



**Southeast Kansas Community Action Program, Inc.**

Request for Proposal

for Audit Services

for the period

**December 1, 2017 to November 30, 2018**

Inquiries and Proposals should be directed to:

Name: Jesse Ervin

Title: Chief Financial Officer

Entity: Southeast Kansas Community Action Program, Inc.

Address: 401 N. Sinnet, P.O. Box 128, Girard, KS 66743

Phone: (620) 724-8204 x. 1023

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## General Information

### A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit for the SEK-CAP fiscal year ending 2018. The proposal includes options for four 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 and received no later than 4:00 p.m. on October 31, 2018. Proposals will be opened at 4:30 p.m. on this same date.
2. Inquiries: Inquiries concerning this RFP should be directed to Jesse Ervin at 620-724-8204 (Ext. 1023) or [jessee@sek-cap.com](mailto:jessee@sek-cap.com).
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 Southeast Kansas Community Action Program, Inc.
4. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Name: Jesse Ervin  
Title: Chief Financial Officer  
Entity: Southeast Kansas Community Action Program, Inc.  
Address: 401 N. Sinnet, P.O. Box 128, Girard, KS 66743

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  
Receipt Deadline: 4:00 p.m. - October 31, 2018

5. Electronic Submissions: No electronic submissions will be accepted.

It is the responsibility of the Offeror to insure that the proposal is received by Southeast Kansas Community Action Program, Inc. by the date and time specified above.

Late proposals will not be considered.

6. Right to Reject: Southeast Kansas Community Action Program, Inc. 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.
7. Small and/or Minority-Owned Businesses: Efforts will be made by Southeast Kansas Community Action Program, Inc. 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. Notification of Award:
  - It is expected that a decision selecting the successful audit firm will be made within two weeks of the closing date for the receipt of proposals.
  - 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 the name of the successful audit firm.
  - It is expected that the contract shall be a one-year fixed price contract with options for four additional one-year periods.

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

Southeast Kansas Community Action Program, Inc. (SEK-CAP) is a nonprofit organization which serves twelve counties in Kansas. SEK-CAP 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 nine-member volunteer Board of Directors. Administrative offices and all records are located at 401 N. Sinnnet, Girard, KS 66743. Other offices are located throughout twelve counties in the Southeast Kansas area.

SEK-CAP maintains one set of books on an automated accounting system called SAGE MIP Funding Accounting. All accounting functions are automated, including payroll and accounts payable. Payroll is processed bi-weekly with the average number of employees per pay period of 200. Accounts payable checks are processed on the 1<sup>st</sup> of every month and every Thursday. The average number of checks processed weekly is 90. HUD voucher payments are processed monthly and as needed throughout the month in small batches. The average number of processed HUD checks monthly is 300. The organization operates with one general checking account and thirteen small accounts maintained in connection with grant agreements. Any of the above mentioned records are available for review by any potential Offeror prior to proposal submittal. Arrangements to view these records can be made by contacting Jesse Ervin at 620-724-8204 ext. 1023 or through email at [jessee@sek-cap.com](mailto:jessee@sek-cap.com).

SEK-CAP acknowledges our responsibility to prepare the financial statements and accompanying supplemental information, and will assign a person to be responsible for the financial statements

## **E. Options**

At the discretion of SEK-CAP, this audit contract can be extended for four additional one-year periods. The cost for the option periods will be agreed upon by Southeast Kansas Community Action Program, Inc. and the Offeror. It is anticipated that the cost for the optional years will be based upon 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 Southeast Kansas Community Action Program, Inc.

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

Southeast Kansas Community Action Program, Inc. is a nonprofit organization which serves economically and socially disadvantaged persons in twelve counties of Southeast Kansas. The consolidated financial statements include the accounts of an affiliated organization, Southeast Kansas Community Action Program Housing, Inc. which also has a November 30<sup>th</sup> year end. Material intercompany transactions and balances have been eliminated.

The Organization provides services, assistance, and activities to aid those of low-income by enlarging employment opportunities, by improving human performance, motivation, and productivity and by bettering the conditions in which people live, learn, and work. The Organization administers the following grants to meet the needs of the area it serves:

<u>Program</u>	<u>Purpose</u>
Community Services Block Grant	For community-based programs that assist in ameliorating the causes and conditions of poverty.
Older American Nutrition Program	To provide services to elderly people by providing transportation to and from older American nutrition meal sites.
Administrative Cost Program	To account for and pay for indirect costs incurred by all programs administered by the Organization.
Head Start	To provide comprehensive early child development for disadvantaged preschool children and their families and to conduct screening, diagnostic care, and corrective therapy.
Early Head Start	To provide Head Start services at an earlier age.

Child and Adult Care Food Program	To provide a nutritious meal to each eligible Head Start student on each day the Head Start Program is operating.
HUD Existing Housing Program	To provide financial assistance to qualified individuals to obtain housing.
HUD New Building Program	To operate a HUD complex built for low income, elderly, and handicapped persons.
KDOT Transportation Program	To provide general public transportation services to the public in surrounding counties.
Home Investment Partnership Program	To acquire and rehabilitate family housing units for low to moderate income individuals to rent.

