

**REQUEST FOR PROPOSALS – FINANCIAL
STATEMENT AUDIT SERVICES**

Cumberland Mountain Community Services Board

RFP#: AUDIT2018-2020

Issue Date April 23, 2018

Cumberland Mountain Community Services requests qualified independent certified public accountants to submit proposals to enter into a contract to perform financial statement audit services for a period of three (3) consecutive years beginning with fiscal year ending June 30, 2018, and ending with fiscal year ending June 30, 2020.

Sealed proposals will be received until 2:00 P.M. on Thursday, May 31, 2018.

All inquiries for information should be directed to:

Robert Adams, CPA
Chief Financial Officer
PO Box 810
196 Cumberland Road
Cedar Bluff, VA 24609
276-964-6702
robby@cmcsb.com

The proposal should be mailed or delivered directly to:

Robert Adams, CPA
Chief Financial Officer
PO Box 810
196 Cumberland Road
Cedar Bluff, VA 24609

I. PURPOSE:

The purpose and intent of this Request for Proposals (RFP) is to enter into a contract with a qualified independent certified public accountant (hereinafter called the "Auditor") to perform a financial statement audit for Cumberland Mountain Community Services Board (hereinafter called CMCSB).

II. BACKGROUND:

CMCSB provides mental health, developmental disability and substance use disorder treatment services for adults and children living in the Counties of Russell, Tazewell and Buchanan Counties. CMCSB serves over 5,000 individuals annually and currently has almost 500 employees. CMCSB receives funding from federal, state and local governments, and also charges fees for services. Medicaid is the largest free source.

CMCSB's approved budget for FY 2018 is \$26 million.

III. SCOPE OF WORK TO BE PERFORMED

The financial statement audit will be conducted in accordance with auditing standards generally accepted in the United States of America as well as all applicable statutes and legal requirements as outlined herein:

- A. Financial statement audit - The Auditor will audit all funds and account groups of CMCSB in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States, and the Specifications for Audits of Authorities, Boards, and Commissions, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.
- B. Required supplementary information – The auditor will apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America.
- C. Schedule of expenditures of federal awards - The Auditor is not required to audit the schedule of expenditures of federal awards. However, the Auditor is to provide an “in-relation-to” report on that schedule based on the audit of the financial statements.
- D. Compliance and internal controls - In connection with the audit of the financial statements, the Auditor will perform tests of compliance and internal controls and will issue a report on consideration of CMCSB’s internal controls over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.
- E. Submission of reports – The Auditor shall provide the CSB with one electronic copy and five paper/bound copies of the financial statements and Auditor’s report thereon and, if issued, a management letter. The report must be issued by November 20, 2018 and November 20th of any subsequent year covered by the contract.
- F. The Auditor should submit a management letter including management’s responses with each audit. The letter should offer suggestions for improvement in financial management and internal controls.
- G. Component units - The following entity is considered to be a component unit for inclusion in CMCSB’s financial statements: St. Benedict’s Corporation. The Auditor will audit this component unit as a part of the audit of CMCSB’s financial statements.
- H. Due professional care - As guided by AICPA Auditing Standards Board Statement on Auditing Standard No. 117, Compliance Audits, the Auditor will exercise due professional care in understanding the type of engagement. If during the audit, the Auditor becomes aware that CMCSB is subject to audit requirements which may not be encompassed in the terms of the engagement, the Auditor will communicate to CMCSB management and Board or others with equivalent authority and responsibility that the audit may not satisfy the requirements.

IV. **REPORTING REQUIREMENTS**

A. Required Reports

Based on the audit work performed, the Auditor will issue the following reports.

1. A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.
2. A report on compliance based on internal control over financial

reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Generally Accepted Government Auditing Standards*. In this report, the Auditor will communicate all deficiencies in Internal Control identified and all instances of non-compliance which could have a material effect on the financial statements.

3. A report on compliance for each major program and on internal control over compliance required by the *Uniform Guidance*. The Auditor shall communicate all instances of noncompliance with the specific requirements for major federal assistance programs in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Schedule shall be referred to in the Auditor's report on compliance.
4. A Schedule of Findings and Questioned Costs, in which the Auditor will disclose the status of findings and recommendations that have remained uncorrected from the previous audit.
5. Auditors shall make an immediate, written report of any irregularities and/or illegal acts, or indications of any irregularities and/or illegal acts of which they become aware to the Executive Director, Chief Financial Officer, and Internal Auditor of CMCSB.
6. The Auditor will have drafts of the audit reports and recommendations to management available for review by CMCSB no later than November 1, 2018, and November 1st of any subsequent year under the contract.
7. An exit conference is required of the Auditor upon completion of fieldwork to discuss any management recommendations or required communications with the Chief Financial Officer and the Internal Auditor of CMCSB. The meeting will occur prior to October 20 of each year.
8. The Auditor will be responsible for report preparation, editing and printing.

