

TRI-COUNTY COMMUNITY ACTION, INC.
(TCCA)

Request for Proposal

For audit services

For the period

May 1, 2020 to April 30, 2021

Inquiries and proposals should be directed to:

Latricia Reynolds
Chief Financial Officer
Tri-County Community Action, Inc.
PO Box 1748
Center, TX 75935
(936)332-2259
lreynolds@tccainc.org

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. Right to Reject
6. Small and/or Minority-Owned Businesses
7. 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 and Meeting with the Board

I. Workpapers

J. Confidentiality

K. AICPA Professional Standards

Technical Qualifications

A. Prior Auditing Experience

B. Additional Value Beyond the Audit

C. Organization, Size, and Structure

D. Staff Qualifications

E. Understanding of Work to Be Performed

F. Certifications

Proposal Evaluation

A. Submission of Proposals

B. Nonresponsive Proposals

C. Proposal Evaluation

D. Review Process

Certifications

General Information

A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit for the year ending April 30, 2021. 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 no later than 4:30 p.m. on March 26, 2021.
2. Inquiries: Inquiries concerning this RFP should be directed to Latricia Reynolds, CFO, (936)332-2259, or lreynolds@tccainc.org.
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 TCCA.
4. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Latricia Reynolds
Chief Financial Officer
Tri-County Community Action, Inc.
PO Box 1748
Center, TX 75935

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:

Proposal For Audit Services

Electronic Proposals will also be accepted via email: lreynolds@tccainc.org and copied to gsimon@tccainc.org. Please include in the subject line: Proposal for Audit Services

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

Late proposals will not be considered.

5. Right to Reject: TCCA 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.
6. Small and/or Minority-Owned Businesses: Efforts will be made by TCCA 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:

- a. 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 and final approval by Board of Directors at their April 5, 2021 meeting.
- 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 the name of the successful audit firm.
- c. It is expected that the contract shall be a one-year, fixed-price contract with options for five additional one-year periods.

D. Description of Entity and Records to Be Audited

TCCA is a nonprofit organization that serves 10 counties in East Texas. TCCA 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 16-member volunteer board of directors. Administrative offices and all records are located at 214 Nacogdoches St., Center, TX 75935. Other offices are located throughout the East Texas area.

All accounting, payroll and personnel records are maintained at TCCA corporate office at 214 Nacogdoches in Center, TX. TCCA uses Community Brands (MIP FundAccounting) software to maintain its accounting, human resources and payroll records. All accounting and payroll records are under the control of Latricia Reynolds, CFO, while personnel records are under the control of Leticia Stafford, Human Resources Director. It maintains an operating checking, payroll account, and vacation escrow account with BancorpSouth, Nacogdoches, TX. Program/client records are maintained at our remote office sites.

TCCA has approximately 125-130 regular full time employees and about 30 to 35 temporary/part-time employees. We typically pay 150 employee every payday. TCCA pays its employees on a bi-weekly basis. Most of the employees are on direct deposit and we issue checks to about approximately 10 employees each payday. In addition to paychecks, we pay insurance providers, garnishments, and payroll taxes from this account. We issue approximately 50 checks per month from this account.

TCCA pays its vendors from its operating account. We issue approximately 250 checks per month from this account.

All revenues from our governmental funding sources are in electronic format.

E. Options

At the discretion of TCCA, this audit contract can be extended for the four additional one-year periods. The cost for the option periods will be agreed upon by TCCA 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 TCCA.

B. Description of Programs/Contracts/Grants

TCCA receives funding from several federal and/or state of Texas governmental agencies. Our schedule of federal expenditures for the year ended April 30, 2020 is attached.

