.3.7 Payroll processing.....	16
3.3.8 Other Tasks as Required	16
3.4 General Contractor Requirements	16
3.5 IGU Responsibilities.....	17
3.6 General Contract Requirements	17
4.0 SUBMISSION REQUIREMENTS	18
4.1 Requirement	18
4.2 Submittal Contents	18
4.2.1 Introduction.....	18

4.2.2	Understanding of the Project and Commitment	18
4.2.3	Methodology	19
4.2.4	Personnel and Firm Qualifications and Experience	19
4.2.5.	Terms and Conditions	20
4.2.6	Price Proposal.....	20
4.2.7	Price Proposal Work sheet	21
5.0	EVALUATION CRITERIA AND PROCESS	22
5.1	Evaluation Process	22
5.2	Evaluation Criteria.....	22
5.3	Vendor Selection.....	23

6.0 ATTACHMENTS

Attachment A – Sample Contract/Minimum Contract Mandatory Contract Provisions

Attachment B - Chart of Accounts

Attachment C = Accounting Procedures

1.0 Introduction and Instructions

1.1 Overview

The Interior Alaska Natural Gas Utility was created as an independent public corporation by the Fairbanks North Star Borough (FNSB) through its Ordinance No. 2012-52, after acquiring an area-wide natural gas utility power by transfer from the Cities of Fairbanks, Alaska and North Pole, Alaska. The Interior Alaska Natural Gas Utility doing business as the Interior Gas Utility (IGU) is wholly owned by the FNSB but is an independently managed, separate legal entity.

Its primary objective is to provide low cost, clean burning, natural gas (NG) to the largest number of customers in the FNSB as soon as possible. Its goal is to bring both economic and environmental well-being to the FNSB area, and provide an important and necessary benefit to the public.

The NG distribution system is currently being built out within the City of North Pole and areas surrounding the City of Fairbanks, Alaska within the FNSB. The ultimate system build out is proposed to consist of approximately 720 miles of transmission lines, gas mains, and distribution lines with ultimate service to approximately 12,000 customers, of which greater than 90% are anticipated to be residential and the remainder either multi-family or commercial facilities. The supply is proposed to be from a Liquefied Natural Gas (LNG) Storage and regasification facility located in North Pole, Alaska, likely near the Golden Valley Electric Association (GVEA) power plant.

Subject to available funding for construction and availability of affordable gas, the gas distribution system is proposed for construction in phases over a six-year period starting in 2015, with gas proposed to be in the system between July 1, 2017 and September 30, 2017. Funding for the construction and start-up of operations is being provided through a line of credit from the Fairbanks North Star Borough (FNSB) and a loan from the Alaska Industrial Development and Export Authority, (AIDEA). The IGU has a contract with MWH Americas, Inc. (MWH) to provide for Project Management services for the start-up of IGU and construction management services, anticipated to cover the six phases of construction.

The operational and management philosophy of IGU is to minimize IGU staff and maximize outsourcing of required resources. Anticipated IGU staffing is intended to consist of a General Manager, a Chief Financial Officer, a Communications Affairs Manager, a Procurement Officer, and an Executive Assistant and other positions as may be identified to provide for cost effective and efficient management of the system.

It is anticipated that during the period of the contract the IGU will negotiate and award a contract with a company to operate, maintain, and manage (OM&M) the system including providing some level of customer services and accounting. It is expected that the contractor selected under this RFP will assist the IGU and cooperate as needed with the OM&M contractor to assure all sources of income and expenses are properly accounted for and financial reports accurately state the financial position of the IGU.

Additionally AIDEA is looking to facilitate the integration of Fairbanks Natural Gas (FNG) and the IGU distribution systems and management of those systems under a local control entity (LCE) that will own and operate the integrated utility. AIDEA anticipates that an integration plan will be put in place by December 31, 2015 with transition occurring throughout 2016. It is anticipated that the level of accounting services required under this contract may change as a result of this integration and the IGU would amend the contract as necessary to account for the change in service levels.

The IGU is seeking proposals from accounting firms who are qualified and available to provide

a full range of accounting services as defined in Section 3 of this RFP. The IGU intends to award a contract beginning January 1, 2016 through September 30, 2017 with four one-year renewal options subject to satisfactory completion of services.

1.2 Minimum Requirements to Respond

Firms who are interested in responding to this solicitation must demonstrate that they meet the following minimum requirements:

1. Have a current Alaska business license.
2. Have a Licensed CPA who is in responsible charge of the services provided.
3. Have a minimum of three years experience providing accounting services.
4. Have a physical office within the Fairbanks North Star Borough.

Experience with FERC and utility accounting is not required but may result in higher evaluation scores in experience.

Proposals that fail to demonstrate meeting the requirements of 1 and 4 above may be rejected as non-responsive.

1.3 Submission of Proposals and Deadline for Receipt of Proposals

Offerors must submit one hardcopy of their proposal and one electronic copy in PDF format on CD or USB drive in a sealed envelope or package following the format under Section 4. The envelope or package must be addressed as follows:

Physical Address

Interior Gas Utility
Purchasing
100 Cushman St., Ste. 501
Fairbanks, AK 99701

Mailing Address

Interior Gas Utility
Purchasing
P.O. Box 70200
Fairbanks, AK 99707

REF: RFP 2016-P-01 Proposal for Accounting Services

Proposals must be received no later than 3:00 PM local time November 5, 2015. Faxed, e-mailed or oral proposals will not be accepted.

An offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

1.4 Contact Regarding Questions

Any questions regarding this request are to be submitted by e-mail to the IGU Project Manager.

David J. Prusak
Project Manager
IGU
P.O. Box 70200
Fairbanks, AK 99707
E-mail: david@interiorgas.com

All questions that require clarification or interpretation of this RFP that cannot be answered by careful review of the document must be received in writing at the Issuing Office address (5) five business days before the due date for proposals. If the question cannot be answered by a careful review of the appropriate section of the RFP the Project Manager will respond in writing and post an amendment or clarification as appropriate to the IGU website.

1.5 Location of Work

The contractor is required to have an office and staff within the Fairbanks North Star Borough who are able to personally interact with the IGU staff in Fairbanks and be available to report to the Board of Directors as needed.

1.6 Budget

The IGU is currently being funded by a loan from AIDEA and continuation of funding these start-up operations is subject to AIDEA approving the release of loan funds on an annual basis. The current annual cost for these services is anticipated to be between \$15,000 and \$30,000 depending on the volume of transactions and number of reports required. It is expected that the cost for these services may vary in the future depending on the timing of the start-up of the utility, changes in contracting activity, and hiring of staff.

1.7 News Releases

News releases by or on behalf of any Offeror pertaining to the award resulting from the RFP's shall not be made without prior written approval of the IGU General Manager.

1.8 RFP/Contract Management

The IGU Board of Directors, or their designee, must approve the contract and any amendments greater than \$25,000 prior to execution of the contract or amendments by the GM.

The IGU General Manager (GM) or their designee will participate in the evaluation of proposals, make recommendations for negotiations, and negotiate the final terms and conditions of the contract subject approval by the IGU Board. The GM will also make any determinations with respect to a protest appeal as required by law, and sign the contract subject to approval of the board.

The Project Manager, as defined by this RFP, is responsible for conducting the solicitation and overseeing the work of the Evaluation Committee to assure compliance with IGU procurement policy and making determinations with respect to any protest. The Project Manager is also responsible for contract administration that includes accepting proposals for changes, approving invoices and deliverables and evaluating contractor performance.

2.0 RULES GOVERNING PROCUREMENT

2.1 Preparation Costs

The IGU shall not be responsible for response preparation costs, nor for costs including attorney fees associated with any challenge (administrative, judicial or otherwise) to the determination of the highest ranked interested firms(s) and/or award of contract and/or rejection of proposal. By submitting a response each interested firm agrees to be bound in this respect and waives all claims to such costs and fees.

2.2 Review of the RFP

Offerors should carefully examine the entire RFP and any addenda thereto, and all related materials and data referenced in the RFP. Potential contractors should become fully aware of the nature of the work and the conditions likely to be encountered in performing the work. Any protest filed by a prospective Offeror related to the materials, data, and requirements of the RFP must be filed prior to the deadline for receipt of proposals.

2.3 Addendum and Notices

If an addendum or notice is issued it will be posted and available on the IGU website at:

<http://www.interiorgas.com>

No oral change or interpretation of any provision contained in this RFP made by any employee or representative of IGU at any time during the solicitation process should be construed by an offeror as either an addition or change to the RFP. Written addenda will be issued when changes, clarifications, or amendments to this RFP are deemed necessary by the Project Manager.

An interested offeror may request modifications to the scope, specifications, deadlines, or administrative requirements. Final acceptance or denial of any request is the decision of the Project Manager. Failure of the Project Manager to respond in writing to a request for addenda to the RFP shall be considered a rejection of the request.

It is the offeror's responsibility to assure they have received and reviewed all addenda and notices related to the RFP. Proposals that fail to address material requirements in any addenda may be rejected as non-responsive.

2.4 Licenses

All Contractors are required to hold a valid Alaska business license and the necessary applicable professional licenses required by Alaska Statute. For more information on these licenses, contact the Department of Commerce, Community and Economic Development, Division of Occupational Licensing, P.O. Box 110806, Juneau, Alaska 99811-0806. Telephone (907) 465-2538, www.dced.state.ak.us/occ/.

2.5 Disclosure of Proposal Contents – Confidential Information

All materials submitted in response to this RFP will become the property of IGU.

The list of respondents to this RFP and the content of proposals will be kept confidential until the IGU issues a Notice of Intent to Award. At that time, the selected proposal is open for review (except for information identified as being proprietary).