V. OTHER REQUIREMENTS

The Auditor will provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting. This expectation will not include any task that entails significant research or a formal report. If circumstances arise during the audit which require significant additional work to be performed in excess of the amounts set forth in the contract resulting from proposals to this RFP, CMCSB and the Auditor will agree upon additional costs prior to commencement of the work and will document such agreement in an amended contract.

VI. ASSISTANCE TO BE PROVIDED BY THE CSB TO THE AUDITOR

A. Books of Account:

The CSB represents that the books of account will be fully balanced, all subsidiary ledgers reconciled to control accounts, and all bank accounts for all months reconciled.

B. Schedules:

The staff of the CSB will prepare the following information:

- 1) A final trial balance;

- 2) A final trial balance of each subsidiary ledger;
- 3) A schedule of federal program revenues, expenditures and beginning and ending balances by program;
- 4) A copy of the final budget presented to the Board for the audit period, the original budget approved for the audit period, and all revisions to the original budget approved by the Board;
- 5) Fixed Asset schedules for the audit period to include additions, dispositions and capital projects still in progress;
- 6) A schedule of insurance in force during the year and detail of insurance expense for the year;
- 7) A schedule of investments of all funds at statement date showing both book value and estimated market value at statement date;
- 8) Copies of all contracts with governmental grantor or grantee agencies;
- 9) Copies of all other contracts in force at statement date of a material amount;
- 10) Such reasonable additional schedules as may be requested for financial statement audits.

C. Other Assistance:

The staff of the CSB and responsible management personnel will be available during the audit to assist the Auditor by providing information and explanation.

VII. **PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS**

A. **GENERAL REQUIREMENTS**

1. RFP Response

In order to be considered for selection, offerors must submit a complete response to this RFP. One original and three copies of each proposal must be submitted to CMCSB in a sealed envelope labeled AUDIT PROPOSAL on the outside lower left corner. Facsimile or scanned/email submissions of proposals are not acceptable and any such proposal will not be considered.

2. Proposal Preparation

- a. Proposals must be signed by an authorized representative of the offeror.
- b. All information requested must be submitted. Failure to submit all information requested may result in CMCSB requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals that are substantially incomplete or lack key information may be rejected by the CSB. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
- c. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
- d. Ownership of all data, materials and documentation prepared for CMCSB pursuant to this RFP shall belong exclusively to CMCSB and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an offeror will not be subject to public disclosure under the Virginia Freedom of Information Act; however, the offeror must (i) invoke the protections of Section 2.2-4342 of the *Code of Virginia* prior to or upon submission of the data or other materials, (ii) identify the data or other materials to be protected, and (iii) state the reasons as to why protection is necessary.

3. Oral Presentation

Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to CMCSB. This will provide an opportunity for the offeror to clarify or elaborate on the proposal but will in no way change the original proposal. CMCSB will schedule the time and location of these presentations. Oral presentations are an option of CMCSB and may not be conducted; therefore, proposals should be complete.

B. **SPECIFIC REQUIREMENTS:**

Proposals should be as thorough and detailed as possible so that the CSB may properly evaluate the offeror's capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:

