

Chairperson
Dr. Jeffery D. Carr, Sr.



President and CEO
Rudolph A. Johnson, III

Neighborhood House Association

REQUEST FOR PROPOSALS

to provide

Audit Services

Request # 2018-006

Issue Date: Thursday, December 20, 2018

Response Due Date: Wednesday, January 30, 2019 no later than 4:00 pm

Purchasing Agent: Jerome Gissendanner 858-715-2642 x183

Request

The Neighborhood House Association (“NHA”) is requesting proposals for a licensed, Certified Public Accounting firm to conduct NHA’s financial and compliance audit for the fiscal year ending June 30, 2019, Form 990 Return of Organization Exempt from Income Tax, California Form 199 Exempt Organization Annual Information Return, and the California Registry of Charitable Trusts Form RRF-1. Qualified businesses (“Offerors”) who are interested in providing such services must demonstrate the ability to perform the work described in the Scope of Services set forth in this Request for Proposal (the “RFP” or “Request”) and have significant experience successfully performing comparable work.

Proposal Timelines:

RFP Release Date - December 20, 2018

Bidders/Offerors Conference - January 7, 2019

Last Day for Questions - January 18, 2019 4:00 p.m.

Response Due Date - January 30, 2019

Selection Date - February 28, 2019

Engagement Letter- March 1, 2019

Draft of Audit Report- October 31, 2019

Final Audit Report-November 12, 2019

Information on NHA

NHA is a not for profit organization serving the county of San Diego, California. NHA 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 23 member volunteer Board of Directors. Administrative offices and all records are located at 5660 Copley Drive, San Diego, CA 92111. Other offices are located throughout the County of San Diego.

NHA uses an automated accounting system called MIP SAGE Abila (fund accounting) software. NHA reports on 15 funds (refer to **Exhibit B**, NHA's Budget Summary for Fiscal Year 2016/2017 which are a compilation of 21 program areas).

Financial statements are reported per GAAP with the program areas presented per grant/fund accounting. The respondent should understand that capital assets approved under the fund/grant accounting method are expensed in the year authorized whereas GAAP requires the capitalization and depreciation of that same asset. This inherently brings reconciliation differences into NHA's accounting system.

NHA has a functioning audit committee and finance committee. NHA reports its financial condition on a monthly basis to the finance committee of the Board of Directors. The finance committee approves the agency's budget, approves policy and reviews budget to actual comparisons on a monthly basis. The audit committee oversees the audit process and the approval of the Form 990 tax filing and attendant schedules.

Some vital statistics of NHA:

- NHA uses one operational bank account for trade payables, a second for payroll and maintains other bank relationships for fiduciary and investment purposes as required.
- Payroll is run biweekly or approximately 26 pay periods per year.
- NHA payroll is processed in-house for 912 employees (approximately 800 regular employees with the remainder being substitutes or on contract) using the HRMS software. Time is tracked electronically through timekeeping software called "Insperity Timestar". Payroll tax deposits and W-2 filings are processed through a third party provider. Payroll check registers are imported into the MIP SAGE Abila accounting software. Exception reports are also run and reviewed by senior fiscal personnel each pay period as part of company risk management.
- For the period ending June 30, 2017, delegate contracts are approximately 41% of the total budget with payroll and fringe benefits at 42%, leases (mainly occupancy) of 4%, contracted services of approximately 3%, and various remaining expenses at 10%.

- Accounts payable averages approximately 1,270 checks per month or 15,245 per year

Scope of Services for this Request

Scope of Services # 1 of 2

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, (referred to herein as the "Offeror") to perform a financial and compliance audit of NHA.

Generally, financial statements assist the reviewer in determining (1) whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows or changes in financial position in accordance with generally accepted accounting principles, and (2) whether the entity has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

The audit is to be conducted in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the audit requirements of the Uniform Guidance, and with the requirements of the CDE Audit guide issued by the California Department of Education.

B. Description of Programs/Contracts/Grants

- A budget summary for fiscal year ending June 30, 2017, attached hereto as **Exhibit B**, has been included showing a budget of \$85.8 million dollars with contract years and funding source.
- Audited financial statements for the period ending June 30, 2017 are contained in **Exhibit C**. The audit contains a Schedule of Expenditure of Federal Awards (**SEFA**) which lists the Federal programs serviced by NHA.
- In that NHA is 95% funded by Federal dollars, a single audit and the compliance supplement as required by 2-CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards must be performed.
- The single audit must be submitted to the Federal Audit Clearinghouse.
- The State of California Department of Education has unique requirements and specific schedules regarding general child care and food reimbursement (a pass through from USDA).

