

# AKA Head Start, Inc.

## Request for Proposal for Audit Services

### For the Fiscal Years:

July 1, 2019 to June 30, 2020

July 1, 2020 to June 30, 2021

July 1, 2021 to June 30, 2022

### 403(b) Plan Years:

January 1, 2019 to December 31, 2019

January 1, 2020 to December 31, 2020

January 1, 2021 to December 31, 2021

Inquiries and proposals should be directed to:

Name: Liat Parker

Title: Director of Accounting

Entity: AKA Head Start, Inc. (AKAHS)

Address: 620 W. Madison Avenue

El Cajon, CA 92020

Phone: (619) 270-7192

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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 30, 2020 and the following 2 fiscal years. The proposal includes not-to-exceed (NTE) pricing options for three additional years (FYE June 30, 2023, 2024 and 2025).

Pricing for the 403(b) plan should be presented separately with the initial 3 year period starting with the calendar year ended December 31, 2019. Please provide NTE pricing options for three additional years thereafter (years ending December 31, 2022, 2023 and 2024).

### B. Who May Respond

Only licensed certified public accounting firms may respond to this RFP.

### C. Bidder's Conference

Will not be held. Please send questions to Liat Parker, Director of Accounting. Questions will be answered within 3 working days per the schedule shown in Appendix B. All questions and answers will be emailed to all bidders.

### D. Instructions on Proposal Submission

1. Closing Submission Date: Proposals must be submitted no later than 4:30 p.m. on January 10, 2020.
2. Inquiries: Offerors may direct questions via email to LParker@akaheadstart.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 AKAHS Head Start.
4. Instructions to Prospective Contractors:

Your proposal should be addressed as follows:

Name: Liat Parker  
Title: Director of Accounting  
Entity: AKA Head Start, Inc.  
Address: 620 W. Madison Avenue  
El Cajon, CA 92020

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- Due  
4:30 p.m. January 10, 2020  
Sealed Proposal  
for Audit Services

5. Electronic or Hard Copy Submissions: Proposals must be submitted electronically to the following email address: [LParker@akaheadstart.org](mailto:LParker@akaheadstart.org) by the closing submission date noted above.

Proposals must also be submitted to the following mailing address: 620 W. Madison Avenue, El Cajon, CA 92020, by the closing submission date noted above. Five copies of the proposal must be submitted, along with 1 electronic copy.

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

Late proposals will not be considered.

6. Right to Reject: AKA 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 on the factors described in this RFP.
7. Small and/or Minority-Owned Businesses: Efforts will be made by AKAHS 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 AKAHS, Offerors submitting proposals may be requested to make oral presentations as part of the evaluation process. Presentations will be delivered in person. 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 4 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 RFP will be informed, in writing, of the name of the successful audit firm.

**E. Description of Entity and Records to Be Audited**

AKA Head Start, Inc. is a nonprofit organization that serves East San Diego County in California. AKAHS 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 14-member volunteer board of directors. Administrative offices and all records are located at 620 W. Madison Avenue, El Cajon, CA 92020. Thirteen centers are located throughout the service area.

**AKA Head Start, Inc. FY19-20 Budget (\$M)**

<b>\$M Estimated Revenue (FY 19-20)</b>		<b><i>Est Expenses</i></b>	
<b>Head Start</b>	12.7	Salaries	8.7
<b>CDE CSPP</b>	1.2	Benefits	2.6
<b>SD COE</b>	0.4	Leases	1.0
<b>Total</b>	<b>\$14.3M</b>	Food	0.8
		All Other	1.2
		<b>Total</b>	<b>\$14.3M</b>

Total Assets as of 6/30/19:	\$1.44 M
Total Liabilities as of 6/30/19:	\$1.02 M
Number of Employees:	234-full time; 20-part time
Accounting System:	AccuFund
Payroll System:	ADP (since January 2019)
Payroll Frequency:	Biweekly
Number of Head Start Slots:	1062 (836 Head Start; 226 Early Head Start)
Number of Child Care Centers:	13 (all leased) – 3 EHS, 8 HS, 2 with both programs
Number of CSPP Slots:	230 (approximate- at six sites)
Number of Bank Accounts:	4
Number of Checks Written:	2000 (estimated)
403(b) Account Balance:	\$5M (estimated)
403(b) Participants:	approximately 200
403(b) Administrator:	Tri-Ad, Escondido, CA
403(b) Governance:	Retirement Committee comprised of: Executive Director, CFO, Director of Accounting, HR Officer and HR Benefits Manager, along with investment advisor

**F. Options**

At the discretion of AKAHS, this audit contract can be extended for one additional three-year period. The cost for the option periods will be agreed on by AKAHS and the Offeror. Pricing for the 403(b) plan must be shown separately using Appendix C.

## Specification Schedule

### **A. Scope of the 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 single audit of AKAHS as described in OMB Circular A-133, resulting in an independent auditors' report and financial statements, and independent auditors' reports required by uniform guidance, schedule of expenditures of federal awards, and other supplementary information. Other information will include independent auditor's assurances on Agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning Care Division. Additionally, the Offeror will prepare the agency's federal (IRS Form 990) and state (CA Form 199) for each year.