The agency operates the Federal Head Start and Early Head Start programs in seven counties in East Texas - Shelby, San Augustine, Sabine, Angelina, Jasper, Tyler and Newton Counties. It serve 626 children, with 432 children in the Head Start program and 194 in the Early Head Start program. The agency uses both a center based and home based approach for both programs. The combined grant revenues/expenditures (for the fiscal year ending April 30, 2021) for these two programs is approximately \$6.7 million, which includes approximately \$550,000 in COVID Cares funding. As part of the program requirements, TCCA is required to feed the children under its care, therefore, the agency receives funding from the USDA through the Texas Department of Agriculture. Funding for the year is estimated at approximately \$220,000. As per of Head Start requirements, TCCA is required to match 25% of the federal funds that we receive. The match requirement is approximately \$1,675,000. The program year for the Head Start/Early Head Start programs is May 1. 2020 through April 30, 2021, while the program year for the food service program is October 1 through September 30.

TCCA also receives funding from the Texas Department of Housing and Community Affairs (TDHCA). It operates the Comprehensive Emergency Assistance Program (CEAP) and the Community Services Block Grant (CSBG). The agency offers these services throughout it's 10 county service area – Shelby, Harrison, Panola, Upshur, San Augustine, Sabine, Angelina, Jasper, Tyler and Newton Counties. Estimated grant revenues/expenditures for the fiscal year ending April 30, 2021 are estimated at:

CEAP	\$2,200,000
CEAP Cares	\$1,350,000
CSBG	\$ 330,000
CSBG Cares	\$ 440,000

The CEAP and CSBG programs are typically on a calendar year basis.

TCCA also gets between \$50,000 to \$75,000 per per year in non-grant revenues.

TCCA maintains an automated fund accounting system (Community Brands/MIP/Abila). A general ledger is maintained for each program.

C. Performance

TCCA's records should be audited through April 30, 2021.

The Offeror is required to prepare audit reports in accordance with Government Auditing Standards.

In addition to the audit and subsequent audit report, we request that the Offeror complete TCCA IRS Form 990 for the same period.

D. Delivery Schedule

Offeror is to transmit one copy of the draft audit report to TCCA's Chief Financial Officer. The draft audit report is due on Oct 15, 2021 or before Jan 1, 2021 with the approval of extension as completed by the auditor.

The Offeror shall deliver 20 final audit reports to TCCA's Board of Directors no later than January 1, 2021 for the January board meeting.

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, TCCA may, by written notice of default to the Offeror, terminate the whole or any part of this contract.

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.

F. Payment

Payment will be made when TCCA has determined that the total work effort has been satisfactorily completed. Should TCCA reject a report, TCCA's 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 TCCA can determine that satisfactory progress is being made.

Upon delivery of the final reports to TCCA 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 TCCA 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 and Meeting with Board

An exit conference with TCCA'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 TCCA. It should include internal control and program compliance observations and recommendations.

Upon the delivery of the final audit report, the offeror will also be required to meet with TCCA's Finance Committee and/or the Board of Directors to discuss the audit report, findings 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 TCCA.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to TCCA, 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, TCCA'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 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 (type of entity).

2. Prior experience auditing similar programs operated by TCCA
3. Prior experience auditing nonprofit organizations

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 Offer, 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 the Offer 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. Include résumés of only the staff to be assigned to the audits. Include education, position in firm, and years and types of experience.

E. Understanding of Work to Be Performed

The Offeror should describe its understanding 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 TCCA, because TCCA 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.

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 five factors:

1. Prior audit experience	Point Range
a. Prior experience auditing (type of entity)	0 – 15
b. Prior experience auditing similar programs funded by TCCA	0 – 10
c. Prior experience auditing nonprofit organizations	0 - 5

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

2. Other services and/or products to be provided	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	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 understanding of the work to be performed	
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

The TCCA may, at its discretion, request presentations by or meetings with any or all Offerors to clarify or negotiate modifications to the Offerors' proposals.

However, TCCA 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.

TCCA 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'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.
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. OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions
 - c. OMB Circular A-133 - Compliance Supplement
 - d. Government Auditing Standards and Circular A-133 Audits (AICPA Audit Guide)
 - e. OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
 - f. OMB Circular A-122, Cost Principles for Nonprofit Organizations
 - g. 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)