

Upper East Tennessee Human
Development Agency, Inc. (UETHDA)

Uniform Guidance Request for Proposal for Audit Services

For the period

07/01/2020 to 06/30/2021

Inquiries and proposals should be directed to:

Name: Travis Culler

Title: Purchasing & Property Coordinator

Entity: UETHDA

Address: P.O. Box 46, Kingsport, TN 37662

Phone: (423)246-6180
(423)230-3744

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General Information

A. Purpose

This Request for Proposal (RFP) is to contract for a financial and compliance audit for the year ending June 30th, 2021 and preparation of the Form 990, "Return of Organization Exempt from Income Tax". The proposal includes options for four additional years.

B. Who May Respond

Only licensed certified public accountants may respond to this RFP.

C. Bidder's Conference

No bidder's conference will be held.

D. Instructions on Proposal Submission

1. Closing Submission Date: Proposals must be submitted no later than 4:30 p.m. on February 26, 2021.
2. Inquiries: Inquiries concerning this RFP should be directed to Travis Culler at (423)246-6180 or (423)230-3744.
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 UETHDA.
4. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Name: Pat Wolfe
Title: Board Chairperson
Entity: Upper East Tennessee Human Development Agency, Inc.
Address: P.O. Box 46
Kingsport, TN 37662

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:

Request for Proposal
4:30 p.m. February 26, 2021
Sealed Proposal
For Audit Services

5. Electronic or Hard Copy Submissions: Proposals can be submitted electronically to the following email address: tculler@uethda.org by the closing submission date noted above.

Proposals may also be submitted by hard copy to the following mailing address:
P.O. Box 46, Kingsport, TN 37662 by the closing submission date noted above.

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

Late proposals will not be considered.

6. Right to Reject: UETHDA 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 UETHDA 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 UETHDA, 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 by email of the name of the successful audit firm.

E. Description of Entity and Records to Be Audited

UETHDA is a nonprofit organization that serves Eight counties in Northeast Tennessee. UETHDA 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 30 member volunteer board of directors. Administrative offices and all records are located at 301 Louis St., Kingsport, TN. Other offices are located throughout the Northeast Tennessee area.

Also, of note is that UETHDA is considered a quasi-governmental entity. Per letter, dated January 29, 1991, from the Director of Division of Municipal Audit, Dennis Dycus, CPA, for the State of Tennessee, the following paragraph is quoted verbatim.

“Taking all things into consideration, it is our position that the Upper East Tennessee Human Development Agency, Inc. is a quasi-governmental entity. Accordingly, their financial statements should be prepared in accordance with the Codification of Governmental Accounting and Financial Reporting Standards as issued by the Governmental Accounting Standards Board. It should be noted that presently, the financial statements of every other community action agency in the state are prepared on this basis.”

UETHDA is a multi-program agency with funding from various sources. The majority of the funding is from federal sources. Head Start is the largest program and is a "direct" federal funded program. Most of the other programs, which are federally funded, are "flow-through" via the state of Tennessee. There are other smaller sources of funding.

The resources of the agency are classified for reporting purposes into funds according to their nature and purpose. Therefore, the programs of the agency are organized and operated on the basis of fund accounting. Each fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions of each grantor. The accounting system is computerized utilizing the Orion software package with T.H.O. Inc., Minneapolis, Minnesota providing the software support.

The general ledger identifies the source of all revenues and expenses for each program operated by the agency.

The sub-ledger within our system contains detailed information on each and every transaction posted. This system then provides an audit trail, which traces back to the actual physical files which are maintained by check number sequence by fiscal year. These files along with deposit slips, bank statements, cancelled checks, etc. support each accounting transaction.

The agency has three bank accounts with a local bank. They are classified as: general account (accounts payable), payroll account, and special projects account. All accounts are reconciled monthly.

Expenditures are made only after an appropriate invoice or billing statement has been received and verified by accounting staff. A check authorization is then prepared and combined with all supporting documentation and a requisition form (if applicable). The accounting department reviews the check authorization and supporting documentation for completeness, accuracy, and compliance with appropriate program contract/budget. The transaction is then posted to the system and a check is computer generated. The signature process is computer generated. There are approximately 10,000 accounts payable checks written in a given fiscal year. Purchase orders and/or requisitions are required from the program director/designee for purchases (dependent on type of expense and/or dollar threshold).