A separate audit of the AKAHS 403(b) plan is also required, including the financial statements of the plan and supplemental schedules.

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

Head Start is a comprehensive program designed to foster the healthy development of young children from low-income families. Head Start provides children from infants to age five with daily nutritious meals and many opportunities for social, emotional and intellectual growth that can prepare them for success in school and in life. Our program also connects children to health care sources and provides vital support services to their families.

The state-funded preschool program (CSPP) is designed to provide a school readiness program for children ages 3-5 for income eligible families. Parent participation is highly encouraged. Classes run concurrently with Head Start for a total of eight or ten hours each, Monday through Friday at six of our centers.

The Quality Preschool Initiative (QPI) serves as an important champion for children in East San Diego County by helping families identify and access quality child care and early learning programs. In addition, the Quality Preschool Initiative helps providers keep up to date with best practices in early learning and identify areas for continued improvement. This powerful partnership of knowledge and education is contributing to quality outcomes for the region's next generation of successful students.

### **C. Performance**

AKAHS's records should be audited for the fiscal year starting July 1, 2019, and ending June 30, 2020 and the two fiscal years following. The 403(b) audit covers the time period of January 1, 2019, through December 31, 2019, and the two calendar years following.

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 403B draft audit report for 2019 to AKAHS's Executive Director on or before July 20, 2020, to allow for the Plan Administrator to file the IRS Form 5500 on or before July 31, 2020. Similar deadlines

would be in place for the calendar years ended on December 31, 2020 and December 31, 2021.

The Offeror shall deliver 15 final audit reports of the financial statements and compliance to AKAHS's Board of Directors no later than October 26, 2020, and will present the summary to the Board at its October 26, 2020 meeting. A draft audit report should be submitted to AKAHS's Executive Director by October 19, 2020. Similar schedules would be in place for the audits performed for the fiscal years ended June 30, 2021 and June 30, 2022.

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, AKAHS 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. Pricing**

The Offeror's proposed price for services should include separate not-to-exceed total fees for the financial statements audit for the fiscal year ended June 30, 2020 and the 403(b) plan for the year ended December 31, 2019, and the following 2 years for each audit. Any out-of-pocket expenses should also be indicated. NTE pricing for the three year options should be presented separately for the 403(b) plan and financial audit as shown on Appendix C.

### **F. Payment**

Payment will be made when AKAHS has determined that the total work effort has been satisfactorily completed. Should AKAHS reject a report, AKAHS's authorized representative will notify the Offeror in writing of such rejection, giving the reason(s).

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

Upon delivery and presentation of the 15 copies of the final reports to AKAHS and their acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the financial statement audit. Offeror may submit a bill for the balance due on the 403B audit upon issuance of the independent auditor's report.

### **G. Audit Review**

All audit reports prepared under this contract will be reviewed by AKAHS and its funding sources to ensure compliance with the General Accounting Office's (GAO) Government Auditing Standards and other appropriate audit guides as appropriate.

### **H. Exit Conference**

An exit conference with AKAHS'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 AKAHS. 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 AKAHS.

## **J. Confidentiality**

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to AKAHS, 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, AKAHS's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

## **K. Timing of Audit**

Due to requirements of the California Department of Education, the audit must be completed, presented and published by November 10, 2020. This will allow AKAHS several days to post to the audit clearinghouse. Similar schedules will be in force for the subsequent fiscal years audited.

## Technical Qualifications

The Offeror, in its proposal, shall, as a minimum, include the following:

### **A. Understanding AKA Head Start, Inc.'s Needs**

The Offeror should describe perceived challenges and opportunities specific to our organization. Describe how your firm is best suited to assist our organization in facing those challenges and opportunities moving forward.

### **B. Understanding the Scope of Work**

The Offeror should clearly describe the scope of work to be performed in alignment with this RFP.

### **C. Understanding the Industry**

The Offeror should describe its understanding of our industry by providing specific industry knowledge and expertise as well as prior auditing experience:

1. Prior experience working with nonprofit organizations and contributory retirement plans
2. Prior experience auditing grant-funded organizations
3. Prior experience auditing organizations similar to AKAHS.
4. Prior experience auditing Head Start grantees and recipients of CDE contracts.

### **D. Engagement Team**

The Offeror should briefly 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. Audit team bios should include education, position in firm, years with the firm, industry-specific experience, retirement plan audit experience, and training on Uniform Guidance.
4. Basic approach to performing an audit.
5. Steps you take to ensure audit quality.

### **E. 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 reviews.
5. Explanation if the Offeror is a small or minority-owned business or women's business enterprise.

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

The Offeror should describe its approach to the work to be performed and projected timetables/schedules for the financial statements/compliance audit and 403(b) plan audit.

## **G. References**

Please provide the names and contact information for three client references that can be contacted.

# Proposal Evaluation

## A. Submission of Proposals

The hard-copy submission of all proposals shall include five copies of the Offeror's technical qualifications and five copies of the pricing information. These documents will become part of the contract.

