

*Capital Area Community Services, Inc.*

Request for Proposal for Audit Services

For the period

*October 1, 2017 – September 30, 2018*

Inquiries and proposals should be directed to:

Name: Jeff Wyman

Title: Finance Director

Entity: Capital Area Community Services, Inc.

Address: 101 East Willow Street, Lansing, MI 48906

Phone: (517) 482-6281

# Table of Contents

## **General Information**

- A. Purpose
- B. Who May Respond
- C. Instructions on Proposal Submissions
  - 1. Closing Submission Date
  - 2. Inquiries
  - 3. Conditions of Proposal
  - 4. Instructions to Prospective Contractors
  - 5. Electronic or Hard Copy Submissions
  - 6. Right to Reject
  - 7. Small and/or Minority-Owned Businesses
  - 8. Presentations
  - 9. Notification of Award
- D. Description of Entity and Records to Be Audited
- E. Options

## **Specification Schedule**

- A. Scope of a Financial and Compliance Audit
- B. Description of Programs/Contracts/Grants
- C. Performance
- D. Delivery Schedule
- E. Price
- F. Payment
- G. Audit Review
- H. Exit Conference
- I. Workpapers
- J. Confidentiality
- K. AICPA Professional Standards

## **Technical Qualifications**

- A. Prior Auditing Experience
- B. Value-Added Services Beyond the Audit
- C. Organization, Size, and Structure
- D. Staff Qualifications
- E. Audit Approach to the Engagement
- F. Certifications

## **Proposal Evaluation**

- A. Submission of Proposals
- B. Nonresponsive Proposals
- C. Proposal Evaluation
- D. Review Process

## **Certifications**

## **Appendix**

- A. Sample Proposal Evaluation

## General Information

### A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit (Single Audit), including audit of the Indirect Cost Program, and preparation of the Form 990 for the years ending September 30, 2018 and 2019. The proposal includes options for three additional years.

### B. Who May Respond

Only licensed certified public accountants may respond to this RFP.

### C. Instructions on Proposal Submission

1. Closing Submission Date: Proposals must be submitted no later than 12:30 p.m. on June 22, 2018.
2. Inquiries: Inquiries concerning this RFP should be directed to Jeff Wyman at (517) 482-6281 x104, or [jeff@cacsmi.org](mailto:jeff@cacsmi.org). Questions about this RFP will be received through June 15, 2018. Responses to the questions will be provided to all known recipients of the RFP.
3. 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 *Capital Area Community Services*.
4. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Name: Jeff Wyman  
Title: Finance Director  
Entity: Capital Area Community Services, Inc.  
Address: 101 East Willow Street  
Lansing, MI 48906

It is important that the Offeror's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Sealed Proposal  
For Audit Services

5. Electronic or Hard Copy Submissions: Proposals can be submitted electronically in pdf format to the following email address: [finance@cacsmi.org](mailto:finance@cacsmi.org) by the closing submission date noted above. Please note that our firewall will reject emails larger than 10MB.

Proposals may also be submitted by hard copy to the following mailing address: 101 East Willow Street, Attn: Finance, Lansing, MI 48906 by the closing submission date noted above. Four copies of the proposal must be submitted.

Failure to do so may result in premature disclosure of your proposal.

It is the responsibility of the Offeror to ensure that the proposal is received by *Capital Area Community Services* by the date and time specified above.

Late proposals will not be considered.

6. Right to Reject: *Capital Area Community Services* reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based on the factors described in this RFP.
7. Small and/or Minority-Owned Businesses: Efforts will be made by *Capital Area Community Services* 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 (13 CFR 121.201).
8. Presentations: At the discretion of *Capital Area Community Services*, Offerors submitting proposals may be requested to make oral presentations as part of the evaluation process. Presentations may be delivered in person or via teleconference. Reasonable advance notice will be provided to selected Offerors. Not all Offerors submitting a proposal will be asked to participate in oral presentations.
9. Notification of Award:
  - a. It is expected that a decision about selection of the successful audit firm will be made within five weeks of the closing date for the receipt of proposals.
  - b. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this Request for Proposal will be informed, in writing, of whether or not their proposal was chosen.

#### **D. Description of Entity and Records to Be Audited**

*Capital Area Community Services* is a nonprofit organization with approximately 400 employees that serves four counties in Michigan. *Capital Area Community Services* 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 27-member volunteer board of directors. Administrative offices and all records are located at two locations in Lansing, MI. Other offices are located throughout the four-county service area of Clinton, Eaton, Ingham and Shiawassee counties.