After the award of the contract, responses and proposals shall become public information except for properly identified proprietary information that has been requested to be kept confidential and the IGU concurs with that request in accordance with the procedures noted in

this section. Such confidential information will be kept in the file in a sealed envelope marked confidential with the rest of the submittal.

If an offeror wishes individual pages, which they believe contain actual business, proprietary information be held confidential, each page containing the presumed confidential information must be marked and an explanation furnished of its proprietary nature. In addition to marking individual pages, the proposal's cover will also be annotated with the words "THIS DOCUMENT CONTAINS PROPRIETARY INFORMATION".

"Confidential and Proprietary" information is not meant to include any information which, at the time of disclosure, is generally known by the public and/or competitors or summary cost information used for the purpose of documenting the basis of award.

The IGU shall be the sole determining authority for application of confidential and proprietary information. Should the IGU determine that the requested information is not confidential and/or proprietary; the offeror will be provided the opportunity to remove such designation or request the confidential or proprietary pages of the proposal be returned to the offeror and the proposal be reviewed without consideration of that information. If the offeror requests pages of the proposal be returned all digital forms of the proposal submission will be returned to the offeror.

Should the offeror refuse to remove such designation, or request the designated pages be returned, the IGU shall reject the submittal as non-responsive without further recourse by the offeror and return the entire submission to the offeror.

By submission of a response, all offerors acknowledge and are bound by this requirement.

2.6 Response Format

Responses are to be prepared in such a way as to provide a straightforward, concise delineation of the Offeror's capabilities to satisfy the requirements of this RFP. Emphasis should be concentrated on

- 1) conformance to the RFP instructions;
- 2) responsiveness to the RFP requirements;
- 3) completeness and clarity of content.

Section 4 provides specific guidance for offerors regarding the required proposal submission format.

2.7 Signature Requirements

All proposals must be signed. A response and/or proposal may be signed: by an officer or other agent of a corporate vendor, if authorized to sign contracts on its behalf; a member of a partnership; the owner of a privately-owned vendor; or other agent if properly authorized by a power of attorney or equivalent document. The name and title of the individual(s) signing the proposal must be clearly shown immediately below the signature.

2.8 Proposal Acceptance Period

Award of this proposal is anticipated to be announced within 45 calendar days of the proposal deadline, although all offers must be complete and irrevocable for 90 days following the submission date. Failure to announce the award within 45 days is not subject to protest under this RFP.

2.9 Modification/Withdrawal of Submittal

A respondent may withdraw a submission at any time prior to the final submission date by sending written notification of its withdrawal, signed by an agent authorized to represent the agency. The respondent may thereafter submit a new submittal prior to the final submission date; or submit written modification or addition to a submittal prior to the final submission date. Modifications offered in any other manner, oral or written will not be considered.

A final submittal cannot be changed or withdrawn after the time designated for receipt, except for modifications requested by the IGU as noted below.

After proposals are opened, modifications may be allowed prior to completion of the evaluation process if the Evaluation Committee determines that it is in the best interest of the IGU to solicit modifications or best and final offers.

Prior to contract award the highest ranked offeror may be requested to modify or correct his proposal during contract negotiations to the extent it is in the best interest of the IGU and such modification would not affect the final ranking of their proposal.

2.10 Rejection of Submissions & Waiver of Minor Informalities

The IGU reserves the right to reject any or all submission if determined to be in its best interest.

In addition the Project Manger, based on recommendations of the Evaluation Committee, may reject any proposals that do not comply with all of the material and substantial terms, conditions, and performance requirements of the RFP.

Minor informalities, that do not affect responsiveness; that are merely a matter of form or format; that do not change the relative standing or otherwise prejudice other offers; that do not change the meaning or scope of the RFP; that are trivial, negligible, or immaterial in nature; that do not reflect a material change in the work; or, that do not constitute a substantial reservation against a requirement or provision may be waived by the Project Manager.

2.11 Evaluation of Proposals

All responsive proposals received will be reviewed and evaluated by a committee that will be made up of IGU representatives or staff. Each member shall exercise independent judgment and no member's vote or score will be weighted more than any other. The evaluation will be based on the evaluation factors set out in Section 5 of this RFP.

2.12 Evaluation Interviews for Clarification

The Evaluation Committee may require Offerors to provide clarification of certain points in their proposals prior to completion of the evaluation process. The purpose of these interviews is to ensure that the Evaluation Committee has a more complete understanding of the Offeror's proposal. Material changes to proposals or negotiations are not allowed in this process. Information requested for the purposes of clarification will be limited to verification of statements made in the Offeror's proposal.

All Offerors will be given similar opportunities, as required, for clarification. Interviews will be conducted in such a manner that information derived from competing Offerors is not disclosed. Interviews will be scheduled at the convenience of the Issuing Office. AS 44.62.310 does not apply to meetings with Offerors conducted under this section. Interviews may be conducted by teleconference.

2.13 Discussions for Best and Final Offers

The IGU may require written or oral submittals from Offerors for the purpose of determining the best offer that may be available. The purpose of these submittals will be to ensure the Offeror has a full understanding of the requirements of the RFP which may include additional requirements not specifically identified at the time the RFP was issued. Discussions will be limited to sections of the RFP identified by the Evaluation Committee.

Discussions, if held, will be with Offerors who have submitted a proposal deemed reasonably susceptible for award by the Evaluation Committee. Discussions would be after the preliminary evaluation of proposals has been completed by the Evaluation Committee. If modifications are made as a result of these discussions they will be put in writing.

Following discussions, the Evaluation Committee may set a time for best and final proposal submissions from those Offerors with whom discussions were held. Re-evaluation of the best and final proposals will be limited to the specific sections of the RFP opened to discussion by the General Manger or his designee.

2.14 Contract Negotiations

Upon completion of the evaluation process, contract negotiations may be held in the IGU offices in Fairbanks or by teleconference.

2.15 Failure to Negotiate

If the selected Contractor fails to provide the necessary information for negotiations in a timely manner, negotiate in good faith, or cannot perform a substantial portion of the contract within the amount of budgeted funds available for the project, the IGU may terminate negotiations and negotiate with the next highest ranked Offeror, terminate the award of the contract, or cancel the solicitation.

2.16 Notice of Intent to Award

After completion of the evaluation process and negotiations with the most qualified Offeror, the IGU will issue a Notice of Intent to Award to all offerors. This notice will contain the names and addresses of all the offerors including the intended recipient of the contract.

2.15 Protests

Any actual or prospective Offeror or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the IGU Project Manager. A protest with respect to the data, materials or requirements of request for proposal must be submitted in writing prior to the closing date.

The protest of the award of the contract must be submitted within five (5) calendar days after such aggrieved person knows or should have known of the facts giving rise thereto.

The protest must be filed in writing and include the following information: 1) the name, address, and telephone number of the protestor; 2) the signature of the protestor or the protestor's representative; 3) identification of the solicitation at issue; 4) a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; 5) the form of relief requested and 6) a non-refundable filing fee of \$75.00.

Within five (5) calendar days of submittal of a timely protest, the protestor shall submit a protest security (bond or cashier's check) in an amount not to exceed five percent of the protestor's proposal price or if proposals have not yet been opened, five percent of total estimated cost of the contract noted in the RFP or \$20,000, whichever is less,

1. If, after all the administrative and judicial remedies have been exhausted, the protest fails, the protest security shall be forfeited to the IGU.
2. If, after all the administrative and judicial remedies have been exhausted, the protest is upheld in whole or in part, the protest security shall be returned to the protestor.

If the protestor fails to submit the security as required in this section then the protest may be denied without further action.

If the protest is not resolved by mutual agreement, the IGU Project Manager, shall promptly issue a decision in writing which shall state the reasons for the action taken and inform the protestor of the right to an administrative review.

2.16 Administrative Appeal of Protest Decision and Hearings

An administrative appeal must be filed with the IGU General Manager within ten (10) calendar days of the Project Manager's decision. The appeal request shall identify in detail all factual or legal errors in the decision that form the basis for the appeal. The administrative appeal shall be reviewed and determined de novo by the General Manager or, if in the best interest of the IGU as determined by the General Manager, by a hearing officer appointed by the IGU Board.

1. If a hearing officer is used, the hearing officer shall be a member of the State Bar for at least five years and experienced in contract or commercial matters.
2. The General Manager or hearing officer shall hold a hearing unless it is determined in writing that the appeal or the underlying protest is untimely or if the appeal involves questions of law without genuine issues of fact.
3. Hearings shall be recorded and conducted informally with due regard for the rights of the parties involved.
4. The review shall be based on the provisions of this section and generally accepted principles of government purchasing.
5. The General Manager or hearing officer's decision may order that a proposal be accepted as the most responsive proposal and may order any of the additional remedies set forth in section 2.17 of this RFP. The General Manager or hearing officer, however, may not order the selection or rejection of any additive or deductive alternate or award attorney fees.
6. Unless necessary to correct a failure to follow the procedures identified in this RFP or IGU procurement policies and procedures, the hearing officer may not substitute his judgment for the General Manager on any matter vested within the General Manager's discretion and may not order the amendment of any specifications, any change in the criteria for selection of a proposal, or any amendment, reordering, or reassessment of any qualitative judgment in the rating of a proposal.
7. The General Manager or hearing officer's decision shall be in writing and contain findings of fact and conclusions of law.
8. The decision of the General Manager or hearing officer will be the final administrative decision on the matter.

2.17 Remedies on Protests or Appeals

If prior to the closing date for receipt of proposals, the Project Manager or General Manager determines that a solicitation is in violation of federal, state or municipal law, then the solicitation may be canceled or revised to comply with applicable law.