The payroll function uses the direct deposit method of payment. Total payroll each pay period involves approximately 280 employees. Payroll is submitted electronically to the employee's supervisor for review and approval. Once approved the timesheets are transferred to the accounting department for further review and processing. Each employee's time is downloaded from an internet portal into Orion accounting system. The system produces a pay statement for each employee, which reflects all gross pay and all deductions. The amount due each employee is then transmitted to the employee's bank account and is available on the appropriate pay date.

In-kind documentation is received from two programs either monthly or quarterly. The documentation is reviewed for completeness, accuracy, and compliance with appropriate program criteria. Once this is done it is posted to the program account in the general ledger.

From a revenue standpoint, most programs are on a cost reimbursement basis with an invoice filed at the end of each month. Head Start is one of the exceptions to this method. Revenue to cover Head Start expenses is requested via electronic transfer after checks have been written to pay the expenses.

All monthly, quarterly, annual reports are prepared by the Finance Director utilizing specific program expenditure reports and trial balances.

The accounting records of UETHDA will not be made available for review by the Offerors, prior to proposal submission.

F. Options

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

B. Description of Programs/Contracts/Grants

This information can be obtained from reviewing previous audit reports, Agency reports, & Head Start Reports available on our website at: <http://uethda.org/about/annual-reports-and-audits/>

C. Performance

UETHDA's records should be audited through June 30th, 2021.

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

D. Delivery Schedule

The Offeror is to transmit one copy of the draft audit report to UETHDA's Executive Director and one copy of the draft to the Financial Director. The draft audit report is due on November 1, 2021.

The Offeror shall deliver 25 final audit reports to UETHDA's Board of Directors no later than November 15, 2021. Also, an electronic version of the final audit report must be made available to UETHDA for submission to Grantors and/or Governmental Agencies. **(All costs for mailing shall be included in the overall bid.)**

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, UETHDA 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 average hourly billing 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 UETHDA has determined that the total work effort has been satisfactorily completed. Should UETHDA reject a report, UETHDA'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 UETHDA can determine satisfactory progress is being made.

Upon delivery of the 25 copies of the final reports to UETHDA 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 UETHDA 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 UETHDA'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 UETHDA. 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 UETHDA.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to UETHDA, 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, UETHDA'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 similar programs funded by the State of Tennessee and/or Federal Government.
2. Prior experience auditing similar programs operated by UETHDA.
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 UETHDA. Value-added services provide efficiencies and improved compliance that contribute to the continued success of UETHDA. 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.
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.
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 UETHDA because UETHDA 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 1 copy of the Offeror's technical qualifications, 1 copy of the pricing information (in a separate, sealed envelope), and 1 copy of the signed Certifications. These documents will become part of the contract.

All electronic submissions should be in PDF format.

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 conducted 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."

1. Prior audit experience
 - a. Prior experience auditing similar programs funded by the State of Tennessee and/or Federal Government.
 - b. Prior experience auditing similar programs funded by UETHDA.
 - c. Prior experience auditing nonprofit organizations.

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

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

- a. Adequate size of the firm
- b. Proper independence / no conflicts of interest
- c. Results of peer review
- d. Minority-owned/small business/women's business enterprise

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
- b. Overall supervision to be exercised

5. Offeror's audit approach to adequate coverage

6. Price

D. Review Process

In compliance with Uniform Guidance 2 CFR Part 200.319 – Competition, UETHDA 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 UETHDA may, at its discretion, request presentations by or meetings with any or all Offerors to clarify or negotiate modifications to the Offerors' proposals.

However, UETHDA 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.

UETHDA contemplates award of the contract to the responsible Offeror that best performs in all six areas of evaluation.

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. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance")
 - c. Audits of Not-for-Profit Entities (AICPA Audit Guide)
 - d. Audits of State and Local Governments (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)