Please also provide 1 electronic submission via email to: **LParker@akaheadstart.org**

## 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 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. 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."

Maximum Point Value

- |  |    |
|--|----|
| 1. Understanding the Industry  | 30 |
| a. Prior experience working with nonprofit organizations   |    |
| b. Prior experience auditing grant-funded organizations  |    |
| c. Prior experience auditing organizations similar to AKAHS  |    |
| d. Prior experience auditing nonprofit organizations in the state of California with CDE contracts |    |

2. Organization, size, and structure of Offeror's firm (Consider size in relation to audits to be performed)	5
a. Adequate size of the firm	
b. Minority-owned/small business/women's business enterprise	
c. Financial and technical resources	
4. Qualifications of staff to be assigned to the audits to be performed. Include education, position in firm, and years and types of experience.	15
a. Prior experience of the individual audit team members	
b. Overall supervision to be exercised	
4. Offeror's audit approach to the engagement	10
a. Adequate coverage	
b. Qualified staff	
c. Realistic time estimates of each audit step to ensure timely completion	
5. Price (show each year separately for the single audit and 403(b) per Appendix C)	<u>40</u>
<b>Maximum Points</b>	<b>100</b>

#### **D. Review Process**

In compliance with Uniform Guidance 2 CFR Part 200.319 – Competition, AKAHS 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.

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

However, AKAHS 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.

AKAHS contemplates award of the contract to the responsible Offeror with the highest total points as determined by our audit committee.

## Appendix A

### A. Proposal Evaluation

Using the attached form, audit committee members who are part of the proposal evaluation process will score proposals individually. Evaluation of each proposal will be scored on the five factors below.

Total points will be calculated from each board/audit committee member, providing a total point value for each responding Offeror. The Offeror, meeting all of the outlined criteria, that also accumulates the highest total point value will be awarded the contract.

<b>Proposal Evaluation</b>			
		<b>Point Range</b>	<b>Points Earned</b>
<b>Understanding The Industry</b>		<b>0 - 30</b>	
	Prior experience working with nonprofit organizations		
	Prior experience auditing grant-funded organizations		
	Prior experience auditing organizations similar to AKAHS		
	Prior experience auditing nonprofit organizations in the state of California with CDE contracts		
<b>Organization, size, and structure of Offeror's firm</b>		<b>0 - 5</b>	
	Adequate size of the firm		
	Minority-owned/small business/women's business enterprise		
<b>Qualifications of staff to be assigned to the audits to be performed</b>		<b>0 - 15</b>	
	Prior experience of the individual audit team members		
	Overall supervision to be exercised		
<b>Offeror's audit approach to the engagement</b>		<b>0 - 10</b>	
	Adequate coverage		
	Realistic time estimates of each audit step		
<b>Price</b>		<b>0 - 40</b>	
<b>Total Points</b>		<b>0 - 100</b>	

## Appendix B - Schedule

### **AKA Head Start, Inc. Calendar: Audit RFP Schedule**

Send RFP to prospective bidders:	December 12, 2019
Questions due from bidders:	December 17, 2019
Answers due to bidders from AKAHS:	December 20, 2019
RFP due to AKAHS (electronic/5 copies):	January 10, 2020
Review of bids by Audit Committee:	January 13-15, 2020
Selection of bidders to present:	January 15, 2020
Oral Presentations by selected bidders:	January 16-23, 2020
Review of scoring- Audit Committee:	January 24, 2020
Award recommendation to Board:	January 27, 2020
Negotiations with successful bidder:	January 28-30, 2020
Award letter to successful bidder:	January 31, 2020
Notice to unsuccessful bidders:	January 31, 2020
403B audit commencement	May 2020
403B Audit report issued	By July 20, 2020
Single audit commences	August 2020
Audit report presented to Board	October 26, 2020

**NOTES: Also included in RFP is audit of Retirement Plan for the calendar year 2019. It is anticipated that this audit will start in May 2020.**

**The audit for the fiscal year ended June 30, 2020 must be completed, fully reviewed and published by November 10, 2020.**

## Appendix C – Pricing Summary

1. Cost of uniform guidance audit for periods ending:

a. June 30, 2020: \$ \_\_\_\_\_

b. June 30, 2021: \$ \_\_\_\_\_

c. June 30, 2022: \$ \_\_\_\_\_

2. Not-to Exceed (NTE) Pricing for three additional option years for uniform guidance audit for periods ending:

a. June 30, 2023: \$ \_\_\_\_\_

b. June 30, 2024: \$ \_\_\_\_\_

c. June 30, 2025: \$ \_\_\_\_\_

3. Cost of 403(b) retirement plan audit for years ending:

a. December 31, 2019: \$ \_\_\_\_\_

b. December 31, 2020: \$ \_\_\_\_\_

c. December 31, 2021: \$ \_\_\_\_\_

4. Not-to-Exceed (NTE) Pricing for three additional option years for 403(b) retirement plan audit for years ending:

a. December 31, 2022: \$ \_\_\_\_\_

b. December 31, 2023: \$ \_\_\_\_\_

c. December 31, 2024: \$ \_\_\_\_\_