If after the closing date for receipt of proposals, the Project Manager or General Manager or hearing officer on appeal determines that a solicitation or a proposed award of a contract is in violation of federal, state or municipal law, then the solicitation or proposed award shall be canceled.

If after an award of a contract, the General Manager or hearing officer on appeal determines that a solicitation or award of a contract was in violation of applicable law, then:

1. If the offeror awarded the contract has not acted fraudulently or in bad faith:
 - a. The contract may be ratified and affirmed, provided it is determined that so doing is in the best interests of the IGU, or
 - b. The contract may be terminated and the offeror awarded the contract shall be compensated for the actual expenses reasonably incurred under the contract, plus a reasonable profit on those expenses, prior to the termination;
2. If the person awarded the contract has acted fraudulently or in bad faith, the contract may be declared null and void or voidable, if such action is in the best interests of the IGU.

In addition to the relief noted above, if a protest is sustained, and the protesting offeror should have been awarded the contract under the solicitation but is not, then the protesting offeror shall be entitled to the proposal preparation costs other than attorney's fees .

3.0 SCOPE OF WORK

3.1 Background

Initially the IGU's financial transactions and recordkeeping were undertaken by Fairbanks Economic Development Corporation (FEDC). FEDC's fiscal staff maintained IGU's QuickBooks accounting records, reconciled bank statement, and managed vendor payments and transactions. The initial setup of the system was assisted by the volunteer efforts of a local CPA. In December 2014 – RJG Certified Public Accountants (RJG), assumed responsibility for performing the accounting functions using Quickbooks for accounting and reporting and Bill.com for payment transactions under a contract with the IGU which currently runs through December 31, 2015. .

Under the direction of the IGU, RJG also prepared financial statements for IGU's fiscal year that ended June 30, 2014. For the financial statements preparation, RJG worked closely with FEDC staff responsible for managing IGU's finances in developing the financial statements and associated notes, making recommendations relative to entries, assisting with Chart of Account changes, and creating a format and structure to IGU's financial records that allowed review by an independent auditor.

The scope of the RJG contract also included the services necessary to prepare the compiled financial statements for the year that ended June 30, 2015 and availability as needed to respond to questions or concerns regarding the FY 15 audit.

IGU's FY14 audit generated a "clean opinion." As part of the audit report, the auditors recommended IGU completely move to the FERC chart of accounts utilized for gas utilities and to complete formalization of IGU's financial transaction processes and procedures in FY15. The development of the chart of accounts has been established (See Attachment B) as well as the internal IGU procedures (Attachment C) .

The IGU has been and is currently being funded by the Alaska Industrial Development and Export Authority, and the Fairbanks North Star Borough to support the initial phases of construction of the gas distribution system and has reporting obligations with those loans that the accounting firm develops.

The IGU has a contract with MWH to manage the initial phases of construction and has a project manager and communications liaison in Fairbanks who are staffed full time and serve at the direction of the Board and the General Manger appointed by the Board.

Purchases of materials and construction of 73 miles of gas distribution lines began in the spring of 2015, with the award of five contracts, two for clearing and three for construction. In addition the IGU expects to have a contract with a Gas Operator to assist in standing up the utility in place by FY 2016, and is currently advertising to hire a full-time General manager who will be the first IGU 'employee'.

It is anticipated that during the period of the contract the IGU will negotiate and award a contract with a company to operate, maintain, and manage (OM&M) the system including providing some level of customer services and accounting. It is expected that the contractor selected under this RFP will assist the IGU and cooperate as needed with the OM&M contractor to assure all sources of income and expenses are properly accounted for and financial reports accurately state the financial position of the IGU.

Additionally AIDEA is looking to facilitate the integration of Fairbanks Natural Gas (FNG) and the IGU distribution systems and management of those systems under a local control entity (LCE) that will own and operate the integrated utility. AIDEA anticipates that an integration

plan will be put in place by December 31, 2015 with transition occurring throughout 2016. It is anticipated that the level of accounting services required under this contract may change as a result of this integration and the IGU will amend the contract as necessary to account for any change in service levels.

IGU Board of directors has appointed a finance committee to oversee the finances of the board and members of that committee are currently involved in review of the receipt and expenditure of funds, review of contracts, and review of financial reports that are within the scope of this contract.

3.2 Positions required

It is anticipated that the following positions will be required to provide services under this contract. A minimum of two people is required to ensure proper segregation of duties and internal controls. It may be reasonable to have one clerical position and one supervisory position as long as the work load can be properly managed with a two person team. The organization of work and distribution of duties is the responsibility of the Contractor.

Account Manager:

- A CPA knowledgeable of general accounting requirements and specifically of FERC accounting requirements, charts of accounts, payroll requirements (worker classifications, FLSA, employment taxes, voluntary and involuntary deductions, employee/employer IRS forms, methods and timing of pay, IRS and DOL regulatory requirements, reporting requirements, payroll processes and general accounting principles);
- Responsible for establishing internal accounting processes and quality control;
- Provide overall guidance, supervision, and training of accounting staff;
- Oversees compliance with contract terms and conditions and federal/state laws and regulations for utility accounting; and
- Acts as liaison with the IGU Board, outside Auditors, Internal Revenue Service, Department of Labor, and other entities when required.
- Provides recommendations to the IGU board regarding accounting practices policies, and procedures related to IGU operations.

Accounting Supervisor:

- Oversees set-up accounting files and processing expenditure transactions and payroll as needed;
- Liason with IGU Staff regarding invoices, payroll, fixed assets and reports
- Must be knowledgeable of internal control requirements and accounting processes.

Accounting Clerk:

- Clerical support for accounting services;
- Familiar with general accounting requirements;
- Works under the guidance of the Accounting Supervisor or Account Manager.

3.3 Tasks

The Contractor will be required to perform the following tasks in addition to any others that may result because of any changes to local, state, or federal requirements during the term of the contract.

3.3.1 Establish and Maintain Accounting Records for The IGU

Upon award of the contract the Contractor will assume management responsibilities for all the day to day accounting transactions and records of the IGU. The contractor should plan as needed to obtain the records both hardcopy and in an electronic format compatible for formatting into the offerors' accounting system as needed for the current and previous fiscal

year activities from RGJ.

Currently the bank accounts are managed by the IGU and payments are made through bill.com and the data is transferred from bill.com into Quickbooks for accounting and reporting. Offeror's may propose to use the same or a similar system for maintaining the accounting records and processing or propose an alternative process provided it is efficient and economical.

3.3.2 Managing and Processing Payment Transactions and Bank Records

The IGU staff receive, review, and authorize the invoices for payment. The IGU staff scans the complete invoice and back-up documents and delivers it electronically to the contractor. The contractor is responsible for taking the scanned invoices and exporting them to **bill.com** for the IGU to review and approve for payment by **bill.com** or some other system that that provide for ease of use in remote on-line approval and processing of payments and issuing warrants. Reference Attachment C for details regarding current IGU procedures.

The contractor will export vendor and subcontractor invoice data from bill.com to QuickBooks or another appropriate accounting system and record revenue invoices, line of credit draws and repayments and cash receipts.

The contractor will assist with coding of transactions to the proper general ledger accounts in their accounting system and upon receipt of bank statements we will prepare bank reconciliations and have them available for review by the IGU Board or their designee's monthly.

The financial records and related documents will be retained by the accounting firm at their offices.

The contractor will be required to maintain vendor payment records and issue 1099's as required by the IRS.

3.3.3 Compiling Monthly Reports

From information provided by the IGU and gathered through processing payment transactions and reconciling bank statements the contractor, on a monthly basis, will compile and deliver to the IGU the balance sheet, and the related monthly comparative statement of operations, and budget to actual reports, without disclosures, of the IGU, and issue an accountant's report in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Reports will be submitted to the IGU within 5 business days following the end of the month.

3.3.4 Present Financial Statements to the Board Monthly

The contractor will be available as needed to present the compiled financial statements at the monthly IGU Board finance committee.

3.3.5 Prepare Quarterly Expense reports as Requested

The Contractor will provide as needed a summary of expenses for the quarter as needed to request reimbursement under the existing FNSB Grant for operating expenses.

3.3.6 Preparation of Annual Financial Reports

The contractor will compile, from information provided by IGU and gathered through processing transaction, the balance sheet of Interior Alaska Natural Gas Utility as of June 30,

of each fiscal year, and the related balance sheet, income statement and statements of operations, retained earnings, and cash flows of IGU the year then ended and issue an accountant's report in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

This statement will be on behalf of the IGU and the contractor will disclose that they are not acting independently in the compilation of their report.

The objective of the reports is to assist the IGU in presenting financial information in the form of financial statements. The contractor will utilize information that is IGU's representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the U.S. Adjustments may be made to those statements by the IGU.

The IGU will be contracting for a separate firm to complete an audit of the IGU in house financial statements and records and the contractor will be available to answer any questions of the Auditor related to work conducted by the contractor

3.3.7 Payroll processing

The IGU anticipates the contractor will be required to process payroll for a small number of employees. Under this task it is anticipated that the contractor would be responsible for calculating and making all appropriate tax payments and reports to federal and state agencies as required and keep payroll records during the period of the contract.

3.3.8 Other Tasks as Required

It is anticipated that other accounting work be required from time to time during the period of the contract. This work will be at the specific direction of the IGU and subject to IGU approval prior to beginning the work. Reimbursement will be on a T&M basis at the hourly rates established in the contract. Requests from the IGU or other governmental agencies shall be responded to within five (5) days of receipt or other time period as mutually agreed upon.