### **C. Performance**

The Southeast Kansas Community Action Program, Inc.'s records should be audited through November 30, 2018.

The Offeror is required to prepare audit reports in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### **D. Delivery Schedule**

Offeror is to transmit one copy of the draft audit report to Southeast Kansas Community Action Program, Inc.'s Chief Executive Officer. The draft audit report is due on March 10, 2019.

The Offeror shall deliver 25 final audit reports to SEK-CAP Board of Directors no later than their regularly scheduled board meeting date in March 2019 (currently scheduled for March 21, 2019).

The Offeror must complete an electronic financial submission for the HUD Housing Voucher Program, for the period ending 3/31/18, in the FASS-FINANCIAL ASSESSMENT SUBSYSTEM by 8/31/19.

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 of the provisions of this

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**8** | Send your completed proposal (Sealed Envelope) to Southeast Kansas Community Action Program, Inc: P.O. Box 128, Girard, KS 66743 ~ Inquiry email: [jessee@sek-cap.com](mailto:jessee@sek-cap.com)



contract, Southeast Kansas Community Action Program, Inc. 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. Include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. 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 Southeast Kansas Community Action Program, Inc. has determined that the total work effort has been satisfactorily completed. Should a report be rejected, SEK-CAP's authorized representative will notify the Offeror in writing of such rejection and provide 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 the final invoice for payment.

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

Upon delivery of the 25 copies of the final reports to SEK-CAP 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 Southeast Kansas Community Action Program, Inc. and its funding sources to ensure compliance with General Accounting Office's (GAO) Government Audit Standards and other appropriate audit guides.

#### **H. Exit Conference**

An exit conference with Southeast Kansas Community Action Program, Inc.'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 SEK-CAP representatives. It should include internal control and program compliance observations and recommendations.

#### **I. Workpapers**

- 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.

- The workpapers will be retained for at least three years from the end of the audit period.
- The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and Southeast Kansas Community Action Program, Inc.

## **J. Confidentiality**

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to Southeast Kansas Community Action Program, Inc., 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, SEK-CAP'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 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 funded by State of Kansas.
3. Prior experience auditing programs financed by the Federal Government.
4. Prior experience auditing similar county or local government activities.
5. Prior experience auditing nonprofit organizations.
6. Prior experience designing and/or installing accounting systems in community action agencies.

### **B. Additional Value Beyond the Audit**

The Offerer should include an explanation of other services that can be provided to nonprofits, specifically including value-added items. Value-added items can include consulting services, training services, and 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
5. Explanation if Offeror is a small or minority-owned business

### **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
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, continuing professional education, state(s) in which licensed as a CPA, or other experiences will be considered.

### **E. 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.

#### **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 Southeast Kansas Community Action Program, Inc., because SEK-CAP desires to contract only with an Offeror who is already familiar with these publications.

# Proposal Evaluation

## A. Submission of Proposals

All proposals shall include two copies of the Offeror's technical qualifications, two copies of the pricing information (in a separately sealed envelope), and two copies of the signed Certifications. These documents will become part of the contract.

## 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. Evaluation

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

1. Prior experience auditing and/or designing and installing accounting systems.	Point Range
a. Prior experience auditing (type of entity)	0 – 5
b. Prior experience auditing similar programs funded by (state)	0 – 5
c. Prior experience auditing similar programs funded by (state)	0 – 5
d. Prior experience auditing similar county or local government activities	0 – 5
e. Prior experience auditing nonprofit organizations	0 – 5
f. Prior experience designing and/or installing accounting systems in (type of entity)	0 – 5

Southeast Kansas Community Action Program, Inc. will contact prior audited organizations to verify the experience provided by the Offeror.

2. Organization, size, and structure of Offeror's firm. (Considering size in relation to audits to be performed.)

a. Adequate size of the firm	0 – 5
b. Minority/small business	0 – 5
3. Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, or other qualifications, will be considered.	
a. Audit team makeup	0 – 10
b. Overall supervision to be exercised	0 – 5
c. Prior experience of the individual audit team members	0 – 10
4. Offeror's understanding of work to be performed.	
a. Adequate coverage	0 – 10
b. Realistic time estimates of each audit step	0 – 5
5. Price	0 – 20
Maximum Points	100

**D. Review Process**

The Southeast Kansas Community Action Program, Inc. may, at its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offerors' proposals.

However, SEK-CAP 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.

SEK-CAP 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 (date of licensing).
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 years; and that 24 hours of the 80 hours 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.
10. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
  - *Government Auditing Standards* (Yellow Book)
  - *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance")
  - *Audits of Not-for-Profit Entities* (AICPA Audit Guide)
  - *Audits of State and Local Governments* (AICPA Audit Guide)

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 Department of Energy weatherization program is to be audited, the Offeror should be familiar with 10 CFR Part 600, DOE's administrative requirements, and 10 CFR Part 400, DOE's weatherization program requirements.

- 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)