

Cattaraugus County Project Head Start, Inc.

Request for Proposal

For Audit Services

for the period

(January 1, 2017 to December 31, 2017)

Inquiries and proposals should be directed to:

Name: Tony Harenda

Title: Financial Manager

Entity: Cattaraugus County Project Head Start, Inc.

D/B/A: Cattaraugus & Wyoming Counties Project Head Start

Address: 101 South 19th Street, Olean, NY 14760

Phone: 716-373-2447 Ext 12

Email: tharenda@headstartnetwork.com

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GENERAL INFORMATION

A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit A-133 audit for the year ending December 31, 2017 for Cattaraugus County Project Head Start, Inc. a not-for-profit entity. 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 November 17, 2017.
2. Inquiries: Inquiries concerning this RFP should be directed to Tony Harenda at 716-373-2447 Ext 12 or tharenda@headstartnetwork.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 *Cattaraugus County Project Head Start, Inc.*
4. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Name: Tony Harenda
Title: Financial Manager
Entity: Cattaraugus County Project Head Start, Inc.
Address: 101 S. 19th Street, Olean, NY 14760
Phone: 716-373-2447 Ext 12
Email: tharenda@headstartnetwork.com

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
4:30 p.m. November 17, 2017

It is the responsibility of the Offeror to ensure that the proposal is received by Cattaraugus County Project Head Start, Inc. by the date and time specified above.

Late proposals will not be considered.

5. Electronic Submissions will not be accepted.

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6. Right to Reject: Cattaraugus County Project Head Start, 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. Notification of Award:
 - a. It is expected that a decision on selecting the successful audit firm will be made on or about December 8th, 2017 pending board of director approval.
 - 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 four additional one-year periods.
8. Small and/or Minority-Owned Businesses: Efforts will be made by Cattaraugus County Project Head Start, 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).

D. Description of Entity and Records to Be Audited

Nature of Operations:

Cattaraugus County Project Head Start, Inc. is a nonprofit organization which services two counties in New York State. The organization is a private, nonprofit corporation and has been determined to be exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. It is governed by a seven member volunteer Board of Directors. The Administrative offices and all records are located at 101 South 19th Street in Olean, NY. Other program sites are located throughout Cattaraugus and Wyoming Counties.

Cattaraugus County Project Head Start, Inc. was formed to operate comprehensive interdisciplinary programs to promote child and family development and remedy problems for disadvantaged and low income children and families. The organization administers Head Start and Early Head Start Programs in accordance with the Federal Head Start Act and other programs as they relate to Cattaraugus & Wyoming Counties Project Head Start's mission.

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting. The computerized accounting system Fund E-Z is utilized to provide for the expensing of costs to major cost centers, and for internal and external reporting as required. All accounting records are supported by source documentation. Customary books of accounts used in fiscal operations include: the general journal/ledger, accounts payable, accounts receivable, cash receipts, cash disbursements, and purchase order issuance. Payrolls are processed utilizing the services of Paychex which is then booked to the general ledger.

Records to be audited include, but are not limited to:

- Bank accounts of which are 3
- Books of accounts, ledgers, balance sheet, income statement and the like
- Source documentation (i.e. timesheets, expense reports, invoices, etc.)

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- Financial policies and procedures

The check writing operating account, and payroll accounts generate approximately 1,600 checks per year.

Funds:

Cattaraugus County Project Head Start, Inc. funding is comprised of dollars received from the Department of Health and Human Services, New York State Department of Health, Pre-K collaborations, and various small grants. Our funds in the general ledger are broken down into the following categories:

Head Start

- Department of Health and Human Services funds all operating costs for the Head Start Program except for food purchases.

Early Head Start

- Department of Health and Human Services funds all operation costs for the Early Head Start Program.

Child and Adult Care Food Program (CACFP)

- New York Department of Health funds the costs of food and food preparation for the children in a day care setting.

Other Sources

- United Way
- Pre-K collaborations
- Contributions
- Other Non-Federal Agencies

Non Federal Share (In-Kind)

Each year, our program must match 20% of the federal grant that we operate from, as a part of the grant requirements. This match may be made through gifts, donations of time and services etc.

The records as they exist at this time within the scope of this proposal will be available for review by the Offerors prior to submission of the proposal.

E. Options

At the discretion of Cattaraugus County Project Head Start, Inc., this audit contract can be extended for four additional one-year periods. The cost for the option periods will be agreed upon by Cattaraugus County Project Head Start, Inc. and the Offeror. It is anticipated that the cost for the optional years will be based upon the approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

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SPECIFICATION SCHEDULE

A. Scope of Services

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 A-133 audit of Cattaraugus County Project Head Start, Inc.

The Offeror shall perform the examination and express an opinion on all Cattaraugus County Project Head Start, Inc. funds in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards, Office of Management and Budget (OMB) Circular A-133, and any specific requirements of grantor agencies. It will be the responsibility of the audit firm to be knowledgeable of the requirements and to submit the report thereon.

The Offeror will prepare the Schedule of Expenditures of Federal Awards (*if necessary*) and all applicable compliance and internal control reviews required by the U.S. General Accounting Office's (GAO) Government Auditing Standards and OMB Circular A-133, including the Data Collection Form (SF-SAC) and the electronic filing of the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.

B. Description of Programs/Contracts/Grants

Cattaraugus County Project Head Start is primarily a Head Start and Early Head Start grantee serving 282 children in the Head Start Program and 50 children in the Early Head Start Program. Federal funding received from the Department of Health and Human Services. The Head Start grant totals \$3,223k in federal funds with a \$765K in non-federal share. The Early Head Start grant totals \$626K in federal funds with a \$131K in non-federal share.

Other services which receive funding are summarized as follows:

- Child and Adult Care Food Program (CACFP). Cattaraugus County Project Head Start operates a funded CACFP program to serve meals and snacks at our centers. This is a federally (USDA) reimbursed program under agreement with the NYS Department of Health. Approximate funding is \$180K with no matching non-federal share.
- Cattaraugus County Project Head Start has agreements with the Franklinville, Hinsdale, Olean and Salamanca school districts to provide Universal Pre-K services. Funding received from those agreements is approximately \$160K.
- Other miscellaneous funding sources including but not limited to the United Way, Health Foundation for Western & Central New York, Einstein College of Medicine, and UCLA Health Institute accounts for approximately \$20K to \$30K of additional funding.

C. Performance

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Cattaraugus County Project Head Start, Inc. records should be audited through December 31st.

The objectives of the audits are to have you express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information, as required, when considered in relation to the financial statements taken as a whole. The objective also includes reporting on internal controls related to the financial statements and compliance with laws, regulations, noncompliance with which could have a material effect on the financial statements in accordance with the U.S. General Accounting Office's (GAO) Government Auditing Standards, Office of Management and Budget (OMB) Circular A-133, and any specific requirements of grantor agencies. The audit should include tests of accounting records and other procedures you consider necessary to enable you to express such an opinion and to render the required reports.

The Offeror is required to prepare audit reports in accordance with the Government Audit Standards, and prepare and submit all necessary tax returns including but not limited to IRS Form 990 and NYS CHAR500.

D. Delivery Schedule

The Offeror is to transmit three copies of the draft audit report to Cattaraugus County Project Head Start's CEO/Director. The draft audit is due on May 31st, 2018.

The Offeror shall deliver final audit reports to Cattaraugus County Project Head Start's Board of Directors no later than June 30, 2018 as follows:

- Seven to the Cattaraugus County Project Head Start Board of Directors
- Seven to the Cattaraugus County Project Head Start CEO / Director
- As many as necessary for the appropriate governmental oversight agencies including but limited to the NYS Department of Health and the U.S. Department of Health and Human Services.

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, Cattaraugus County Project Head Start 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.

A final PDF file with all applicable audit schedules is required either on a disc or sent electronically.

E. Price

The Offeror's proposed price must 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 indicate any appropriate discounts that

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will be afford to Cattaraugus County Project Head Start, Inc. Indicate the price for years 2-3-4-5.

F. Payment

Payment will be made when Cattaraugus County Project Head Start, Inc. has determined that the total work effort has been satisfactorily completed. Should the report be rejected, a Cattaraugus County Project Head Start, Inc.'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 ninety (90) days after the Offeror submits the final invoice for payment.

Progress payments will be allowed to the extent that Cattaraugus County Project Head Start, Inc. can determine that satisfactory progress is being made.

Upon delivery of the final reports to Cattaraugus County Project Head Start, Inc. 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 Cattaraugus County Project Head Start, Inc. and its funding sources including the Office of Inspector General, HHS, 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 Cattaraugus County Project Head Start, Inc.'s 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 Cattaraugus County Project Head Start, Inc. It should include internal control and program compliance observations and recommendations. A final presentation of the audit will be made to the Board of Directors.

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 appropriate federal or state audit agency, the General Accounting Office, and Cattaraugus County Project Head Start, Inc.

J. Confidentiality

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The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to Cattaraugus County Project Head Start, 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 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, Cattaraugus County Project Head Start, Inc.'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 organizations audited within the past three years that are similar to Cattaraugus County Project Head Start, Inc.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed), and structure. Indicate if appropriate, if the firm is a small or minority-owned business.

The Offeror must include a copy of the most recent Peer Review.

C. Staff Qualifications

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

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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. Résumés should include education, position in firm, years, and types of experience.

D. 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.

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 Cattaraugus County Project Head Start, Inc., because Cattaraugus County Project Head Start, Inc. 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. The proposal should follow the outlined above Technical Qualifications A thru E.

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 for the reviewers to form a judgment 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 factors:

Factors	Point
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	Range
1. Prior experience auditing and or designing and installing accounting systems:	
a. Prior experience auditing non-profit organizations	0-5
b. Prior experience auditing programs financed by the Federal Government	0-5
c. Prior experience auditing similar programs financed by New York State	0-10
d. Prior experience auditing similar county or local government activities	0-5
e. Prior experience designing and/or installing accounting systems in non-profit organizations	0-5
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-owned/small business	0-5
3. Qualifications of the staff to be assigned to the audits to be performed. This will be determined from the resumes submitted, education, position in the firm, years and types of experience, continuing professional education, and state(s) in which the staff is licensed as a CPA.	
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

Cattaraugus County Project Head Start, Inc., at its discretion, may request presentations by or meetings with any or all Offerors to clarify or negotiate modifications to the Offerors' proposals.

However, Cattaraugus County Project Head Start, Inc. 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.

Cattaraugus County Project Head Start, Inc. contemplates award of the contract to the responsible Offeror with the highest total points on or about December 8th, 2017.

REFERENCE MATERIALS:

**Cattaraugus County Project Head Start, Inc.
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OMB's Compliance Circulars

https://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2014

CFR 200

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

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CERTIFICATIONS

On behalf of the Offeror:

1. The individual signing certifies that he or 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 or she is aware of and will comply with the GAO's Continuing Education Requirement of 80 hours of continuing education every two years and 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 or 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 or she has read and understands the following publications relative to the proposed audits:
 - a. *Government Auditing Standards* (Yellow Book)
 - b. *OMB Circular A-133—Compliance Supplement*
 - c. *Government Auditing Standards and Circular A-133 Audits (AICPA Audit Guide)*
 - d. *Head Start Policy and Regulations under the Act 1303.3, 45CFR part 75.*
 - e. 2 CFR Chapter I, Chapter II, Part 200, et al. Uniform Administrative
 - f. *Audits of State and Local Governments (AICPA Audit Guide)*

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11. The individual signing certifies that he or 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)