The accounting records are maintained using Abila MIP accounting software. Payroll transactions are processed using the Payroll module of the Abila MIP accounting software and electronic timesheets are processed using the integrated Employee Web Services software module. The organization has a general operating bank account and four special purpose bank accounts. Administrative expenses are recovered through an indirect cost rate negotiated with and approved by the Department of Health and Human Services Office of Cost Allocation. The current rate is 6.5% of modified total direct costs.

#### **E. Options**

At the discretion of *Capital Area Community Services*, this audit contract can be extended for three additional one-year periods. The cost for the option periods will be agreed on by *Capital Area Community Services* and the Offeror. It is anticipated that the cost for the optional years will be based on the same approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

## Specification Schedule

### A. Scope of a 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, hereinafter referred to as the "Offeror," to perform a financial and compliance audit of *Capital Area Community Services* and prepare the Form 990.

### B. Description of Programs/Contracts/Grants

<i>Program</i>	<i>Program Period</i>	<i>CFDA</i>	<i>Funding Source</i>	<i>Pass-thru (if applicable)</i>	<i>Program Budget</i>
<i>Community Services Block Grant (CSBG)</i>	<i>10/1/2017-9/30/2018</i>	<i>93.569</i>	<i>Department of Health &amp; Human Services</i>	<i>Michigan Department of Health and Human Services</i>	<i>\$1,159,113</i>
<i>Low Income Home Energy Assistance Program (LIHEAP-Weatherization)</i>	<i>10/1/2017-9/30/2018</i>	<i>93.568</i>	<i>Department of Health &amp; Human Services</i>	<i>Michigan Department of Health and Human Services</i>	<i>\$262,296</i>
<i>Department of Energy (DOE) Weatherization</i>	<i>7/1/2017-6/30/2018</i>	<i>81.042</i>	<i>Department of Energy</i>	<i>Michigan Department of Health and Human Services</i>	<i>\$549,328</i>
<i>MI Community Action Energy Assistance</i>	<i>10/1/2017-9/30/2018</i>	<i>N/A</i>	<i>Michigan Agency for Energy</i>	<i>MI Community Action</i>	<i>\$254,800</i>
<i>MI Community Action Energy Assistance</i>	<i>12/19/2017-9/30/2018</i>	<i>93.568</i>	<i>Department of Health &amp; Human Services</i>	<i>MI Community Action</i>	<i>\$305,760</i>
<i>LIHEAP Crisis Assistance (Deliverable Fuel)</i>	<i>1/1/2018-9/30/2018</i>	<i>93.568</i>	<i>Department of Health &amp; Human Services</i>	<i>Michigan Department of Health and Human Services</i>	<i>\$519,400</i>
<i>The Emergency Food Assistance Program</i>	<i>10/1/2017-9/30/2018</i>	<i>10.568</i>	<i>Department of Agriculture</i>	<i>Michigan Department of Education</i>	<i>\$95,040</i>
<i>Commodity Supplemental Food Program</i>	<i>10/1/2017-9/30/2018</i>	<i>10.565</i>	<i>Department of Agriculture</i>	<i>Michigan Department of Education</i>	<i>\$130,143</i>
<i>MSHDA</i>	<i>10/1/2017-9/30/2018</i>	<i>N/A</i>	<i>Michigan State Housing Development Authority</i>	<i>N/A</i>	<i>\$90,145</i>
<i>HUD Continuum of Care Funds</i>	<i>7/1/2017-6/30/2018</i>	<i>14.267</i>	<i>Department of Housing &amp; Urban Development</i>	<i>N/A</i>	<i>\$103,240</i>

<i>HUD Family Rehousing/Rapid Rehousing Programs</i>	<i>10/1/2017-9/30/2018</i>	<i>14.267</i>	<i>Department of Housing &amp; Urban Development</i>	<i>Michigan Department of Health and Human Services</i>	<i>\$153,819</i>
<i>Head Start</i>	<i>8/1/2017-7/31/2018</i>	<i>93.600</i>	<i>Department of Health &amp; Human Services</i>	<i>N/A</i>	<i>\$12,497,872</i>
<i>Early Head Start</i>	<i>8/1/2017-7/31/2018</i>	<i>93.600</i>	<i>Department of Health &amp; Human Services</i>	<i>N/A</i>	<i>\$1,974,296</i>
<i>Early Head Start – Child Care Partnership</i>	<i>8/1/2017-7/31/2018</i>	<i>93.600</i>	<i>Department of Health &amp; Human Services</i>	<i>N/A</i>	<i>\$1,708,896</i>
<i>Child and Adult Care Food Program (CACFP)</i>	<i>10/1/2017-9/30/2018</i>	<i>10.558</i>	<i>Department of Agriculture</i>	<i>Michigan Department of Education</i>	<i>\$700,000</i>
<i>Maternal, Infant, and Early Childhood Home Visiting</i>	<i>10/1/2017-9/30/2018</i>	<i>93.505</i>	<i>Department of Health &amp; Human Services</i>	<i>Michigan Department of Education</i>	<i>\$177,399</i>
<i>Great Start Readiness Programs</i>	<i>10/1/2017-9/30/2018</i>	<i>N/A</i>	<i>Michigan Department of Education</i>	<i>Various</i>	<i>\$1,621,826</i>
<i>Other Programs</i>	<i>Various</i>	<i>Various</i>	<i>Various</i>	<i>Various</i>	<i>\$253,407</i>
<i>Total Approximate Grant Funding</i>					<i>\$22,263,373</i>

**C. Performance**

*Capital Area Community Services’* records should be audited through September 30, 2018 for Year 1 and September 30, 2019 for Year 2.

The Offeror is required to prepare audit reports in accordance with *Government Auditing Standards*. Additional program specific requirements apply and can be found in (but not limited to) 45 CFR Chapter XIII (Head Start Performance Standards), 10 CFR Parts 400 & 600 (DOE Weatherization Requirements), and the State of Michigan Department of Health and Human Services Community Services Policy Manual.



#### **D. Delivery Schedule**

The Offeror is to transmit one copy of the draft audit report to *Capital Area Community Services*' Finance Director. The draft audit report for Year 1 is due on February 18, 2019. A similar deadline is expected for Year 2.

The Offeror shall deliver 35 final audit reports to *Capital Area Community Services*' Board of Directors no later than March 25, 2019. A similar deadline is expected for Year 2.

Reports may be submitted earlier than the schedule above. 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 that do not conform to all of the provisions of this contract, *Capital Area Community Services* 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 separately. Specifically, include a not-to-exceed total fee, a fee per service (audit services, tax services, etc.), and proposed hours and hourly rates by position. Any out-of-pocket expenses should also be indicated. The pricing information should be in a separate, sealed envelope.

#### **F. Payment**

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

Progress payments will be allowed to the extent that *Capital Area Community Services* can determine satisfactory progress is being made.

Upon delivery of the 35 copies of the final reports to *Capital Area Community Services* 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 *Capital Area Community Services* and its funding sources to ensure compliance with the General Accounting Office's (GAO) *Government Auditing Standards* and other appropriate audit guides.

## **H. Exit Conference**

An exit conference with *Capital Area Community Services'* representatives and the Offeror's representatives will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with *Capital Area Community Services*. It should include internal control and program compliance observations and recommendations.

## **I. Workpapers**

1. Upon request, the Offeror will provide a copy of the workpapers pertaining to any questioned costs determined in the audit. The workpapers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
2. The workpapers will be retained for at least three years from the end of the audit period.
3. The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the GAO, and *Capital Area Community Services*.

## **J. Confidentiality**

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to *Capital Area Community Services*, 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 those 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, *Capital Area Community Services'* 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 auditing 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 auditing standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he 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 report the fact that such requirements were not followed and the reasons therefor.

## 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 the following categories:

1. Prior experience auditing Community Action Agencies
2. Prior experience auditing similar programs operated by *Capital Area Community Services*
3. Prior experience auditing nonprofit organizations

### **B. Value-Added Services Beyond the Audit**

The Offeror should include an explanation of other services that can and have been provided to organizations similar to *Capital Area Community Services*. Value-added services provide efficiencies and improved compliance that contribute to the continued success of *Capital Area Community Services*. Value-added services can include consulting and training services as well as industry-specific products.

### **C. Organization, Size, and Structure**

The Offeror should describe its organization, size (in relation to audits to be performed), and structure. Description should include:

1. Size of the Offeror, including number of employees and physical site locations.
2. Explanation of independence.
3. Any conflicts of interest that exist.
4. Results of peer review and copy of report.
5. Explanation if the Offeror is a small or minority-owned business or women's business enterprise.

### **D. 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. Please note it is expected that a senior member of staff possessing decision-making authority will be present during fieldwork.
3. Prior experience of the individual audit team members. Include résumés of only the staff to be assigned to the audits. Include education, position in firm, years with the firm, industry-specific experience, and training on the recent Uniform Guidance.

### **E. Audit Approach to the Engagement**

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

### **F. 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 *Capital Area Community Services* because *Capital Area Community Services* desires to contract only with an Offeror who is already familiar with these publications.

# Proposal Evaluation

## A. Submission of Proposals

If submitted by hard copy, all proposals shall include four copies of the Offeror's technical qualifications, four copies of the pricing information (in a separate, sealed envelope), and four copies of the signed Certifications. These documents will become part of the contract.

Electronic submissions may be submitted using pdf format via email to: [finance@cacsmi.org](mailto:finance@cacsmi.org). Please note that our firewall will reject emails larger than 10MB.

## 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 in a timely manner 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 Auditing Standards* of the U.S. Comptroller General.

## C. Proposal Evaluation

Evaluation of each proposal will be scored on the following six factors. In compliance with 2 CFR Part 200.319 – Competition, no geographic preferences will be given in the evaluation of this proposal, since the section states, "The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference."

	Point Range
1. Prior audit experience	
a. Prior experience auditing Community Action Agencies	0 – 15
b. Prior experience auditing similar programs funded by <i>Capital Area Community Services</i>	0 – 10
c. Prior experience auditing nonprofit organizations	0 – 5

*Capital Area Community Services* will contact prior audited organizations to verify the experience provided by the Offeror.

2. Value-Added Services Beyond the Audit	0 – 5
3. Organization, size, and structure of Offeror’s firm (consider size in relation to audits to be performed)	
a. Adequate size of the firm	0 – 2
b. Proper independence	0 – 2
c. No conflicts of interest	0 – 2
d. Results of peer review	0 – 2
e. Minority-owned/small business/women’s business enterprise	0 – 2
4. Qualifications of staff to be assigned to the audits to be performed. This will be determined from résumés submitted. Include education, position in firm, and years and types of experience.	
a. Prior experience of the individual audit team members	0 – 15
b. Overall supervision to be exercised	0 – 5
5. Offeror’s audit approach to the engagement	
a. Adequate coverage	0 – 10
b. Realistic time estimates of each audit step	0 – 5
6. Price	0 – 20
Maximum Points	100

**D. Review Process**

In compliance with Uniform Guidance 2 CFR Part 200.319 – Competition, *Capital Area Community Services* has conducted this procurement in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference.

The *Capital Area Community Services* may, at its discretion, request presentations by or meetings with any or all Offerors to clarify or negotiate modifications to the Offerors’ proposals.

However, *Capital Area Community Services* 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, that the Offeror can propose.

*Capital Area Community Services* 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.
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's continuing education requirement of 80 hours of continuing education every two 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 every three years and a copy of the report has been submitted with this certification.
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. *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance")*
  - c. *Title 10 U.S. Code of Federal Regulations, Parts 400 and 600, Weatherization Assistance for Low-Income Persons*
  - d. *Title 45 U.S. Code of Federal Regulations, Subtitle B, Chapter XIII, Subchapter B, The Administration for Children and Families, Head Start Program*
  - e. *Audits of Not-for-Profit Entities* (AICPA Audit Guide)



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 audit, 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)

## Appendix

### A. Sample Proposal Evaluation

<b>Proposal Evaluation</b>			
<b>Prior audit experience</b>		<b>Point Range</b>	<b>Points Earned</b>
	Prior experience auditing Community Action Agencies	0 - 15	
	Prior experience auditing similar programs operated by <i>Capital Area Community Services</i>	0 - 10	
	Prior experience auditing nonprofit organizations	0 - 5	
<b>Value-added services beyond the audit</b>		0 - 5	
<b>Organization, size, and structure of Offeror's firm</b>			
	Adequate size of the firm	0 - 2	
	Prior independence	0 - 2	
	No conflicts of interest	0 - 2	
	Results of peer review	0 - 2	
	Minority-owned/small business/women's business enterprise	0 - 2	
<b>Qualifications of staff to be assigned to the audits to be performed</b>			
	Prior experience of the individual audit team members	0 - 15	
	Overall supervision to be exercised	0 - 5	
<b>Offeror's audit approach to the engagement</b>			
	Adequate coverage	0 - 10	
	Realistic time estimates of each audit step	0 - 5	
<b>Price</b>		0 - 20	
<b>Total Points</b>		0 - 100	