1. Title Page with the name of the offeror's firm, local address, telephone number, name of contact person, email contact and date.
2. Table of Contents
3. Letter of Transmittal:
 - History of the firm, including number of years in business, and size of firm.
 - A statement by the prospective Auditor of his/her understanding of the work to be done, including specific reference to the provisions in the Scope section of this RFP, with descriptions of the audit approach and illustrations of the procedures to be employed.
 - The approximate date the audit will begin (including preliminary fieldwork) and end, as well as approximate dates for delivery of the financial statements and/or Auditor's reports.
 - Biographies including experience, education, professional designation, and professional affiliations of the individuals who will be assigned to the engagement. Also include relevant experience of each in auditing Community Services Boards, municipalities and Federal funds.
 - Names, addresses, and telephone numbers of persons who may be contacted for reference.
 - A statement by the prospective Auditor that:
 - (1) The firm is independent of CMCSB, as independence is defined in the *AICPA Code of Professional Conduct*.
 - (2) The firm and the partner assigned to the engagement are licensed to perform the audit as provided by applicable laws of the Commonwealth of Virginia and the AICPA.
 - (3) The firm has met the peer review standards of the AICPA and Generally Accepted Government Auditing Standards.
 - (4) The firm will provide adequate supervision on a day-to-day basis.
 - (5) The audit engagement work papers will be adequate and shall be available for routine review by appropriate Auditors of the Federal and State governments.
 - (6) Conferences between the Auditor and CMCSB employees will be scheduled by the selected Auditor before the preliminary financial statement audit work and at the end of the fieldwork. The purpose of these meetings is to keep CMCSB fully informed as to the scope and progress of

the financial statement audit.

- (7) The Auditor will furnish a draft of the final report to CMCSB for its comments no later than November 1, 2018, and November 1st of any subsequent year for which a renewal is granted for these financial statement audit services.
- (8) The Auditor will provide CMCSB with 5 copies of the financial statements and Auditor's report thereon and, if issued, a management letter no later than November 20, 2018, and November 20th of any subsequent year for which a renewal is granted for these financial statement audit services.
- (9) An authorized representative of the firm will sign CMCSB's Business Associate Agreement, which will become part of the contract for services.
- (10) Staff assigned to the audit have met the continuing education requirement required by the Government Auditing Standards issued by the Comptroller General of the United States.

VIII. FEES

Fees for services will be negotiated in accordance with "Competitive Negotiation" as specified in the Virginia Public Procurement Act. The fee will be in the form of a fixed contract price for the audit of the CSB and the component unit. Fees for additional services must be mutually agreed upon by the Independent Auditor and the CSB.

IX. EVALUATION AND AWARD CRITERIA:

A. EVALUATION CRITERIA

Selection criteria will include the following:

1. The skill, experience, training and professional qualifications of the specified persons who will be performing the services requested.
2. The Auditor's understanding of the CSB's system of accounting obtained through prior experience or discussion with appropriate CSB officials.
3. The prior experience and reputation of the Auditor in auditing governmental units or other organizations similar to the CSB.
4. The Auditor's prior experience in auditing CSBs, and the CSB reporting requirements.
5. Ability to complete the audit and submit the financial statements and Auditor's reports by the required deadlines.
6. Preference will be given to contractors located within our service area that meet the above criteria.

B. AWARD

The selection process will be in accordance with Section 2.2-4302.2 of the *Code of Virginia*. CMCSB will engage in individual discussions with two or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews will be permissible. Such offerors will be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the financial statement audit.

This RFP, is not, however, requesting that offerors furnish estimates of people-hours or cost for services. At the discussion stage, CMCSB may discuss nonbinding estimates of total costs for financial statement audit services. Proprietary information from competing offerors will not be disclosed to the public, to other offerors, or to competitors.

At the conclusion of discussions, on the basis of the selection criteria listed in this RFP and all information developed in the selection process to this point, CMCSB shall select in order of preference two or more offerors whose professional qualifications and proposed services are deemed most meritorious.

CMCSB then will conduct negotiations, beginning with the offeror ranked first. If a contract satisfactory and advantageous to CMCSB can be negotiated at a price considered fair and reasonable and pursuant to contractual terms and conditions acceptable to CMCSB, the award will be made to that offeror. Otherwise, negotiations with the offeror ranked first will be terminated formally and negotiations conducted with the offeror ranked second, and so on until a contract can be negotiated at a fair and reasonable price.

If CMCSB determines in its sole discretion and documents such in writing that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, CMCSB may negotiate and award a contract to that offeror. A contract resulting from this RFP may be renewed for four (4) one-year terms if the parties mutually agree in writing. Approval may be required from the Department of Behavioral Health & Developmental Services to renew for periods greater than the original term.

The award notification will be posted on the audit page of the CMCSB website at <http://www.cmcsb.com/audit>.

X. **GENERAL TERMS AND CONDITIONS:**

A. **CSB's Procurement Policy:**

This solicitation is subject to the provisions of the **CSB's Procurement Policy Manual** and any revisions, which are hereby incorporated into this contract in their entirety. A copy of the manual is available for review at the CSB Administrative office.