- Advise and assist the IGU in developing accounting policies, procedures, standard reports consistent with the routine operations of a Gas Utility.
- Advise and assist as needed in accounting for revenues, allowable expenses, and rate calculations as may be required.
- Maintain and update the IGU chart of accounts as needed to conform with general accounting principals for a regulated utility.
- Research payroll or expenditure anomalies.
- Issue a stop payment and re-issue payment on lost checks upon request by IGU.
- Provide payroll data as requested by IGU or by other governmental agencies for unemployment claims, public assistance request, etc., and respond to garnishment letters that affect employee payroll.
- Respond to and research third party requests.
- Provide non-routine accounting reports as requested.
- Cooperate and provide information as needed for any other Audit that may be required.

3.4 General Contractor Requirements

- The Contractor will employ general accepted accounting principles and manage work so as to provide quality control and internal controls.
- The Contractor will retain all original copies of the accounting files for the term of the contract and any contract renewals.

- The Contractor will make records available for review upon request.
- The Contractor will compute all applicable payroll taxes due and make the payroll deposits as required by law to avoid penalties.
- The Contractor will be responsible for having all necessary equipment, materials, and other resources to perform the tasks.
- The Contractor will seek to be efficient with regard to time expended and costs incurred. Any cost to correct Contractor errors or reissue transactions as a result of Contractor errors will be at the Contractor's expense.

3.5 IGU Responsibilities

In preparing a proposal offeror's should expect that the IGU will:

- Designate an individual, who will be the primary contact for overseeing these services.
- Establish and maintain the IGU Bank accounts
- Provide electronic documents from vendors and contractors to the contractor to review.
- Maintain all hardcopies of all invoices, statements, and reports
- Contract directly with Bill.com, or some other external cloud based service as needed for generating vendor payments.

3.6 General Contract Requirements

- IGU makes no guarantee as to any minimum amount of work that will be given the successful Contractor.
- IGU reserves the right to approve or disapprove any change in the successful Contractor's project team members who are specifically offered in the proposal. Personnel changes, which impact the contract, may result in the cancellation of the contract.
- The Contractor will be paid monthly based on work completed in accordance with the prices offered and a negotiated payment schedule.
- After the initial 20-month period and the first annual renewal, the contractor may request an annual labor rate adjustment provided the percentage increase does not exceed the percentage change in the U.S. Department of Labor Consumer Price Index (CPI-U) for All Urban Consumers, All Items, Anchorage Area.

The maximum allowable price adjustment rate will be determined by comparing the percentage difference between the CPI in effect for the base year (2015) six month average (January through June), and each January through June six-month average thereafter. The percentage difference between those two CPI issues will be the maximum price adjustment allowable. No retroactive price adjustments will be allowed.

- The Contractor will be expected to sign a contract similar to the one attached and provide adequate insurance as outlined in the contract. Offerors should note in their submission any issues they may have with any of the terms and conditions or additional terms or conditions they would propose.

4.0 SUBMISSION REQUIREMENTS

The IGU wishes to discourage unnecessarily lengthy and costly proposal preparation, yet all proposals must contain the following information, formatted as requested. Proposals should be limited to the requested information. Failure to follow this format for a proposal or failure to include complete information as requested may result in a lower score or disqualification of the proposal depending on the severity of the discrepancy.

4.1 Requirement

Offerors must submit one unbound hardcopy of their proposal **and** one electronic copy in PDF format on CD or USB drive in a sealed envelope or package. The envelope or package must be addressed as follows:

Physical Address

Interior Gas Utility
Purchasing
100 Cushman St., Ste. 501
Fairbanks, AK 99701

Mailing Address

Interior Gas Utility
Purchasing
P.O. Box 70200
Fairbanks, AK 99707

REF: RFP 2015-0001 Proposal for Accounting Services

Proposals must be received no later than 3:00 PM Alaska Standard Time November 5, 2015. Faxed, e-mailed or oral proposals will not be accepted.

An Offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

4.2 Submittal Contents

Submittals are expected to be the following format and address the specific issues and no more than 15 pages excluding exhibits.

4.2.1 Introduction

Include a letter of transmittal containing the complete name and address of the firm; name, mailing address, and telephone number of the contact person for the proposal; Alaska Business license number or proof of having a valid Alaska business license as required by Section 2.8, and a statement confirming that the proposal is valid for ninety (90) days from closing date for receipt of proposals.

Include a title page showing: RFP #

Firm's Name

Date of Proposal

Include a Table of Contents.

4.2.2 Understanding of the Project and Commitment

Include a brief discussion of your understanding of the services required, your relevant experience doing accounting for a utility and why this work would be a good fit for you or your company. Provide a brief summary of how believe you meet the minimum Contractor requirements listed in section 1.2.

Include a summary of any potential problems you believe may be encountered in the

performance of the contract and creative suggestions for addressing these problems. Also include your expectations of the Project Manager, the IGU, or other entities that may be involved in this process.

Describe your availability to commit to this work as requested. Include other work or clients that you have or may have during the period of performance and any impacts that may have on your ability to complete work for IGU.

4.2.3 Methodology

Briefly discuss how you would complete the tasks identified in Section 3. Provide a brief description of the resources you have or would need to acquire to perform the tasks under contract. Specifically discuss your internal controls, what accounting system (software) you are using and your experience with it in generating reports. Discuss your understanding of how you would work with bill.com or other online services you may use for implementing payment transactions. Detail any additional tasks or other requirements that may be required to perform the accounting services under the contract. Include any suggestions you may have for performing all tasks more efficiently.

Identify and discuss who will perform the tasks of Account Manager, Supervisor, and Accounting Clerk and what responsibilities each position will have. Also discuss how you intend to provide quality and internal controls and your methods and means for meeting the deadlines for reports and turn around time for processing billings.

Discuss anticipated interaction and communication between your firm and IGU as well as any expectations you would have regarding start-up.

Provide examples of reports to be submitted to the IGU.

4.2.4 Personnel and Firm Qualifications and Experience

Include a statement of qualifications and resumes for all key personnel designated to perform work under this RFP.

The statement of qualifications should include:

- A list of key players in the company, their position in the company, what role they will have under this contract.
- A statement of expected availability of key personnel over the term of the contract.
- An organizational chart for the company.
- A listing of key partners or subcontractors that may be directly involved in this contract that you routinely work with, how they relate to your organization, and what their role may be in this contract.

Resumes of key personnel should include:

- Education including current certifications and professional memberships.
- Work history with reference names and phone numbers.
- A listing of specific projects they were involved with.

In addition to information about the key individual's experience, provide documentation verifying the qualifications and experience of the firm and known subcontractors as they relate to carrying out the services solicited in this RFP.

Demonstrate experience in providing accounting services to similar entities. Provide the following information for no more than three customers that you have provided services for:

- A brief description of the level of service provided.
- The names of key individuals from your company that provided the service.
- Length of service provided.

- Client's name, address, current telephone number, and contact person who can respond to queries concerning their experience with your firm.

4.2.5. Terms and Conditions

Offerors are required to acknowledge that they have reviewed and understand they will accept the terms and conditions included in Attachment A Sample Contract.

If no changes are proposed, the Offeror shall be deemed to have accepted the terms and conditions in the sample contract. If the Offeror proposes changes, such changes will be considered in evaluating the proposal and any subsequent negotiations with IGU. The IGU will not negotiate changes to material provisions and specifically, but not limited to, Indemnification (Article 3), Insurance (Article 4) and Termination for Failure to Appropriate (Article 10.4) in the Sample Contract.

4.2.6 Price Proposal

It is IGU's intent to award a contract for fixed price per task for routine services based on a negotiated scale. For non-routine or additional services the IGU will pay based on a fixed hourly rate according to the contract. Payment will be made on a monthly basis.

Offerors are required to provide a cost for each task that includes the cost for all labor and expense necessary to complete each task as defined in the scope of work in the format outlined in the Price Proposal Work Sheet 4.2.7. Loaded hourly rates are requested for the purpose of costing out non-routine or additional work that may be needed during the contract term.

The prices will be fixed for the initial contract term and first annual renewal and subject to an Annual CPI adjustment after that if requested by the Contractor pursuant to the contract terms.

For the purpose of evaluating proposals the IGU will use the following data: 10 major contracts, 50 vendors, 100 payment transactions a month, 2 payroll transactions, and an estimated number of hours for additional services. Actual numbers of contracts, vendors, employees, transactions, and additional hours of work may vary and there is no guaranteed minimum or maximum number.

Offerors should include any other proposed payment terms or conditions that may be different than those indicated in Section 3.6 of this RFP or the Sample Contract.

4.2.7 Price Proposal Work sheet

(To be completed by each Offeror, Number References are to the Scope of Work sections)

3.3.1 Establish and Maintain accounting records

Cost for Start-up \$ _____ Monthly costs \$ _____

3.3.2 Managing and Processing Payment Transactions and Bank Records

Based upon less than 100 transactions a month during initial contract period.

Monthly Costs \$ _____

3.3.3 Prepare Monthly reports and Financial Reports

Monthly Costs \$ _____

3.3.4 Present Monthly Financial Statements to the Board

Cost Per meeting attendance \$ _____

3.3.5 Prepare Quarterly Report

Quarterly Costs \$ _____

3.3.6 Preparation of Annual Financial Reports

Annual Lump Sum Costs \$ _____

3.3.7 Payroll Processing

Monthly cost 1-2 employees _____

Monthly cost 1 – 5 employees _____

Monthly cost 1 – 10 employees _____

3.3.8 Other work that may be required

Fixed Loaded Labor Rates for T&M Work when required for initial 32 months of contract

Labor Rates for T&M Services	Loaded Hourly Rate	Estimated Annual Hrs.
Account Manager		48
Accounting Supervisor		24
Bookkeeper/Payroll clerk		10

NOTE: The IGU evaluation committee will use the unit prices provided to calculate a total proposed contract price for each proposal for the purpose of evaluating proposals. Failure to provide the unit cost information as requested could result in rejection of a proposal as non-responsive. The annual negotiated not-to-exceed amount of the contract may vary from the proposed annual cost based on the IGU’s estimate of other work at the time the final contract is negotiated.

