Kings Community Action Organization (KCAO)

Request for Proposal for Audit Services

For the period: January 1, 2019 to December 31, 2019

(Plus four optional subsequent fiscal years following)

Inquiries and proposals should be directed to:

Sara Lorah, Administrative Services Director

Address: 1130 N. 11th Avenue, Hanford, CA 93230

Phone: 559-415-7211

Email: slorah@kcao.org
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General Information

A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit for the year beginning January 1, 2019 and ending December 31, 2019. The proposal includes options for four additional years, 2020, 2021, 2022 and 2023.

B. Who May Respond

Only licensed Certified Public Accountants may respond to this RFP.

C. Instructions on Proposal Submission

a. Closing Submission Date: Proposals must be received no later than 5:00pm on November 8, 2019.

b. Inquiries: Inquiries concerning this RFP should be directed to Sara Lorah at slorah@kcao.org or (559) 415-7211.

c. Conditions of Proposal: All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by KCAO.

d. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Name: Sara Lorah
Title: Administrative Services Director
Entity: Kings Community Action Organization (KCAO)
Address: 1130 N. 11th Avenue, Hanford, CA 93230

e. Electronic Submissions: Proposals can be submitted electronically to the following email address: slorah@kcao.org, by the closing submission date noted above.

It is the responsibility of the Offeror to ensure that the proposal is received by KCAO by the date and time specified above.

Late proposals will be considered nonresponsive.

f. Right to Reject: KCAO reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

g. Small and/or Minority-Owned Businesses: Effort will be made by KCAO to utilize small businesses and minority-owned businesses. An Offeror qualifies as a small business firm if it meets the definition of “small business” as established by the Small Business Administration (2 CFR Part 200.321).

h. Notification of Award:
i. It is expected that a decision selecting the successful audit firm will be made within four (4) weeks of the closing date for the receipt of proposals.

ii. Upon conclusion of final negotiations with the successful audit firm, all Offerors will be informed in writing.

iii. It is expected that the contract shall be a one-year fixed price contract with the option for four additional one-year periods (prices included).

D. Description of Entity and Records to be Audited

KCAO is a nonprofit organization which serves Kings County in California. KCAO is a private, nonprofit corporation and has been determined to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is governed by a 15-member volunteer Board of Directors. Administrative offices and all records are located at 1130 N. 11th Ave, Hanford, CA 93230. Other offices are located throughout the Kings County area.

E. Options

At the discretion of KCAO, this audit contract can be extended for four (4) additional one-year periods. The cost for the option periods will be agreed upon by KCAO and the Offeror. It is anticipated that the cost for the optional years will be based upon a bid for the final four (4) years of audit services included.

Specification Schedule

A. Scope of Financial and Compliance Audit

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, herein referred to as the “Offeror” to perform a financial and compliance audit of KCAO.

Also required are the State and Federal tax returns and the IRS 5500 pension plan audit and report.

B. Description of Programs/Contracts/Grants

In total, KCAO has approximately fifty (50) grants, including Federal, State and Local, with an annual budget of approximately $31 million. Below are the major departments and corresponding programs:

- Head Start/Child Development
- Child Care Partnership and State Pre-school
- Regional, Early, Migrant, Migrant
- Child Development
- CalWorks, Stage 2, Stage 3, and CAPP
- Energy and Housing
- LIHEAP, ECIP, and DOE
- Intervention Prevention Sup. Svcs.
- Cal OES Domestic Violence & RC, HUD, Cal Learn
- Nutrition Education
- SNAP Ed, DCH CACFP, TEFAP

C. Performance

KCAO’s records should be audited January 1, 2019 through December 31, 2019, and potentially four (4) subsequent fiscal years.
The Offeror is required to prepare audit reports in accordance with the Government Audit Standards and should be in compliance with the Generally Accepted Accounting Principles (GAAP).

D. Delivery Schedule

It is expected that KCAO will have the year-end of December 31, 2019 closed out by February 29, 2020. The draft audit report will be due to KCAO from the Offeror by April 30, 2020. Offeror is to transmit one (1) copy of the draft audit report to KCAO’s Executive Director and one (1) copy of the draft audit report to the Administrative Services Director.

The Offeror shall deliver seventeen (20) bound final audit reports to KCAO’s Administrative Services Director no later than May 15, 2020 and one (1) electronic copy of the final audit report at the same time.

The Offeror shall also submit one (1) bound final audit to each funding source no later than May 15, 2020.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all the provisions of this contract, KCAO may, by written notice of default to the Offeror, terminate the whole or any part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

E. Price

The Offeror’s proposed price should be submitted on its own sheet and must include information indicating how the price was determined. The Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. The pricing information should also include, but is not limited to: audit report preparation, nonprofit tax return preparation, State Department of Education Child Care audit preparation and the KCAO pension plan audit preparation. The Offeror should utilize a similar format as exampled below for each of the proposed years:

<table>
<thead>
<tr>
<th>Audit Preparation:</th>
<th># Hours</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner/Manager</td>
<td>20</td>
<td>$50.00</td>
<td>$1,000</td>
</tr>
<tr>
<td>Staff person #1</td>
<td>50</td>
<td>$35.00</td>
<td>$1,750</td>
</tr>
<tr>
<td>Staff person #2</td>
<td>50</td>
<td>$30.00</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total Audit Preparation:</td>
<td></td>
<td></td>
<td>$4,250</td>
</tr>
</tbody>
</table>

Nonprofit Tax Return Preparation: $2,000

State Department of Education Child Care: $3,000

KCAO Pension Plan Audit Preparation: $2,500

Other Reimbursable Expenses (Listed below): $250

- __________________________
- __________________________
- __________________________
Total Estimated Cost: $12,000

Please note: Reimbursement for travel or over-night expenses of auditors is negotiable, but should be kept at a minimum.

