

**BORDER REGION MHMR
COMMUNITY CENTER
P.O. BOX 1835
1500 PAPPAS ST.
LAREDO, TEXAS 78044-1835
(956) 794-3006**

REQUEST FOR PROPOSAL

FOR

AUDIT SERVICES

RFP No. BR18-03

ISSUE DATE May 24, 2018

PROPOSAL DEADLINE: June 15, 2018

SEALED PROPOSALS SUBMITTED TO:

Border Region MHMR Community Center
1500 Pappas
Laredo, TX 78041
Attn: Jose Luis Romero

TABLE OF CONTENTS

I.	BACKGROUND INFORMATION	3
II.	TECHNICAL PROPOSAL CONTENT	5
III.	SEALED DOLLAR COST BID	6
IV.	CONDITIONS FOR SUBMISSION OF PROPOSAL	7
V.	PROCEDURES FOR SUBMITTING PROPOSALS	7
VI.	ASSISTANCE TO PROPOSERS	8
VII.	STATEMENT OF REQUIREMENTS	8
VIII.	BOARD OF TRUSTEES APPROVAL	9
	CERTIFICATION BY PROPOSER	10
	ATTACHMENT A - EVALUATION WORKSHEET	12

REQUEST FOR PROPOSAL
FINANCIAL AND COMPLIANCE AUDIT
BORDER REGION MHMR COMMUNITY CENTER

BORDER REGION MHMR COMMUNITY CENTER, d/b/a BORDER REGION BEHAVIORAL HEALTH CENTER, (CENTER) is requesting proposals from public accounting firms to perform an audit for the 12 month period ending August 31, 2018.

I. BACKGROUND INFORMATION

Auditing requirements are contained in the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.

Border Region MHMR Community Center transitioned from a State Operated Community Services Center, a State Agency, to a local governmental unit in September 2000 to provide community based mental health and mental retardation services in Jim Hogg, Starr, Webb, and Zapata Counties. CENTER is governed by a nine-member Board of Trustees representing each county in the service area.

During fiscal year 2018 (September 2017 through August 2018), CENTER will receive federal and state financial assistance for numerous programs. The majority of these funds are provided through a performance contract with DSHS AND DADS. CENTER's fiscal year 2018 budget is approximately \$22,000,000. A copy of the relevant excerpts from the fiscal year 2018 operating budget is included in this Request for Proposal packet.

CENTER's accounts are organized on the basis of cost centers and account groups, including: a general fund, and fixed asset account group. The modified accrual basis of accounting is used to account for the general fund.

A. Purpose of the Audit

The purpose of the Request for Proposal is to obtain the services of a public accounting firm for the financial and compliance audit for the 12 month period ending August 31, 2018. The organization-wide audit will encompass the general purpose financial statements, combining statements and other schedules for CENTER for this period. The audit is to be performed in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Grant and Contract Management Standards, the Single Audit Act of 1996, OMB Circular A-133 (as revised in 1997 or latest revised edition), and the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (21ST Revision)*.

The purpose of the financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operations, and cash flows in accordance with generally accepted accounting principles, and (2) whether CENTER has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The financial related audit will also include determining whether (1) financial

reports and related items are fairly presented, and (2) financial information is presented in accordance with established or stated criteria.

As a part of the audit of the general purpose financial statements, the audit will also include obtaining an understanding of CENTER's internal control structure and identifying any reportable conditions relating to the internal control systems coming to the attention of the auditors. Any reportable condition or material weakness noted during the study and evaluation of internal accounting and administrative controls must be reported.

As part of the audit of the general purpose financial statements, transactions and records pertaining to federal and state programs will be tested for material compliance with applicable federal and state laws, rules, and regulations, and all instances of noncompliance required to be reported under *Government Auditing Standards* will be reported to CENTER.

The compliance audit, commonly referred to as the single audit, subjects to testing all federal and state financial assistance. Federal and state financial assistance must be treated as separate populations for the determination of major programs. Major Type A and Type B financial assistance programs will be tested for compliance with laws and regulations, as well as compliance with specific requirements of the grants or contracts. Instances of noncompliance which are required to be disclosed by OMB Circular A-133 will be reported to CENTER.

