

## REQUEST FOR PROPOSAL OF AUDIT

Community Action Kentucky, Inc. is requesting proposals for the completion of a single agency audit and income tax preparation. The scope of the audit is from July 1, 2016, to June 30, 2017. Proposals must be received by February 28 to be considered.

Proposals should be sent to:

Susan L. Young  
Finance Director  
Community Action Kentucky, Inc.  
101 Burch Court  
Frankfort, KY 40601

Only licensed Certified Public Accountants (CPA's) or licensed firms may submit proposals. Any costs incurred by the firm in preparing the RFP are the responsibility of the applicant.

Questions regarding the proposal or to request a copy of the last audit should be directed to Susan Young at (502) 875-5863.

Upon delivery, all materials submitted in response to this RFP become the property of CAK and may be appended to any formal documentation establishing a contractual relationship between CAK and the audit firm. The audit firm shall not submit any information that is of a proprietary nature or mark its proposal as proprietary or confidential.

The audit firm agrees in submitting a proposal that the proposal may not be modified, withdrawn, or canceled by the firm for one hundred eighty (180) calendar days following the submittal date. The firm's proposal will be valid for a period of one hundred eight (180) calendar days following the submittal date.

Each proposal will be reviewed and ranked. Community Action Kentucky expects to select an audit firm by March 24, 2017. CAK reserves the right to reject any or all responses received or any part thereof or to accept any response or any part thereof when it is deemed to be in CAK's best interest. A contract will be negotiated with the selected firm. It will be for an audit of the fiscal year noted above.

Following contract negotiations with the selected firm, all entities that submitted a proposal will be notified in writing of the firm selected.

Community Action Kentucky, Inc., is a private, nonprofit corporation. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. A Board comprised of executive directors of the 23 Kentucky community action agencies governs the organization.

The mission of Community Action Kentucky is to build and strengthen the network of Kentucky's community action agencies resulting in the improvement in the lives of the people we serve.

The following is a list of financial records: 2 bank accounts, general ledger, property and equipment schedule, depreciation schedule, investments, 1 revolving loan program, 1 pass-through loan program, and payroll journals. Financial records are maintained on a computerized system. The Grants Management System (GMS) is utilized.

Annual revenues are estimated to be \$48 million, the large majority of which is subcontracted to member agencies. The net operating budget of the association is estimated to be \$1.5 million. Attachment A provides a listing of individual grants, contracts, and other sources of revenues.

The organization is an Equal Opportunity employer. As such, it attempts to empower all employees regardless of race, creed, color, age, sex, national origin, or disability. The firm must work in accordance with this philosophy.

The firm should conduct their Audit between September and December, 2017. A draft audit should be delivered to the organization's finance director by November 30, 2017. Following review and comments, 10 final audit reports should be delivered to the executive director no later than December 20, 2017. Failure to submit the reports by the dates specified above could result in the termination of all or part of the audit contract.

An exit conference shall be scheduled with Community Action Kentucky at the end of the audit. However, payment for the audit will not be made until after the final audit is received and income tax preparation is completed. During the exit conference, the firm should discuss the audit, any findings, and make recommendations. The firm should present our audit to the Board at the February 2018 board meeting.

Copies of any work papers may be requested by Community Action Kentucky. Workpapers must be made available for review to any of the organization's funding sources with written consent from the organization. The work papers must be retained for at least three years following the end of the audit period.

The RFP should be submitted using the following format:

1. A cover letter should include the following: Complete legal name of the firm, address, telephone number, name and title of contact person and federal tax identification number. It should state the firm's ability and willingness to submit the RFP. Assurance must provide that adequate general comprehensive, liability, and the firm maintains bonding insurance. The firm should indicate if it is a small or minority business.
2. Provide a description of the firm's prior auditing experience with nonprofits, similar types of programs and funds. Names, addresses, telephone number, and number of years audited should be included in the description.

3. The structure and size of the firm should be described.
4. The qualification of staff that will be assigned to the audit should be described. Resumes of staff that will be assigned should be provided. Levels of supervision should be indicated.
5. An estimated number of hours by each member of the audit team should be indicated.
6. Specific tasks/work to be performed should be described. (Audit work plan)
7. Provide a list of all information required of the organization prior to, during, and after fieldwork.
8. Assurances that the firm is competent to perform the audit and is familiar with any rules and regulations that govern federal and state grants.
9. The proposed price of the audit and tax preparation should be indicated. A description of how the price was determined should also be included. This includes estimated number of hours by staff and hourly rates for staff. Prices for future audits should be stated.
10. Describe any technical assistance the firm would provide to the organization during and after the audit. Any limitations on or additional fees for technical assistance should be explained.
11. Signed "Certification". (Attachment B)

## 16/17 Funding

RCAP	428,822
OCS	400,000
Weatherization	45,000
LIHEAP	41,163,510
CSBG	200,000
Kynect	5,117,978
Housing	255
KU	120,000
AEP	32,252
Interest Income	57,000
Commission	92,060
Dues	18,058
Meeting	28,750
Rental	21,600
Other	1,000
Total	<u><u>47,726,285</u></u>

CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. 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, for the purpose of restricting competition.
- C. The individual signing certifies that the prices in this proposal have been arrived independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. 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.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a properly licensed certified public accountant.
- G. The individual signing certifies that the Offeror meets the independence standards of the Government Auditing Standards (1994 Revision).
- H. The individual signing certifies that he/she is aware of and will comply with the GAO 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.
- I. 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.
- J. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
  1. Government Auditing Standards

2. 2 CFR Part 200 Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards
  3. Audits of Voluntary Health and Welfare Organizations (AICPA Audit Guide)
  4. Audits of Certain Nonprofit Organizations (AICPA Audit Guide)
- K. 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.
- L. 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 \_\_\_\_\_ of \_\_\_\_\_, 2017.

\_\_\_\_\_  
(Offeror's Firm Name)

\_\_\_\_\_  
(Signature of Offeror's Representative)

\_\_\_\_\_  
(Printed Name and Title of Individual Signing)