- The HUD program must be audited as a major program per HUD's contract requirements.
- NHA maintains an indirect cost rate (currently at 10.6%) as approved by the Department of Health and Human Services of the Federal Government, NHA's cognizant agency.

C. Performance

The Awardee will be required to prepare audit reports in accordance with the *Government Audit Standards*, and comply with State of California, Department of Education requirements, the single audit guide per 2 CFR 200 and the Department of Education green book along with funding terms and conditions. The audited financial statements presented should be for the year ended June 30, 2019 with audited results for the period ending June 30, 2018 also presented.

It has been past practice to present the 2 CFR 200 compliant audited financial statements in one report and the State awards or CDE required reporting under separate cover. (**See Exhibit C**, NHA's audited financials).

D. Delivery Schedule

Offeror is to transmit one (1) copy of the draft audit report to NHA's Audit Committee Chair. The draft audit report is due on October 31, 2019.

The Offeror shall deliver forty-five (45) final audit reports to NHA's Audit Committee no later than November 12, 2019.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all of the provisions of this contract, NHA 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 request to extend this schedule upon written request of the Offeror with sufficient justification.

E. Price

The Offeror's proposed price should be submitted separately and documented in detail. Information indicating how the price was determined is important. For example, the Offeror should provide a realistic estimate of the number of hours by staff level, hourly rates for that level, and total cost by staff level. Any out-of-pocket expenses should also be indicated and noted separately. The pricing information should be in a separate sealed envelope. We note that NHA has been termed a "low risk auditee" per the most recent audit.

The Offeror should be prepared to provide a three-year pricing estimate, with a possible extension at NHA's sole discretion of two additional years.

F. Payment

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

Upon delivery of the forty-five (45) copies of the final reports to NHA 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 NHA and its funding sources to ensure compliance with General Accounting Office's (GAO) *Government Audit Standards* and other appropriate audit guides.

H. Exit Conference

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

I. Work papers

- Upon request, the Offeror will provide a copy of the work papers pertaining to any questioned costs determined in the audit. The work papers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
- The work papers will be retained for at least three (3) years from the end of the audit period.
- The work papers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and NHA.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to NHA, 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. The Offeror shall also take 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, NHA'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 therefore.

The projected start date for work included in each Scope of Work above is March 1, 2019.

Scope of Services # 2 of 2

Preparation of the Form 990, Return of Organization Exempt Form Income Tax and all required schedules and extensions as well as California Form 199, Exempt Organization Annual Information Return and extensions as required, and the California Registry of Charitable Trusts Form RRF-1.

Offeror's Technical Qualifications

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 nonprofit organizations.
2. Prior experience auditing similar programs funded by *the* California Department of Education particularly general child care programs and the Child and Adult Care Food Program (CACFP).
3. Prior experience auditing programs financed by the Federal Government, particularly Head Start and HUD
4. Prior experience auditing similar county or local government activities, particularly programs involving social services in the areas of HIV treatment, Senior Nutrition, Medical Billing and Adult Day Health Care.

B. Organization, Size, and Structure

The Offeror should describe its organization, size and structure. Indicate, if appropriate, if the firm is a small or minority-owned business. Offeror should include a copy of the most recent Peer Review.

C. Staff Qualifications

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

1. Audit team makeup
2. Overall supervision to be exercised
3. Prior experience of the individual audit team members: Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc. will be considered.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications

The Offeror **must** sign and include as an attachment to its proposal the Certifications section contained in this RFP. The publications listed in the Certifications section will not be provided to potential Offerors by NHA, because NHA desires to contract only with the Offeror who is already familiar with these publications.

Response Requirements and Content

Prior to submitting a response, Offeror must carefully review this Request and any addenda subsequently issued. The Offeror is responsible for seeking any clarification or information needed to respond. The Offeror is solely responsible for any deficiencies in the response submitted.

The Offeror must provide an engagement letter that comprehends fulfillment of all requirements of this proposal. The Offeror's proprietary engagement letter is acceptable and it is expected not to differ from the letter used in the engagement.

The Offeror is solely responsible for all costs, direct or indirect, incurred responding to this Request. NHA will incur no obligation or liability in connection with the submittal of a response.