B. Independent Auditor

The proposer must demonstrate the capability to perform the audit in accordance with generally accepted government auditing standards. Public accounting firms that have performed audits for similar entities are encouraged to file a proposal.

C. Term of the Audit Engagement

The contract for audit services based upon Board of Trustees approval of the proposal will be for the 12 month period ending August 31, 2018. CENTER may request to extend this agreement for five additional one year terms through fiscal year ended August 31, 2023, following satisfactory delivery of the services specified in the proposal and engagement letter. The agreement can be terminated for cause.

D. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved will be brought before an independent mediation center, whose decision will be binding upon both parties.

II. TECHNICAL PROPOSAL CONTENT

A. Cover Letter

See conditions for submission of proposal in Section IV.

B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be performed, the proposer will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for non-governmental engagements;
2. Explain the proposer's approaches to performing a financial and compliance audit, including the methodology, nature, and extent of audit procedures to be performed;
3. Describe how the approach to performing the audit would be affected if this were a multi year contract; and
4. Make a statement concerning the independence of the proposer, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of CENTER and any of the Board of Trustees members.

C. Management Component

The proposer will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in this Request for Proposal. To meet this requirement, the proposer will:

1. Provide the name of the external quality control review organization of which the proposer is a member and the proposer's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review and whether in the most recent review an unqualified report was issued (a copy of the peer review must be provided to CENTER);
3. State whether the proposer is a national, regional or local public accounting firm;
4. Provide evidence that the proposer has experience in performing Community MHMR Center/governmental audits. List current and past audit clients along with the names and phone numbers of contact persons and the number of years audit services were provided;
5. State whether the proposer is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states;

6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two years;
9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the proposer's staff members;
10. Describe the level of assistance that will be expected from Center personnel; and
11. Provide evidence of the ability to comply with the requirements in Sections II and VII of this Request for Proposal.

D. Task/Activity Plan

The proposer will specify time lines and sequence for audit procedures, and names of staff to be assigned.

E. Evaluation

Criteria used to evaluate the proposer's methodologies, products, and services are shown in Attachment A.

III. SEALED DOLLAR COST BID

A. Total All-inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. CENTER will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

1. Name of Firm;
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with CENTER; and
3. A total all-inclusive maximum price for the engagement as described in this Request for Proposal.

B. Manner of Payment

Payments will be made in accordance with the contract or engagement letter.

IV. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

All proposals in response to this request must meet the following conditions to be considered:

- A. The proposal must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the proposer's representative;
- B. The proposal must address each of the audit requirements as stated in the Request for Proposal;
- C. CENTER reserves the right to reject any and all proposals, and to negotiate portions thereof. Proposals that address only part of the requirements contained in this Request for Proposal will not be considered;
- D. CENTER reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The proposer will furnish such additional information that CENTER may reasonably require;
- F. CENTER will not be liable for any cost incurred in the preparation of proposals; and
- G. CENTER may ask proposers to send a representative for an oral interview prior to Board of Trustees approval of a proposal. CENTER will not be liable for the costs incurred by the proposer in connection with such interview.

The successful proposer will be required to attend a one day training (to be held in Austin) on the Community MHMR Center audit guidelines.

V. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Mail Delivery: Responses to the request for proposal should be addressed to:

Jose Luis Romero,
Budget Officer/Contracting Director
Border Region MHMR Community Center
1500 Pappas (P.O. Box 1835)
Laredo, TX 78041 (78044-1835)
(956) 794-3006

Proposals must be received no later than 3:00 p.m., June 15, 2018

B. Number of Copies of Proposal

Submit three copies of each of the technical proposal and sealed dollar cost bid. The technical proposals are to be bound and sealed in a separate envelope from the sealed dollar cost bids. Each envelope must be clearly marked as “Technical Proposal” or “Sealed Dollar Cost Bid.”