B. **Terms and Conditions:**

Failure to submit a proposal as specified in this RFP may be cause for rejection of the proposal. Return of the complete document is required. Modification of or additions to any portion of the solicitation may be cause for rejection of the proposal; however, the CSB reserves the right to decide, on a case by case basis, in its sole discretion, whether or not to reject such a proposal.

C. **Clarification of Terms:**

If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact:

Robert Adams, Chief Financial Officer
PO Box 810
196 Cumberland Road
Cedar Bluff, Virginia 24609
276-964-6702

The prospective offeror must make this contact no later than five days before the due date of the submission. Any revisions to the solicitation will be made only by addendum issued by the CSB.

D. **Payment Terms:**

Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. However,

this shall not affect offers of discounts for payment in less than 30 days.

E. **Invoices:**

Invoices for services delivered and accepted shall be submitted by the Auditor to the attention of the Chief Financial Officer mailed to CSB address or emailed to the Chief Financial Officer.

F. **Default:**

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the CSB, after due oral or written notice, may procure them from other sources and hold the Auditor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the CSB may have.

G. **Assignment of Contract:**

A contract resulting from this RFP shall not be assignable by the Auditor in whole or in part without the prior written consent of the CSB.

H. **Debarment Status:**

By submitting their proposal, all offerors certify that they are not currently debarred from submitting proposals on contracts by any agency of the Commonwealth of Virginia, nor are they an agent of any person or entity that is currently debarred from submitting proposals on contracts by any agency of the Commonwealth of Virginia.

I. **Applicable Law and Courts:**

Any contract resulting from this RFP shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought only in the courts of Tazewell County, Virginia. The contractor shall comply with applicable federal, state and local laws and regulations.

J. **Qualifications of Offerors:**

The CSB may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the work and the offeror shall furnish to the CSB all such information and data for this purpose as may be requested. The CSB reserves the right to inspect offeror's physical facilities regarding the offeror's capabilities. The CSB further reserves the right to reject any proposal if the evidence submitted by or investigations of such offeror fails to satisfy the CSB that such offeror is adequately qualified to carry out the obligations of the contract and to complete the work contemplated herein.

K. **Compliance:**

By signing this Proposal, the Auditor certifies they are in full compliance with all applicable laws and regulations.

L. **Subcontracts:**

No portion of the audit work shall be subcontracted without prior written consent of the CSB. The Auditor will remain fully liable and responsible for all work performed by any subcontractor and assure compliance with all requirements of the contract.

M. **Ethics in Public Contracting:**

By submitting their proposals, all offerors certify that: (1) their proposals are made without collusion or fraud; (2) they have not offered or received any kickbacks or

inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal; and (3) they have not conferred on any CMCSB employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

XI. SPECIAL CONDITIONS:

A. INSURANCE

1. By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have the following insurance coverages at the time the work commences. Additionally, it will maintain these during the entire term of the contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

During the period of the Contract the CSB reserves the right to require the Contractor to furnish certificates of insurance for the coverages required by the CSB and Commonwealth as indicated.

2. INSURANCE COVERAGES REQUIRED

Worker's Compensation--Standard Workers' Compensation Policy.

Broad Form Comprehensive General Liability--\$1,000,000 per occurrence;
\$5,000,000 aggregate

B. PROPOSAL ACCEPTANCE PERIOD

Proposals in response to this RFP shall be binding upon the offeror for 60 calendar days following the proposal opening date. Any proposal on which the offeror shortens the acceptance period may be rejected.

C. WORK PAPERS

The Auditor hereby agrees to retain all books, records, and other documents relative to this contract for five (5) years after final payment. The CSB, its authorized agents, and/or State Auditors shall have full access to and the right to examine any of said materials during said period.

D. CANCELLATION OF CONTRACT

The Community Services Board reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty upon 60 days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effect.

E. AVAILABILITY OF FUNDS

It is understood and agreed between the parties herein that the CSB shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of any contract resulting from of this RFP.

F. CHANGES TO ANY CONTRACT RESULTING FROM THIS RFP

The CSB may order changes within the general scope of the contract at any time by

written notice to the Auditor. The Auditor shall be compensated for any additional costs incurred as the result of such order and shall give the CSB a credit for any savings. Such revised costs shall be determined by mutual agreement between the parties in writing.

XII. METHOD OF PAYMENT

Each year Interim billings shall not exceed 80% of the total fee. Final payment will be made upon acceptance of the report by the Executive Director of the CSB.