A responsive submittal must include the following:

- a completed and signed NHA Request Response Submittal Cover Sheet (**Exhibit A**)
- a concise recapitulation of the "Offeror Technical Requirements" cited above
- information demonstrating the Offeror's commitment to equal opportunity, such as efforts related to workforce diversity or contracting
- a copy of the firm's latest Peer Review and any other relevant information that Offeror believes would assist NHA in evaluating the submittal
- realistic pricing information
- references from clients requiring similar 2 CFR 200 services
- affirmation of the "Certifications" attached
- W-9 Form

Alternates/Deviations. A Offeror may recommend consideration of alternate or additional services or material not identified in this Request or deviations from the Scope of Services in this Request that Offeror believes will enhance the specified Services or more successfully achieve the outcome sought by this Request. Any alternates or deviations must be separately listed and described; however, the submittal also must be responsive to the Scope of Services described in this Request.

Proprietary Information. Certain documents in NHA's possession are subject to inspection and copying pursuant to the Federal Head Start regulations; however, the regulations do not require disclosure of proprietary information that constitutes a trade

secret under California law. NHA will attempt to protect legitimate proprietary information included in any submittal, but shall not be liable for the disclosure of any proprietary information.

Proprietary information included with a response submittal must be separately bound and clearly labeled with the words "Confidential Proprietary Information." Appropriate reference to this separately bound information must be made in the body of the submittal. ***Marking the entire submittal as proprietary will result in it being rejected and returned to the Offeror participant unread.***

Response Submittal Procedures

Clarifications & Inquiries. Requests for clarification regarding this Request for Proposal must be submitted in writing by E-mail to jerome@neighborhoodhouse.org prior to the submittal deadline. The last day for question submittals is January 18, 2019.

Addenda. Any material changes to this Request resulting from either a request for clarification or a business decision of NHA will be issued in written form in the same manner this Request was advertised. All changes in such addenda shall supersede or supplement this Request. Offerors are solely responsible for determining whether any addenda have been issued prior to submittal of a response.

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 NHA.

Response Submittal Package. Offeror must submit the following documents in a *properly sealed* envelope, as referenced below:

- Three (3) original wet signature copies of the NHA Request Response Submittal Form, attached hereto as **Exhibit A**.
- Three (3) copies of a typed or printed document on 8½ x 11 white paper that is a compilation of all of the information set forth in the Response Requirements and Contents. (The Offeror is encouraged to carefully review the Proposal Evaluation section below).

The envelope must be addressed as follows:

Neighborhood House Association, RFP 2018-006
Attn: Mr. Jerome Gissendanner
5660 Copley Drive
San Diego, CA 92111

Submittal Deadline. Submittals must be received by **4:00 pm (PST) on January 30, 2019.** **Proposals received after the submittal deadline will be rejected.**

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

Right to Reject. NHA 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.

Small and/or Minority-Owned Businesses. Efforts will be made by NHA to utilize small businesses and minority-owned businesses to the extent possible. A 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).

Submittal Methods. Submittals may be sent by U.S. or private delivery mail service or by personal delivery to NHA's Administration Offices. Submittal by E-mail, in Adobe Acrobat (PDF) format, will be accepted provided the three (3) original wet signature copies of the NHA Request Response Submittal Form (Exhibit A) is received within twenty-four (24) hours after the submittal deadline.

Withdrawal of Submittal. A Offeror may withdraw its proposal by written request at any time prior to the submittal deadline. NHA will destroy and not return the submittal package.

Proposal Evaluation

A. Submission of Proposals

All proposals shall include three copies of the Offeror's technical qualifications, three copies of the pricing information (in a separately sealed envelope), and three copies of the original wet signature copies of the NHA Request Response Submittal Form (Exhibit A). These documents may become part of the contract.

B. Non-responsive Proposals

Proposals may be judged non-responsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include affirmation of the **Certifications**.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the *Government Audit Standards* of the U.S. Comptroller General.

C. Evaluation will be scored in the following factors:

1. Prior experience auditing similar programs funded by federal, state and local government entities and nonprofit entities.
2. Organization, size and structure of Offeror's firm.
3. Qualifications of staff assigned to the audits to be performed as well as prior experience of team members.
4. Offerors understanding of work to be performed.
5. Realistic pricing based on detailed submission of staff hours and hourly rates.
6. Results of the latest Peer Review.
7. Offeror's commitment to equal opportunity, such as efforts related to workforce diversity or contracting, and firm commitment to sourcing small businesses including minority and woman owned businesses.

Selection Process

This Request is seeking to identify the entities and persons most qualified to provide the Services. NHA, in its sole discretion, will determine which Offerors are most qualified to provide the Services, based on the information in the response submittals and input from references provided. These Offerors may be asked to interview with NHA representatives and respond to questions regarding the submittal response. NHA may elect to negotiate pricing with one or more of the best-qualified Offerors. NHA, in its sole discretion, will make its final selection of the Offeror whose experience, expertise, reputation, capabilities, past performance and cost is determined to be most advantageous to NHA. NHA will rely on firm evaluation using the proposal evaluation criteria noted in the "Proposal Evaluation" section on page 11. NHA's decision is final and is not subject to any form of administrative review, appeal or protest.

Notification of Award

It is expected that a decision selecting the successful audit firm will be made within four (4) weeks of the closing date from the receipt of proposals or February 28, 2019.

Upon conclusion of final negotiations with the successful audit firm, all Offerors who have submitted proposals in response to this RFP will be informed, in writing, of the name of the successful audit firm.

The contract is for three (3) years. At the sole discretion of NHA, the awarded audit contract can be extended for two (2) additional one (1) year periods for a potential total of five (5) years of audit engagement. The cost for the option periods will be agreed upon by NHA and the awarded party. 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.

Contracting Process

Neither this Request nor the selection of a Offeror will create a binding commitment on NHA. Upon completion of the selection process, NHA will award a contract to the party whom it elects to provide the Services in this Request. A binding commitment will only occur when a contract between NHA and the successful Offeror has been fully executed.

Disclaimers

NHA anticipates a single contractor will be selected as a result of this Request; however, NHA reserves the right, in its sole discretion, to award contracts to multiple contractors. NHA further reserves the right, in its sole discretion, to reject any or all response submittals, waive any formalities in this process or the submittal requirements; and/or cancel, in whole or in part, this Request.

Attachments

The following documents are attached hereto and incorporated herein:

- ***Critical Deadline Review***
- ***Exhibit A – NHA Request Response Submittal Form***
- ***Exhibit B – NHA Budget Summary for the fiscal year ended June 30, 2017***
- ***Exhibit C – NHA Audited Financial Statements for the years ended June 30, 2017 and 2016***
- ***Exhibit D - Certifications***

Critical Deadline Review

Offeror Deadlines:

- A. Bidder's Conference:
Date: January 7, 2019.
Time: 9:00 a.m.
Location: 5660 Copley Drive, San Diego, CA. 92111
- B. Closing Submission Date: Proposals must be submitted **no later than 4:00 p.m.** (Pacific Standard Time) on **January 30, 2019.**
- C. Notification of Award: It is expected that a decision selecting the successful audit firm will be made no later than February 28, 2019.

Upon conclusion of final negotiations with the successful audit firm, all Offerors who have submitted proposals in response to this RFP will be informed, in writing, of the name of the successful audit firm.

Awarded Firm Deadlines:

- D. Draft of the Audit Report: Offeror is to transmit one copy of the draft audit report, for NHA's records for fiscal year ending June 30, 2019, to NHA's Executive Director. **The draft audit report is due: October 31, 2019.**

EXHIBIT A



Chairperson
Dr. Jeffrey D. Carr, Sr.

President and CEO
Rudolph A. Johnson, III

REQUEST RESPONSE SUBMITTAL FORM

NHA Request # 2018-006

The undersigned has carefully examined this entire RFP and familiarized themselves with all conditions pertinent to this Request. The undersigned hereby proposes to furnish all Services necessary to completely fulfill the Scope of Services without restriction for the time period January 1, 2019 through December 31, 2019 for the 401 k audit, and July 1, 2018 through June 30, 2019 for the single audit and tax returns for a stipulated sum of \$_____.

Offeror Name (Please Print) _____ Business Address: _____

Proprietorship Partnership Corporation LLC LLP FEIN # _____

If Partnership, list all general partner(s) in the San Diego office _____

If LLC or LLP, list managing member(s)/partner(s) in the San Diego office _____

Primary contact for the Request Process _____

Title _____ Phone _____ Fax _____ Email _____

Can Offeror commence work on the start date in the Request? Y / N If no, when? _____

Are any terms unacceptable? Y / N If yes, specify the terms _____

Would Offeror seek to negotiate any terms? Y / N If yes, specify the terms _____

State Business License: _____

State Contractors License (where applicable) _____

CERTIFICATION

I declare that the foregoing is true and correct and that I am authorized to make this representation and submit the attached Response to NHA's Request # _____ on behalf of _____.

Date: _____

Signature

Type or Print Name

Title