5.0 EVALUATION CRITERIA AND PROCESS

5.1 Evaluation Process

All responsive proposals received will be reviewed and evaluated by a committee that will be made up of IGU representatives. Each member shall exercise independent judgment and no member's ranking or score will be weighted more than any other.

Proposals will be opened and evaluated in a manner that avoids disclosure of the contents to competing offerors during the evaluation process and negotiations.

Proposals will initially be reviewed for the following minimum responsiveness requirements.

- Was the proposal received by the deadline for receipt of proposals?
- Does the firm demonstrate they meet the minimum experience and qualifications requirements of Section 1.2?

Proposals that fail to meet these requirements will be rejected as non-responsive and will not be further evaluated or scored. The Evaluation Committee will evaluate the remaining proposals based on the evaluation criteria and weighting listed in this section.

The Evaluation Committee may select a vendor for negotiations based on the evaluation of proposals as submitted with no additional contact from the offerors. However, if the committee desires they may request additional information for the purpose of clarification (Section 2.12), or develop a list of proposals reasonably susceptible for award, and request best and final offers (Section 2.13).

Re-evaluation of proposals after discussions will be conducted by the same Evaluation Committee using the same criteria and weights laid out in this section.

Offerors reasonably susceptible of being selected for award will be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals.

NOTE: the IGU may award a contract on the basis of initial proposals received without requesting clarification, discussions or a best and final offer. Therefore, each initial proposal shall contain the Offeror's best terms from cost/price and technical standpoints.

5.2 Evaluation Criteria

The Offeror's score under this section will be determined by the subjective review of the technical proposal as outlined under 4.2 above. Value of each section for 4.2 is assigned as follows:

Understanding of our Requirements	100
Methodology	250
Personnel and Firm Qualifications and Experience	300
Terms and Conditions	100
Cost	250

To evaluate costs the IGU will use the unit price information provided on the Cost Proposal Work sheet to determine what the price offered would be for the first 32 months of the contract. The Offeror with the lowest cost submitted for the initial 32 months of service will

receive 250 point maximum. All other Offerors receive points based on their submitted costs, as it relates to the low cost, using the following formula (rounded up):

$$(\text{Lowest Cost Proposal} / \text{Cost Proposal}) \times 250 \text{ Points} = \text{Points}$$

5.3 Vendor Selection

Upon completion of the evaluations, the General Manager will review the evaluation process to assure procedures were followed in accordance with this RFP. This process may include reviewing score sheets, proposals, discussions or any other materials presented to the Evaluation Committee. The General Manager may recommend that proposals be reevaluated prior to beginning negotiations if there is reason to suspect an error was committed during the evaluation process.

The final decision of the Evaluation Committee will be documented in writing and made a part of the contract file. The General Manager will recommend to the Board award of the contract to the Offeror whose proposal best meets the requirements of the project based on the criteria outlined in this RFP subject to successful negotiations between the General Manager and the Contractor.

The apparent successful Contractor will be required to provide the following information during contract negotiations before award of the final contract.

- Certificate of Insurance.
- Proof of any Subcontractor's Alaska Business Licenses.
- Any other information that may be needed for clarification of the Contractor's proposal.

ATTACHMENT A SAMPLE SERVICES AGREEMENT

(This is a sample of the agreement and standard terms that the successful offeror will be required to execute and return to the IGU prior to beginning work. Some paragraphs may be changed and Attachments added to incorporate the terms and conditions of this RFP.)

CONTRACT SERVICES AGREEMENT

Contract Number # _____

RFP # _____

THIS AGREEMENT made between the INTERIOR GAS UTILITY, 100 Cushman St., Suite 501, P.O. Box 70200, Fairbanks, Alaska 99707, hereafter referred to as the IGU, and (CONTRACTOR NAME) _____, hereafter referred to as the CONTRACTOR, is effective on the last date executed by its parties in consideration of the terms, conditions, and promises of Articles 1 through 8 in this document. The parties hereto agree as follows:

ARTICLE 1 - PURPOSE

1.1 IGU is engaging a Contractor to provide the services as described in Attachment B.

ARTICLE 2 - COMPENSATION

2.1 The maximum amount payable under this Agreement shall not exceed (Words) (\$). The specific amounts payable under this Agreement shall be defined in each individual Contract Amendment to this Contract Services Agreement. There is no guaranteed amount payable except as defined in the Contract Amendment to this Contract Services Agreement.

ARTICLE 3 - PERIOD OF PERFORMANCE

3.1 CONTRACTOR shall commence work under this Agreement as authorized by written notice(s) to proceed by Contract Amendment to this Contract Services Agreement and shall complete the work in accordance with any time schedule required by any attachments. This Agreement is of no force or effect until executed by the CONTRACTOR and IGU and no services shall be undertaken or performed until a Contract Amendment to this Contract Services Agreement is executed.

3.2 The period of performance under this Agreement shall end as stipulated in any Contract Amendment to this Contract Services Agreement issued hereafter, including any warranty period provisions; or from _____, (year) through _____, (year).

3.3 The IGU reserves the option to renew this contract upon written agreement of both parties for INSERT NUMBER HERE additional one-year periods. All renewals are to be for a period of one year at the same terms, conditions and price set forth herein.

3.4 The contractor, at least 120 days prior to the contract anniversary date, may request in writing changes to the terms or conditions (other than pricing). Approved changes cannot constitute material changes to the contract and must be supported with appropriate written documentation.

3.5 The Contractor, at least 120 days prior to the second contract anniversary date, may request in writing changes to the pricing based upon the cost/price indices (CPI) for Fairbanks, Alaska or if there is no CPI for Fairbanks, then Anchorage, Alaska.

3.6 The approval of any change(s) is at the sole determination of the IGU.

ARTICLE 4 - ATTACHMENTS

4.1 The following attachments are attached to this document and incorporated herein:

Attachment	Title	Date Prepared	No. of Pages
A	General Conditions	October 2015	10
B	Statement of Services	October 2015	
C	Schedule of Services		
D	Compensation		

ARTICLE 5 - IGU

General Manager		Project Manager	
Address		Address	
Phone		Phone	
E-mail		E-mail	

ARTICLE 6 - CONTRACTOR

Contractor's Manager	
Address	
Phone	
E-mail	
AK Business License Number	

ARTICLE 7 - SUBCONTRACTOR

7.1 CONTRACTOR shall perform all contract services required under this Agreement except as may be performed by the SUBCONTRACTOR(s) listed below or as may be allowed in accordance with Attachment A, Article A15.

Service or Discipline	% Total Services	Subcontractor	AK Business Lic. No.
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ARTICLE 8 - INSURANCE

8.1 Insurance is defined in Attachment A General Conditions, Article 4, Insurance, unless modified by language in any Contract Amendment to this Contract Services Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year last written below.

ACCEPTED BY: _____ DATE: _____
Contractor Name and Signature

APPROVED BY: _____ DATE: _____
 Steve Haagenson, General Manager, IGU

SIGNED ORIGINALS TO: Contract File, Contractor, IGU Purchasing Office

Attachment A General Conditions

INDEX

<u>Article Number</u>	<u>Title</u>
A1	Definitions
A2	Information and Services from Others
A3	Indemnification
A4	Insurance
A5	Equal Employment Opportunity
A6	Payments to the Contractor
A7	Changes
A8	Audits and Records
A9	Inspections by IGU
A10	Termination or Suspension
A11	Independent Contractor
A12	Predominance of Documents
A13	Endorsement on Documents
A14	Ownership of Documents
A15	Subcontractors, Successors, and Assigns
A16	Dispute Resolution
A17	Extent of Agreement
A18	Taxes
A19	Governing Laws
A20	Completion Schedule
A21	Other Matters

ARTICLE 1 - Definitions

- A1.1 Additional or Extra Services - Services, work products, or actions required of the Contractor above and beyond provisions of this Agreement.
- A1.2 Amendment - A written change to this Agreement.
- A1.3 Appeals Officer – The IGU General Manager, or other individual designated by the General Manager whose decisions constitute the exhaustion of contractual and administrative alternatives for resolution of claims and disputes.
- A1.4 Change - A revision in the scope, complexity, character, or duration of the services or provisions of this Agreement.
- A1.5 Contracting Officer - The individual, or duly appointed successor, designated as the official representative to administer contracts for the IGU.
- A1.6 Contractor - The firm (person or any business combination) providing the Contract services required by this Agreement.
- A1.7 Contractor's Manager - The Contractor's representative in responsible charge of the project(s) and directly answerable for the required services.
- A1.8 Funding Agency - An agency of a federal, state, political subdivision, or local government which furnishes funds for the Contractor's compensation under this Agreement and which may have established regulations and requirements binding upon the IGU and the Contractor.
- A1.9 IGU - The Interior Gas Utility.
- A1.10 Notice to Proceed (NTP) - Written authorization from the IGU to the Contractor to provide all or specified services in accordance with an existing Agreement.
- A1.11 Project Manager - IGU's representative in charge of the contract and the Contractor's primary point of contact with the IGU.
- A1.12 Statement of Services - Services and work products required of the Contractor by this Agreement (Attachment B).
- A1.13 Subcontractor – Firm (person or any business combination) engaged to provide a portion of the services by subcontract to the Contractor that is a party to this Agreement.

ARTICLE 2 - Information and Services from Others

- A2.1 The IGU may, at its election or in response to a request from the Contractor, furnish information or services from other Contractors. If, in the Contractor's opinion, such information or services is inadequate, the Contractor must notify the IGU of the specific service or material deemed inadequate and the extent of the inadequacy prior to use in the performance of this Agreement. The IGU will then evaluate and resolve the matter in writing. Unless so notified by the Contractor, the IGU may assume the information or services provided are adequate.

- A2.2 The IGU is not obligated to provide any information or services except those specifically listed in Attachment B.

ARTICLE 3 - Indemnification

- A3.1 The Contractor shall defend, hold harmless and indemnify the IGU, its officers, agents, and employees, against any claims, loss, and/or damages directly or indirectly arising from or claiming to arise from any injury to any person(s), damage to any property, or any economic loss, arising out of, in whole or in part, (1) the Contractor's performance or non-performance of its duties under this contract; and/or (2) any defect in any services provided by the Contractor. This duty to defend, indemnify, and hold harmless shall include the Contractor's responsibility for any and all foregoing claims, even if such claims are groundless, false, and/or fraudulent and any and all equitable relief, damages, costs and attorney fees except those caused by either the IGU's sole negligence or its willful misconduct.
- A3.2 The duty of the Contractor to indemnify and defend the IGU includes but is not limited to (1) claims for damage to persons or property, (2) claims for economic loss, and (3) claims for costs, expenses, and attorney's fees.
- A3.3 The review, approval, acceptance, or payment for the work of the Contractor by the IGU does not release the Contractor from the duty to perform the work under the professional standard of care.
- A3.4 The indemnification obligation of the Contractor shall not be affected by the expiration or termination of this agreement.
- A3.5 "Contractor" and "IGU," as used within this Article, include the employees, agents, subcontractors, and other persons who are directly responsible, respectively, to each party.

ARTICLE 4 – Insurance

- A4.1 The Contractor shall not begin work under this Agreement until the Contractor has obtained and maintain in force the insurance coverage specified in this section with an insurance company rated "Excellent" or "Superior" by A.M. Best Company, or specifically approved by the IGU Risk Manager, and the IGU has received and reviewed the certificates of insurance. If the Contractor is a joint venture, then the joint venture itself must have insurance as specified below.
- A4.2 The Contractor shall assure that there is insurance in force which provides protection for the IGU from any claim which might arise from the Contractor's work under this Agreement. This insurance shall provide protection whether the work is performed by the Contractor, by any Subcontractor, or by their employees, agents, successors, or assigns.
- A4.2.1 Worker's Compensation and Employer's Liability insurance covering all employees of the Contractor during the term of the contract. Workers' compensation coverage shall be at statutory limits. Employer's liability limits shall be no less than: \$100,000 each accident,

\$100,000 disease - each employee and \$500,000 disease - policy limit. The IGU

will waive workers compensation insurance for sole proprietors or partners, upon receipt of an affidavit provided by the IGU; each partner must sign a separate affidavit. Executive officers of corporations who want waivers must produce the certificate of waiver as approved by the Alaska Department of Labor. All Workers' Compensation policies shall contain a waiver of subrogation in favor of the IGU.

- A4.2.2 Commercial General Liability insurance with a limit of not less than \$1,000,000 per occurrence written on an occurrence basis. Contractor shall add the IGU as an additional insured in Contractor's commercial general liability policy.
- A4.2.3 Valuable Papers and electronic data processing (EDP) coverage in an amount sufficient to reconstruct the work done under this contract, but in no event less than \$10,000.
- A4.2.4 Comprehensive Automobile Liability insurance coverage, not less than \$1,000,000 combined single limit, covering any one of the following combinations of vehicles: (1) any auto, (2) all owned, non-owned, and hired autos, or (3) scheduled and non-owned and hired autos with written assurance that any additional autos shall be insured before they are used to do work under this Agreement.
- A4.2.5 Professional Liability insurance in the amount of \$500,000.
- A4.3 The IGU shall have the right at any time to require higher limits for general liability and property damage. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added by amendment to the Agreement price.
- A4.4 The Contractor shall furnish the IGU with Certificates of Insurance to certify insurance coverage. The Contractor shall ensure that the insurance policies referred to therein include a provision that while this Agreement shall remain in force, no such policy shall be canceled, not renewed, or materially altered until at least thirty (30) days written notice thereof has been given to the IGU.

ARTICLE 5 - Equal Employment Opportunity

- A5. The Contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, physical handicap, sex, or marital status.

ARTICLE 6 - Payments to the Contractor

- A6.1 Payments shall be based on approved Contractor's invoices submitted in accordance with this Article and the provisions of Attachment D. The sum of payments shall not exceed allowable compensation stated in the Notice to Proceed and no payments shall be made in excess of the maximum allowable total for this Agreement.
- A6.2 The Contractor shall not perform any service without a Notice to Proceed. Therefore, the IGU will not pay the Contractor for services or associated

reimbursable costs performed outside of those services or costs which are authorized by a Notice to Proceed.

- A6.3 Contractor's invoices shall be submitted when services are completed, or monthly for months during which services are performed, as applicable, in a format provided by or acceptable to the IGU.
- A6.4 Invoices will be submitted in sufficient detail so that they correspond with Attachment C and reflect the work completed.
- A6.5 In the event items on an invoice are disputed, payment on those items will be held until the dispute is resolved. Undisputed items will not be held with the disputed items.
- A6.6 The Contractor shall submit a final invoice and required documentation within ninety (90) days after final acceptance of all services by the IGU. The IGU will not be held liable for payment of invoices submitted after this time
- A6.7 Any disbursements made under this Agreement shall be subject to any set-off required under the IGU Procurement Rules or the Fairbanks North Star Borough Code of Ordinances.

ARTICLE 7 - Changes

- A7.1 Changes within the period of performance, scope of services, or other provisions established by this Agreement may be ordered by the IGU by written amendment only. If such changes cause an increase or a decrease in the Contractor's cost, an equitable adjustment shall be made and specified in the amendment. The Contractor shall not perform any additional or extra services prior to receiving a fully executed copy of an amendment and a Notice to Proceed.
- A7.2 If at any time the IGU, through its authorized representatives, either verbally or in writing, requests or issues instructions for additional or extra services or otherwise directs actions which conflict with any provisions of this Agreement, the Contractor shall, within seven (7) days of receipt and/or prior to pursuing such instructions, so notify the IGU in writing, and to the extent possible, describe the scope and estimated cost of any additional or extra services. The IGU will then evaluate and, if appropriate, negotiate an amendment. Unless so notified by the Contractor, the IGU may assume such instructions have not changed any provisions of this Agreement nor require additional compensation. No additional payments shall be made to the Contractor without such notice.

ARTICLE 8 - Audits and Records

- A8.1 The Contractor shall maintain records of performances, communications, documents, correspondence, and costs pertinent to this Agreement and the IGU's authorized representatives shall have the right to examine such records and accounting procedures and practices.
- A8.2 The IGU's or Funding Agency's authorized representatives shall have the right to examine all books, records, plans, documents, and other data of the Contractor

related to the negotiation, pricing, and performance of this Agreement and any change or modification for the purpose of evaluating the accuracy, completeness, and currency of the data, computations, and projections used.

A8.3 The materials described in this Article shall be made available at a business office of the Contractor at all reasonable times for inspection, audit, or reproduction for a minimum of three (3) years from the date of final payment under this Agreement and for such longer period, if any, as may be required by applicable statute or other provisions of this Agreement.

A8.4 Records which relate to litigation, or the settlement of claims arising out of the performance of this Agreement shall be made available until such appeals, litigation, or claims have been concluded.

ARTICLE 9 - Inspections by IGU

A9.1 The IGU has the right to inspect, in the manner and at reasonable times it considers appropriate during the period of this Agreement, all facilities and activities of the Contractor as may be engaged in the performance of this Agreement.

ARTICLE 10 - Termination or Suspension

A10.1 If the IGU becomes aware of any non-conformance with this Agreement by the Contractor, the IGU will give prompt written notice thereof to the Contractor. The Contractor shall correct any such non-conformance within seven (7) days. Should the Contractor's services remain in non-conformance, the percentage of total compensation attributable to the non-conforming work may be withheld.

A10.2 The IGU may terminate upon ten (10) days written notice if the contractor fails substantially to perform in accordance with its terms of the contract (default termination). If the IGU terminates this Agreement, the IGU will pay the Contractor a sum equal to the percentage of work completed that can be substantiated, to the satisfaction of the IGU, in whole or in part either by the Contractor or by the IGU.

A10.3 The IGU may at any time terminate or suspend this Agreement for its needs or convenience (convenience termination).

A10.4 This agreement will terminate if the IGU fails to appropriate necessary funds or repeals all or substantially all of the appropriations which fund this agreement (failure to appropriate).

A10.5 In the event of termination or suspension, the Contractor has no further duty to perform other than work reasonably necessary to stop work in a safe and workmanlike manner. Likewise, if this contract is terminated, the IGU has no further duty to pay the contractor except for the work satisfactorily completed or goods delivered and accepted as of the date of termination and the additional work completed as being reasonably necessary to stop work in a safe and workmanlike manner. The Contractor shall deliver copies of all drawings, estimates, field notes, data or other documents prepared pursuant to this Agreement to the IGU within seven (7) days.

ARTICLE 11 - Independent Contractor

A11.1 The Contractor and its agents and employees shall act in an independent capacity and not as officers or agents of the IGU in the performance of this Agreement except that the Contractor may function as the IGU's agent as may be specifically set forth in this Agreement.

A11.2 Any and all employees of the Contractor while engaged in the performance of any work or services required by the Contractor under this Agreement shall be considered employees of the Contractor only and not of the IGU. Any and all claims that may or might arise under the Worker's Compensation Act on behalf of said employees while so engaged and any and all claims made by a third party as a consequence of any negligent act or omission on the part of the Contractor's employees while so engaged on any of the services to be rendered herein, shall be the sole obligation and responsibility of the Contractor.

ARTICLE 12 - Predominance of Documents

A12.1 Components of this Agreement shall stand and prevail in the following order: Agreement over General Conditions; General Conditions over Statement of Services; Statement of Services over Basis of Compensation; Basis of Compensation over any attachments beyond Attachment C.

ARTICLE 13 - Endorsement on Documents

A13.1 Endorsements and professional seals, if applicable, must be included on all final drawings, specifications, cost estimates, and reports prepared by the Contractor. Preliminary copies of such documents submitted for review must have seals affixed without signature.

ARTICLE 14 - Ownership of Documents

A14.1 All documents, including original drawings, estimates, specifications, field notes, and data are and shall become the property of the IGU as products of this Agreement. The IGU will use them solely in connection with the contract or other IGU requirements and will not sell them to others unless pursuant to this contract.

ARTICLE 15 - Subcontractors, Successors, and Assigns

A15.1 The IGU must concur in the selection of all Subcontractors for Contract services to be engaged in performance of this Agreement.

A15.2 If this Agreement includes named firms or individuals, then such firms or individuals shall be employed for the designated services unless the Agreement is changed by amendment.

A15.3 The Contractor shall not assign, sublet, or transfer any interest in this Agreement

without the prior written consent of the IGU.

A15.4 This agreement binds the successors, heirs, personal representatives and any assigns of the parties.

A15.5 The Contractor shall include provisions appropriate to effectuate the purposes of this Attachment A in all subcontracts executed to perform services under this Agreement.

ARTICLE 16 Disputes

A.16.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in writing by the IGU Project Manager.

A16.2 Any appeal by the contractor of the Project Manager's decision must be filed in writing with the General Manager within 10 days of the contractor's receipt of the Project Managers written decision.

A.16.3 The administrative appeal shall be reviewed and determined de novo by the General Manager or, if in the best interest of the IGU as determined by the General Manager, by a hearing officer appointed by the IGU Board.

(1) If a hearing officer is used, the hearing officer shall be a member of the State Bar for at least five years and experienced in contract or commercial matters.

(2) The General Manager or hearing officer shall hold a hearing unless it is determined in writing that the appeal is untimely or if the appeal involves questions of law without genuine issues of fact.

(3) Hearings shall be recorded and conducted informally with due regard for the rights of the parties involved.

(4) The General Manager or hearing officer's decision shall be in writing and contain findings of fact and conclusions of law.

(5) The decision of the General Manager or hearing officer will be the final administrative decision on the matter.

ARTICLE 17 - Extent of Agreement

A17.1 This Agreement, including attachments, represents the entire and integrated agreement between the IGU and the Contractor and supersedes all prior negotiations, representations, or agreements, written or oral.

A17.2 Nothing contained herein may be deemed to create any contractual relationship between the IGU and any Subcontractors or material suppliers; nor may anything contained herein be deemed to give any third party claim or right of action against the IGU or the Contractor which does not otherwise exist without this Agreement.

A17.3 This Agreement may be changed only by written amendment executed by both the IGU and the Contractor.

- A17.4 All communications that affect this Agreement must be made or confirmed in writing and must be sent to the addresses designated in this Agreement.
- A17.5 The Contractor shall, prior to receiving final payment, execute a Release of Claims on a form specified by the IGU. The Contractor will identify all outstanding claims against the IGU arising out of or by reason of the services or work products furnished under this Agreement. Each claim listed shall include a statement of nature and estimated value. The IGU is released from all other claims arising out of or by reason of the services and work products furnished under this Agreement.
- A17.6 The failure of the IGU at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision nor in any way affect the validity of this Agreement or any part hereof or the right of the IGU thereafter to enforce each and every provision hereof. A provision of this contract may not be waived by the IGU unless such waiver is expressed in writing.

ARTICLE 18 - Taxes

- A18.1 As a condition of performance of this Agreement, the Contractor shall pay all federal, state, and local taxes incurred by the Contractor and shall require their payment by any Subcontractor or any other persons in the performance of this Agreement.

ARTICLE 19 - Governing Laws

- A19.1 This Agreement is governed by the laws of the State of Alaska and federal and local laws and ordinances applicable to the work performed. The Contractor shall be cognizant and shall at all times observe and comply with such laws which in any manner affect those engaged or employed in the performance, or which in any way affects the manner of performance, of this Agreement. The proper venue for disputes arising under this Agreement shall be the Fourth Judicial District of the State of Alaska at Fairbanks, Alaska.

ARTICLE 20 – Updates to the Completion Schedule

- A20.1 At the request of the project manager, the schedule of Services Attachment C will be updated to show how the Contractor intends to complete the statement of services in the time allotted by the Agreement.

ARTICLE 21 - Other Matters

- A21.1 Time is of the essence of this contract.
- A21.2 Any terms of this agreement, by their nature, extend beyond the expiration or termination of the contract shall remain in effect until fulfilled.

Attachment B Chart Of Accounts

7:48 AM

09/22/15

Interior Alaska Natural Gas Utility

Account Listing

September 22, 2015

Accnt...	Account	Type
	Bill.com Money Out Clearing	Bank
13100	13100 · Mt. McKinley	Bank
13103	13103 · Mt. McKinley - AIDEA Reserve	Bank
13104	13104 · Mt. McKinley - FNSB Reserve	Bank
14600	14600 · Accounts Receivable	Accounts Receivable
13101	13101 · Undeposited Funds	Other Current Asset
13102	13102 · Cash other	Other Current Asset
10100	10100 · Utiltity Plant in Service	Other Asset
30300	10100 · Utiltity Plant in Service:30300 · Intangible Asset - CPCN	Other Asset
39100	10100 · Utiltity Plant in Service:39100 · Office Furniture and Equipment	Other Asset
10700	10700 · Construction Work In Progress	Other Asset
18310	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigation	Other Asset
18330	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13831	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13832	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13833	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13834	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13835	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13836	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18340	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
13841	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18342	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18343	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18344	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18345	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18346	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18350	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18351	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18352	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18353	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18354	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18355	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
18356	10700 · Construction Work In Progress:18310 · Prelim. Survey & Investigati...	Other Asset
10800	10800 · Accumulated Provision for Depn	Other Asset
16600	16600 · Prepayments	Other Asset
18600	18600 · Other Assets	Other Asset
23200	23200 · Accounts Payable	Accounts Payable
23700	23700 · Interest Accrued	Other Current Liability
24000	24000 · Payroll Liabilities	Other Current Liability
24200	24200 · Deferred FNSB Contract Revenue	Other Current Liability
22400	22400 · Other Long-Term Debt	Long Term Liability
22401	22400 · Other Long-Term Debt:22401 · LOC - AIDEA	Long Term Liability
22402	22400 · Other Long-Term Debt:22402 · LOC - FNSB	Long Term Liability
21600	21600 · Unrestricted Net Position	Equity
21610	21610 · Net Investment in Capital Asset	Equity
30100	30100 · Contributed capital	Equity
42110	42110 · Misc Nonoperating Income	Income
42111	42110 · Misc Nonoperating Income:42111 · FNSB Contract	Income
42112	42110 · Misc Nonoperating Income:42112 · Corporate Contributions	Income
42113	42110 · Misc Nonoperating Income:42113 · Individ, Business Contributions	Income
42114	42110 · Misc Nonoperating Income:42114 · Interest	Income
43440	42110 · Misc Nonoperating Income:43440 · Gifts in Kind - Goods	Income
42120	42120 · Misc Nonoperating Expense	Expense
42130	42120 · Misc Nonoperating Expense:42130 · Contractual Services	Expense
42131	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42131 · ...	Expense
42132	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42132 · ...	Expense
42133	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42133 · L...	Expense
42134	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42134 · ...	Expense
42135	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42135 · ...	Expense
42136	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42136 · ...	Expense
42137	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42137 · I...	Expense
42138	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42138 · ...	Expense
42139	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42139 · ...	Expense
42140	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42140 · ...	Expense
42141	42120 · Misc Nonoperating Expense:42130 · Contractual Services:42141 · ...	Expense
42160	42120 · Misc Nonoperating Expense:42160 · Materials Expenses	Expense
42161	42120 · Misc Nonoperating Expense:42160 · Materials Expenses:42161 · Of...	Expense
42162	42120 · Misc Nonoperating Expense:42160 · Materials Expenses:42162 · In...	Expense

Attachment B Chart Of Accounts

7:48 AM

09/22/15

Interior Alaska Natural Gas Utility Account Listing September 22, 2015

<u>Accnt...</u>	<u>Account</u>	<u>Type</u>
42163	42120 · Misc Nonoperating Expense:42160 · Materials Expenses:42163 · Mi...	Expense
42164	42120 · Misc Nonoperating Expense:42160 · Materials Expenses:42164 · D...	Expense
42165	42120 · Misc Nonoperating Expense:42160 · Materials Expenses:42165 · In...	Expense
42170	42120 · Misc Nonoperating Expense:42170 · Payroll Expenses	Expense
42171	42120 · Misc Nonoperating Expense:42170 · Payroll Expenses:42171 · Sala...	Expense
42172	42120 · Misc Nonoperating Expense:42170 · Payroll Expenses:42172 · Emp...	Expense
42173	42120 · Misc Nonoperating Expense:42170 · Payroll Expenses:42173 · Payr...	Expense
42190	42120 · Misc Nonoperating Expense:42190 · Budget Reserve	Expense
42191	42120 · Misc Nonoperating Expense:42190 · Budget Reserve:42191 · AIDE...	Expense
42192	42120 · Misc Nonoperating Expense:42190 · Budget Reserve:42192 · Conti...	Expense

Interior Gas Utility	Finance Department	SOP #	01
		Revision #	Original
		Implementation Date	June 22, 2015
Page #	1 of 6	Last Reviewed/Update Date	NA
SOP Owner	Chief Financial Officer	General Manager Approval	

Standard Procedures for Financial Controls

1. Purpose

To identify procedures to be followed for the financial controls of the Interior Gas Utility.

2. Scope

The purpose of this procedure is to outline all financial and accounting processes to be implemented by IGU staff and contractors, acting on behalf of IGU.

3. Prerequisites

- Follow GAP Accounting Procedures
- Develop capital and operation budgets for available funding sources
- Utility FERC Accounting Model

4. Responsibilities

The Chief Financial Officer of IGU is responsible for implementing, adherence too and updating this procedure.

5. Procedure

Cash receipts

1. Checks are received by mail or hand delivered. When checks are received the Office Manager or designee makes a copy of the check and deposits it in the bank within two working days. The check copy and the bank deposit slip is scanned by the Office Manager or designee, filed in the IGU electronic files and a copy emailed to the Contract Accountant to be recorded in the IGU electronic ledger system.
2. The General Manager is informed weekly of all checks received that week by Thursday from the Office Manager or their designee.
3. When Contract Accountant receives the check, the deposit is recorded into the IGU electronic ledger system and an electronic copy is placed in the IGU folder system on the Contract Accountant's server.
4. Contract Accountant reconciles the line of credit balance in the IGU electronic ledger system with the line of credit statement received from AIDEA quarterly by mail. Chief Financial Officer or their designee provides a copy of the line of credit to the Contract Accountant.

Attachment C IGU Accounting Procedures

Interior Gas Utility	Finance Department	SOP #	01
		Revision #	Original
		Implementation Date	June 22, 2015
Page #	2 of 6	Last Reviewed/Update Date	NA
SOP Owner	Chief Financial Officer	General Manager Approval	

5. The IGU Finance Committee reviews the line of credit balance monthly during the Finance Committee meeting.
6. For all other cash receipts Contract Accountant inquires with the Chief Financial Officer (CFO) or their designee to identify the sources and uses of funds and records them properly in the IGU electronic ledger system.

Procurement and Vendor Selection Policy

1. The IGU Board, on March 19, 2013, approved a procurement and vendor selection policy (Attachment A) this selection policy states that all IGU employees and authorized agents will recognize that purchase agreements and expenditures represent the use of public funds. Thus to the extent practical consistent with this policy selection of vendors shall result from a competitive process, and all procurements and vendor selections will follow this policy.

Accounts Payable Invoices

1. CFO or their designee receives a vendor invoice at the IGU mail address or electronically.
2. The invoice is stamped "Received" with Office Manager or designee's initials
3. Vendor invoices are kept in the IGU office in files maintained by Office Manager or designee.
4. Once invoice is verified by the GM/CFO or their designee then it is dated and stamped "Reviewed and Approved for Payment."
5. Office Manager or designee then electronically uploads invoice(s) to the Contract Accountant's secure portal.
6. Contract Accountant downloads invoice(s), scans to electronic client file, uploads to the IGU electronic payment system and synchronizes to the IGU electronic ledger system.
7. Contract Accountant provides the account coding for the invoices. If there are any questions related to the proper coding of the invoice, the Contract Accountant discusses with the CFO or their designee to receive clarification on the invoice. Contract Accountant codes the invoice when uploaded to the IGU electronic payment system and the Contract Accountant verifies the coding.
8. The Contract Accountant keeps the invoices in vendor files on their secure server. The IGU electronic payment system maintains a scanned copy of the invoice along with a scan of the front and back of the cancelled check that has been issued for payment.

Attachment C IGU Accounting Procedures

Interior Gas Utility	Finance Department	SOP #	01
		Revision #	Original
		Implementation Date	June 22, 2015
Page #	3 of 6	Last Reviewed/Update Date	NA
SOP Owner	Chief Financial Officer	General Manager Approval	

9. New vendors are set up in the IGU electronic payment system by the Contract Accountant. The CFO or their designee informs the Contract Accountant of the proper vendor payment address, and vendor email address, if possible.
10. The monthly accounts payable are reviewed monthly by the IGU Finance Committee.
11. The invoices are uploaded to the IGU electronic payment system by the Contract Accountant for two authorized approvers to approve the invoice for payment.
12. Upon approval of the invoice for payment, the CFO or their designee authorizes payment.
13. Once approved and authorized, the IGU electronic payment system pays the invoice.

Bank Cashier's Checks

1. When a cashier's check is required for a payment, the General Manager will go to the bank with the invoice to be paid, request a cashier's check be drafted to the payee as described on the invoice for the amount recorded on the invoice.
2. The bank prepares the cashier's check according to bank procedures, and issues a transaction or account transfer receipt.
3. A copy of the check and the invoice is made and scanned by the CFO or their designee and emailed to the Contract Accountant so the disbursement can be recorded in QuickBooks.
4. A copy of the cashier's check and invoice is also kept at the IGU's office for future reference by the CFO or their designee.
5. The cashier's check is then delivered to the vendor.

MWH Invoices

1. MWH is a contractor acting to IGU as support staff; as such MWH invoices require an extra level of review prior to payment.
2. A hard copy of the invoice, complete with supporting documentation and Project Manager's approval to present to IGU, is provided to the CFO or their designee. The CFO or their designee approves and initials the invoice.
3. Once a hardcopy has been initialed and stamped with "Reviewed and Approved for Payment," by the CFO or their designee, the bill is scanned and uploaded to the Contract Accountant's portal.
4. The Contract Accountant downloads the invoice from the portal, and uploads it to the IGU electronic payment system for final approval and payment.

Attachment C IGU Accounting Procedures

Interior Gas Utility	Finance Department	SOP #	01
		Revision #	Original
		Implementation Date	June 22, 2015
Page #	4 of 6	Last Reviewed/Update Date	NA
SOP Owner	Chief Financial Officer	General Manager Approval	

5. The MWH invoice is then processed by the IGU electronic payment system as the other invoices discussed above.

Bank Statements

1. The bank will provide monthly statements via USPS mail, including images of the cancelled checks and bank transaction receipts to the CFO or their designee for review.
2. Banks statements are to be delivered to CFO unopened with date of receipt stamped on the envelope.
3. Bank statements are to be verified with Bill.com monthly by the CFO or their designee.
4. CFO will provide the approved bank statements to the Office Manager for submittal via the Contract Accountant's portal.
5. After their review the bank statements are provided to the Contract Accountant for the bank reconciliations to be prepared.

6. References

The IGU electronic payment system provides the method by which the vendor invoices are paid while maintaining internal control.

1. The controller of the Fairbanks North Star Borough has been designated to be the IGU electronic payment system on-line administrator. This duty has been separated from IGU in order to keep proper segregation of duties related to administering the IGU electronic payment system, entering the invoices to be paid, and the approval of the vendor invoices for payment.
 2. The IGU has three authorized approvers, the General Manager and two other board members are able to approve payment of invoices on the IGU electronic payment system.
 3. When one approver's reimbursement check is waiting for approval on the IGU electronic payment system, another approver is authorized to approve it in order to avoid an approver approving their own reimbursement.
 4. The General Manager is the only individual that has the administrative authority to approve invoices to be paid after they have been approved for payment.
 5. IGU organizational chart (Attachment B) as attached dated June 21, 2015.
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Attachment C IGU Accounting Procedures

Interior Gas Utility	Finance Department	SOP #	01
		Revision #	Original
		Implementation Date	June 22, 2015
Page #	5 of 6	Last Reviewed/Update Date	NA
SOP Owner	Chief Financial Officer	General Manager Approval	

7. Definitions

Identify and define frequently used terms or acronyms. Provide additional and/or relevant information needed to understand this SOP.

1. Operating Policy and Procedure - A document setting forth an IGU-wide policy and operational procedures designated to implement the policy.
2. Procedure – A document identifying the process to be followed or standard operating procedures and methods of operation to implement IGU policies.
3. Board – The IGU Board of Directors.
4. Chief Financial Officer – The Chief Financial Officer of IGU, should IGU not have a CFO, the General Manager will act as the CFO.
5. General Manager – The General Manager of IGU.
6. Contracted Operator - The Operational Management and Maintenance contractor hired by IGU to perform Operational Management and Maintenance (OM&M) on IGU's natural gas distribution services; and any other contractor providing direct support to IGU.
7. MWH – a contractor hired by IGU to provide project management service and direct support staff to IGU.
8. Or designee – an individual who is approved by the General Manager to act on behalf of the designated individual.
9. Contract Accountant – a contractor hired by IGU to provide bookkeeping and accounting services. Current contractor is RJG (12/31/15).

Attachment A – Interior Gas Utility, Procurement and Vendor Selection Policy



Procurement and
Vendor Selection Poli

Attachment C IGU Accounting Procedures

Interior Gas Utility	Finance Department	SOP #	01
		Revision #	Original
		Implementation Date	June 22, 2015
Page #	6 of 6	Last Reviewed/Update Date	NA
SOP Owner	Chief Financial Officer	General Manager Approval	

Attachment B – Interior Gas Utility Organization Chart



IGU-org chart