VI. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the request for proposal or about CENTER’s operations may contact:

Laura McCoy, CFO
P.O. Box 1835
Laredo, Texas 78041
(956) 794-3010
Fax (956) 794-3575

VII. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide 30 copies of the written audit report and single audit report that meets the requirements of the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. In the event CENTER makes other arrangements for printing copies of the reports, the proposer will provide CENTER one camera ready copy of the final reports.
- B. On or before December 31, 2018, the preliminary draft of the reports will be presented to CENTER prior to submission of the final draft.
- C. Satisfactory delivery of the services specified by this Request for Proposal and the engagement letter will be accomplished no later than the August 2018 meeting of the Board of Trustees.
- D. The independent auditor will be required to present the reports to the Board of Trustees at the January 2019 board meeting.
- E. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements.
- F. Copies of selected audit working papers will be provided as requested by CENTER and as provided for in the engagement letter. The independent auditor will make its working papers available for review by CENTER’s cognizant agency.

VIII. BOARD OF TRUSTEES APPROVAL

A proposal will be selected on or before July 2018, barring decision by the Board of Trustees to reject all proposals submitted.

CERTIFICATION BY PROPOSER
(To be returned to Center with Proposal)

I understand that I and my organization, known collectively as “Offeror”, must comply with each of the assurances listed below if awarded a contract in response to this proposal. I am legally authorized to bind my organization to the following assurance, as signified by my signature at the end of this section. I understand that my failure to sign this section and certify all of these assurances may result in disqualification of this proposal.

1. Offeror has made no attempt nor will make any attempt to induce any person or firm to submit or not submit a proposal.
2. Offeror must comply with the requirements of the Immigration Reform and Control Act of 1986 and Immigration Act of 1990 regarding employment verification and retention of verification forms for any individual(s) hired on or after November 6, 1986, described in this application who will perform any labor or services.
3. Offeror must comply with all federal statutes relating to nondiscrimination. These include but are not limited to Title VI of the Civil Rights Act of 1964 (Public Law 88-352) which prohibits discrimination on the basis of race, color or national origin; Title IX of the Education Amendments of 1972, as amended (20 U.S.C. Section 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; Section 504 of the Rehabilitation Act of 1973 (public Law 93-112), which prohibits discrimination on the basis of handicaps; the American with Disabilities Act of 1990 (Public Law 101-336); and all amendment to each, and all requirements imposed by the regulations issues pursuant to these acts, especially 45 CFR Part 80 (relating to race, color and national origin), 45 CFR Part 84 (relating to handicap), 45 CFR Part 86 (relating to sex), and 45 CFR Part 91 (relating to age).
4. Offeror has arrived at this proposal independently without consultation, communication, or agreement for the purpose of restricting competition.
5. Offeror and its officers or employees have no relationship now and will have no relationship during the contract period that interferes with a fair competition or that is a financial or other conflict of interest, real or apparent.
6. Offeror accepts the terms, conditions, criteria and requirements set forth in the RFP.
7. Offeror accepts the CENTER’s sole right to award any proposal or reject any or all proposals submitted at any time.
8. Offeror accepts the CENTER’s sole right to cancel the RFP at any time CENTER so desires.
9. Offeror accepts Center’s sole right to alter the time tables for procurement as set forth in the RFP.
10. No contact, direct or otherwise, has occurred with any CENTER employee or contractor of CENTER.
11. Offeror agrees that no claim will be made for payment to cover, costs incurred in the preparation of the submission of the proposal or any other associated costs.
12. Offeror owes no funds to CENTER, or State of Texas for unresolved audit exceptions. An unresolved audit exception is an exception for which the proposer has exhausted all administrative and/or judicial remedies and has failed to comply with any resulting demand for payment.
13. Offeror agrees to refrain from entering into any subcontracts for services without prior approval or waiver of the right of prior approval in writing from CENTER.