F. Payment

Payment will be made when KCAO has determined that the total work effort has been satisfactorily completed. Should KCAO reject a report, KCAO’s authorized representative will notify the Offeror in writing of such rejection and giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits a final invoice for payment.

Progress payments will be allowed to the extent that KCAO can determine that satisfactory progress is being made.

Upon delivery of the twenty (20) copies of the final reports to KCAO, and their acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the audit.

G. Audit Review

All audit reports prepared under this contract will be reviewed by KCAO and its funding sources to ensure compliance with the General Accounting Office’s (GAO) Government Audit Standards and other appropriate audit guides.

H. Exit Conference

An exit conference with KCAO’s representatives and the Offeror’s representatives will be held at the conclusion of the field work. Observations and recommendations must be summarized in writing and discussed with KCAO. It should include internal control and program compliance observations and recommendations.

I. Work papers

1. Upon request, the Offeror will provide a copy of the work papers pertaining to any questioned costs determined in the audit. The work papers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
2. The work papers will be retained for at least three (3) years from the end of the audit period.
3. The work papers will be available for examination by authorized representatives of the cognizant Federal or State audit agency, the General Accounting Office, and KCAO.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to KCAO, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror’s possession, to these employees on the Offeror’s staff who must have the information on a “need-to-know” basis.

The Offeror agrees to immediately notify, in writing, KCAO’s authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.
K. AICPA Professional Standards

The AICPA Professional Standards state:

Ethics Interpretation 501-3 – Failure to follow standards and/or procedures or other requirements in governmental audits.

Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he/she is obligated to follow such requirements.

Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his/her report the fact that such requirements were not followed and the reasons therefore.

Technical Qualifications

The Offeror, in its proposal, shall, as a minimum, include the following:

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include some or all of the following categories:

1. Prior experience auditing Federal and State nonprofit organizations.
2. Prior experience auditing Community Action Organizations.
3. Prior experience auditing the Community Services Block Grant (CSBG).
4. Prior experience auditing Child Development.
5. Prior experience auditing Head Start.
6. Prior experience auditing Community Development.
7. Prior experience providing other services to nonprofits.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed), and structure, such as number of partners, number of CPA’s, etc. Indicate if appropriate, if the firm is a small or minority-owned business. Offeror should include a copy of the most recent Peer Review, if the Offeror has had a Peer Review.

C. Staff Qualifications

The Offeror should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members. Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications

The Offeror must sign and include, as an attachment to its proposal, the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by KCAO, because KCAO desires to contract only with an Offeror who is already familiar with these publications.

Proposal Evaluation

A. Submission of Proposals

All proposals shall include the Offeror’s technical qualifications, the pricing information, and the signed Certifications. These documents will become part of the contract.

If provided electronically, proposals are to be emailed to Sara Lorah at slorah@kcao.org.

B. Nonresponsive Proposals

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Government Audit Standards of the U.S. Comptroller General.

C. Proposal Evaluation

Evaluation of each proposal will be scored on the following five (5) factors:

1. Prior audit experience.  
   a. Prior experience auditing Federal and State funded nonprofit organizations.
   b. Prior experience auditing similar Community Action Organizations.
   c. Prior experience auditing nonprofit organizations.
   d. Prior experience providing other services to nonprofits.
e. References provided, including organization names and contact information of other nonprofits previously audited.

KCAO will contact prior audited organizations to verify the experience provided by the Offeror.

2. Organization, size, and structure of Offeror’s firm. KCAO will consider the size in relation to the audit to be performed.
   
a. Adequate size of the firm  
   b. Minority/small business

3. Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Include education, position in firm, years and types of experience.
   
a. Audit team makeup
   b. Overall supervision to be exercised
   c. Prior experience of the individual audit team members

4. Offeror’s understanding of the work to be performed.
   
a. Adequate coverage
   b. Realistic time estimates of each audit step

5. Price
   
   Maximum Points: 100

D. Review Process

KCAO may, at its discretion, request presentations by, or meetings with, any or all Offerors to clarify or negotiate modifications to the Offeror’s proposal.

KCAO reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

KCAO contemplates award of the contract to the responsible Offeror with the highest total points.
Certifications

On behalf of the Offeror:

1. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.

2. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.

3. The individual signing certifies that the prices in this proposal have been arrived at independently without consultation, communication, or agreement, for the purpose of restricting competition.

4. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.

5. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.

6. The individual signing certifies that the Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before November 8, 2019.

7. The individual signing certifies that the Offeror meets the independence standards of the Government Auditing Standards.

8. The individual signing certifies that he/she is aware of, and will comply with, the GAO Continuing Education Requirement of 80 hours of continuing education every two (2) years; and that 24 hours of the 80 hours of education will be in subjects directly related to the government environment and to government auditing for individuals.

9. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once over three (3) years.

10. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
   a. Government Auditing Standards (Yellow Book)
   b. Audits of State and Local Governments (AICPA Audit Guide)
   Office of Management and Budget (OMB) Uniform Guidance
   Note: The RFP should also list any regulations, publications, or audit guides that are relevant to specific programs to be audited. For example, if a Head Start program is to be audited, the Offeror should be familiar with 45 CFR Part 75 -, and any other applicable guidelines related to that funding source.

11. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.

12. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Offeror or any individual to
be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this ________ day of ______________________, 20____.

_____________________________________________________
(Offeror’s Firm Name)

_____________________________________________________
(Signature of Offeror’s Representative)

_____________________________________________________
(Printed Name and Title of Individual Signing)