14. Offeror agrees that all processes and products resulting from this contract will be the property of CENTER.
15. Offeror agrees to ensure that information about individuals served by Center will be kept confidential.
16. Offeror certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract by any federal or state department or agency.
17. Offeror, if it is a corporation, is either not delinquent in its franchise tax payments to the State of Texas, or is not otherwise subject to payment of franchise taxes to the State of Texas.
18. No member of Offeror's staff or governing authority has participated in the development of specific criteria for award of this contract, nor will participate in the selection of the successful proposer awarded this contract.
19. No member of Offeror's staff has worked as an employee for CENTER in the past one year.
20. Offeror has not retained or promised to retain an entity or used or promised to use a consultant that has participated in the development of the specific criteria for the award of this contract or will participate in the selection of the successful proposer awarded this contract.
21. Offeror agrees to provide Center with information necessary to validate any statements made in this proposal, as requested by Center. This may include, but is not necessarily limited to, allowing access for on-site observation, granting permission for Center to verify information with third parties, and allowing inspection of Proposer's records. Proposer understands that failure to substantiate any statements made in the proposal as requested by Center may result in disqualification of the proposal.
22. As provided by Texas Family Code, Section 231.006, a child support obligor who is more than 30 days delinquent in paying child support and a business entity in which an obligor is a sole proprietor, partner, shareholder, or owner with an ownership interest of at least 25% is not eligible to receive payments from State funds under a contract to provide property, materials, or services or receive a state-funded grant or loan. Offeror certifies that is not ineligible to receive the payments under this contract and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate.
23. Offeror certifies that its license, permit, or certificate has not been revoked by any Health and Human Services agency or Public Safety and Criminal Justice agency.
24. The offeror has not given, offered to give, not intends to give any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public employee in connection with the submitted proposal.
25. Offeror certifies that if a Texas address is shown as the address of the offeror, offeror qualifies as a Texas resident, offeror/bidder as defined in Rule 1 TAC 113.6.
26. If an award is issued, do you plan to utilize a subcontractor or supplier for all or any portion of the contract? _____Yes _____No.
27. Cash Discount: Cash discount for early payment of invoices rendered under the contract will be: _____% in _____days.

Point of Contact: It is required that the Offeror provide the name and phone number of a point-of-contact for the submitted offer response:

Name: _____

Phone: _____

Fax: _____

Your Federal Employee Identification Number _____ - _____ - _____

or

A sole owner must enter their Social Security Number _____ - _____ - _____

—

Offeror: _____

Address: _____

Name Title Phone

Signature of Offeror Date Printed Name of Offeror

Attachment A

EVALUATION WORKSHEET

This worksheet is to be used to document CENTER's evaluation of the proposers' qualifications. Points within the ranges specified are to be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the various proposals. In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the requester of the services reserves the right to consider other factors in making a final selection.

PROFESSIONAL QUALIFICATIONS

The evaluation of professional qualifications of the proposers will be based on the following criteria:

I. Mandatory Criteria

Proposals will not be considered for further evaluation unless there is compliance with all of the following criteria. The proposer:

- A. Must be an independent auditor properly licensed for public practice.
- B. Must meet the independence standards and the continuing education requirements of *Government Auditing Standards*, 1994 Revision, United States General Accounting Office (GAO) or any later revisions.
- C. Must not have a record of substandard work.
- D. Must submit a proposal meeting all of the requirements of the Request for Proposal.

II. Technical Criteria

Proposals which have met each of the criteria in Section I above will be evaluated on the following criteria:

- A. Technical experience of the firm:
 - 1. Auditing experience in Community MHMR Centers (0-10)
 - 2. Auditing experience in government entities (0-15)
- B. Characteristics of the staff, including consultants to be assigned to the audit:
 - 1. Size and structure of the firm, including audit staff positions (0-5)
 - 2. Qualifications of supervisory personnel, consultants, and the field audit team (0-25)

- Education, including continuing education courses taken during the past two years
 - Years and types of experience
3. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15)

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan (0-10)
2. Realistic time estimates of each major segment of the work plan, and the estimated number of hours for each staff level including consultants assigned (0-10)

Total Technical Points:

IV. Oral Interviews (If Necessary)

Interview Points Awarded (0-10)

Total Points: