

Kentucky River Foothills Development Council, Inc.

Request for Proposal

External Audit Services

Proposal Due Date

February 9, 2024

REQUEST FOR PROPOSALS (RFP)

Kentucky River Foothills Development Council, Inc. (Agency) is accepting proposals from qualified Certified Public Accounting Firms (Firm) to conduct the annual audit of the Agency's financial statements for the year ending June 30, 2024 and potentially the four following years. Attached is information relating to minimum specifications of services, data to be included in the proposal, evaluation criteria and selected information relating to the entity to be audited. All costs incurred in the preparation of a proposal in response to this RFP will be the responsibility of the Firm and will not be reimbursed by Kentucky River Foothills Development Council, Inc.

Sealed Proposals will be accepted until 4:00 p.m. on February 9, 2024 at Kentucky River Foothills Development Council, Inc.'s central office in Richmond, Kentucky. The mailing and physical address for submission of audit proposals is:

Kentucky River Foothills Development Council, Inc.
David Estepp, CEO
6021 Atwood Drive
Richmond, KY 40475

Firms submitting proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a sealed proposal for the Audit RFP and the name of the firm submitting the proposal. Failure to do so may result in premature disclosure of the proposal and thereby disqualify the Firm from further consideration. It is the responsibility of the Firm to ensure that the proposal is received by the Agency by the date and time specified above. Three (3) copies of the sealed proposal are required.

The contract for services will be awarded by February 29, 2024 and an engagement letter must be received no later than March 5, 2024.

Further information may be obtained by contacting David Estepp, CEO at (859) 624-2046, ext 1121; destepp@foothillscap.org or Fax (859) 624-2049. Common requests may include copies of our most recent audit and/or Form 990s. Our agency audit can be found at www.foothillscap.org under about us/annual report. Filed Form 990s can be found using www.guidestar.org and searching for Kentucky River Foothills Development Council, Inc.

Kentucky River Foothills Development Council, Inc. is a multi-funded community action agency founded in 1962 to provide social services to the Central Kentucky area. The agency operates in accordance with provisions of the Kentucky State law regarding the establishment of community action agencies. The Agency is funded through a variety of federal, state and local sources. The Agency is exempt from Federal income tax as organizations described in section 501 (c) (3) of the Internal Revenue Code. The Agency has consistently received unqualified opinions on all financial reports.

During the fiscal year ended June 30, 2023 the Agency received \$23,238,677 in total revenues. This total was comprised of:

Health and Human Service Programs	\$14,175,494
Employment & Economic Development Programs	\$2,456,928
Housing Service Programs	\$2,341,536
Community Service Programs	\$1,991,962
Other Programs	\$1,636,587
In-kind	\$636,170

Agency revenues and expenditures for the year ended June 30, 2024 are expected to exceed \$22,000,000 excluding in-kind.

I. Specific Requirements

- A. Kentucky River Foothills Development Council, Inc. reserves the right to reject any and all proposals received, to request additional information, and to waive technicalities and minor irregularities in proposals when it is determined to be in the best interest of the Agency.
- B. Only proposals received at the location described and in the time frame given will be considered. Three (3) copies of the sealed proposal are required.
- C. The proposal must be submitted under the signature of a firm member empowered to bind the Firm. The Firm may be asked to designate one person who is authorized to negotiate for the Firm.
- D. Equal Employment Opportunity – All parties must be in compliance with executive order 11246 of September 24, 1965, as amended by executive order 11375 of October 13, 1967, and any subsequent amendments.
- E. Efforts will be made by the Agency to utilize small and minority-owned businesses.
- F. Proposals shall not be opened and read publicly, and the proposals and subsequent negotiations shall be held confidential. After the final contract agreement is awarded, the file shall be made a matter of public record and may be reviewed by any interested party.
- G. It is expected that a decision selecting the successful audit firm will be made within two weeks from the deadline for submitting proposals. Upon conclusion of negotiations with the successful audit firm, all firms submitting proposals will be informed, in writing, of the selection of the successful audit firm.
- H. **The firm's proposed price should be submitted in a separate sealed envelope marked "Audit Cost." One copy should be provided.**
- I. Prices submitted in the proposal must be valid for acceptance by the agency for a period of at least sixty (60) days from the date of proposal opening to allow time for the Agency's Board of Director's to meet, review and accept the proposal.
- J. The Agency shall have the right to terminate or cancel a contract at any time upon thirty (30) days written notice, to be served on the Firm, by registered or certified mail.
- K. The Firm shall be prohibited from assigning, transferring, conveying, subcontracting or otherwise disposing of the contract to any other person,

company, partnership or corporation without the prior written consent of the Agency.

- L. The Agency reserves the right to review and approve the credentials and qualifications of all personnel (not listed in the original proposal) assigned after the award of the contract.
- M. The audit will be performed for the purpose of submitting an independent opinion, and preparing a report of findings and recommendations concerning internal accounting controls, accounting procedures, any weaknesses in controls, policies, procedures and any instances of non-compliance with applicable laws and regulations and must be performed in accordance with the following:
 - 1. Generally Accepted Auditing Standards
 - 2. AICPA Audit and Accounting Guide Audits of Not for Profit Organizations
 - 3. The standards for financial audits contained in *Government Auditing Standards* issued by the United States General Accounting Office
 - 4. OMB 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- N. The Firm will also prepare the IRS form 990 (Return of Organization Exempt From Income Tax), and one IRS form 990-T (Exempt Organization Business Income Tax Return) as required, to be filed with the Internal Revenue Service. An extension of time to file the returns must be filed by November 15, 2024. Completed Form 990s and 990T must be presented to the Board of Directors for approval at its December 2024 meeting with a draft available for review by management on December 1, 2024. Fees for preparation of these forms shall be included in the proposed "Audit Cost."
- O. The fees quoted in the proposal and included in the contract will be the maximum amount paid, unless both parties sign an amendment to the contract.
- P. Staff representatives of the Firm and the Agency will meet prior to **(June 1, 2024)** to review all workpapers and schedules to be prepared by the Agency staff. Audit fieldwork must begin on or before **(September 1, 2024)**. The agency-wide audit must be completed by **(December 1, 2024)** with copies of the report presented to the Deputy Director, contracted CFO and Executive Director by that date. A presentation to the Board of Directors on **(December TBD, 2024)** will be made by an appropriate representative of the Firm. Approximately 10 additional copies of the report will be delivered to the CFO by **(December 20, 2024)**.
- Q. Records to be audited will be available for review by firms prior to proposal submission.

- R. The audit report must conform to applicable AICPA Audit Guides, Government Auditing Standards and the requirements of OMB 2 CFR Part 200, Subpart F.
- S. An exit conference with the Executive Director, CFO and appropriate representatives of the Firm shall be conducted at the conclusion of fieldwork. Observations and recommendations concerning internal controls and program compliance, as well as other applicable items shall be summarized in writing and discussed with the stated Agency Directors.
- T. Upon request, the Firm will provide a copy of the workpapers pertaining to any findings identified in the audit. The provided workpapers must be concise and provide the basis for the findings as well as an analysis of the findings.
- U. The audit report shall include a management letter detailing findings and recommendations concerning internal accounting controls, procedures, and compliance (including observations and suggestions resulting from the audit process which involve administrative controls). Reports shall be presented in a manner as prescribed by AICPA Audit and Accounting Guide, Audits of Not for Profit Organizations and OMB 2 CFR Part 200. The reports shall contain all reportable conditions (if any) with those reportable conditions considered material weaknesses being appropriately segregated and identified. Draft copies of all audit reports and management letters must be submitted to the Executive Director and Finance Director prior to the exit conference.
- V. Bound copies of the report, including the management letter, shall be typed and reproduced in a quantity sufficient to meet the needs of the Agency, the Board of Directors and Grantor Agencies (approximately 10 total bound copies and one digital copy).
- W. The successful firm shall provide proof of the following insurance coverage insuring all services and contractual obligations agreed to in this contract:
5. Workers Compensation
 6. Employer's Liability
 7. Commercial General Liability including operations/completed operations, products and contractual liability (including defense and investigation costs)
 8. Business Automobile Liability
 9. Accountants Professional Liability Insurance

II. Data to be Included in the Proposal

In order to simplify the review process and to optimize comparability, the proposals should include the following items and be organized in the manner specified below.

A. Letter of Transmittal

A letter of transmittal outlining the Firm's understanding of the work to be performed and general information regarding the Firm and Firm members to be involved. This letter should be no more than two pages in length. The letter shall clearly identify the local address and telephone number of the office of the Firm to be performing the work and the name of the contact person.

B. Table of Contents

A table of contents that identifies the material by section, page number, and a reference to the information to be contained in the proposal.

C. Profile of Firm

1. State whether the Firm is a small, regional or national firm and include a brief description of the size of the Firm.
2. State whether the Firm is in compliance with the registration and permit requirements to engage in the practice of public accounting in the Commonwealth of Kentucky.
3. Describe the office from which the work is to be performed including the physical address, number of CPA's in the office, and size of staff identified by level such as partner, manager, supervisor, senior and other professional staff.
4. Any other information required to describe the office that the audit staff will be based out of.

D. Qualifications

5. Describe the recent office's experience auditing entities similar to the Agency. If appropriate, include regional experience in auditing similar entities. Include experience with auditing under OMB A133/2 CFR Part 200.
6. Include resumes of all key professional members who will be assigned to the audit. Resumes should be included for all members of the audit team from the audit partner through at least the on-site in-charge auditor. The resumes should include:
 - a. A description of experience the member has in the auditing profession.
 - b. A summary of similar audits the member has worked on.

- c. A summary of the continuing professional education the member has in nonprofit accounting and auditing during the past two years.
- d. A statement that the member is independent, as defined by applicable auditing standards.
- 7. Describe the Firm's policy on notification of changes in key personnel.
- 8. Provide a listing of the number of professionals in the office who are experienced in nonprofit accounting and auditing.
- 9. Describe the availability of members within the firm who are heavily involved in nonprofit auditing and reporting and with whom the audit team may consult.
- 10. Briefly describe the Firm's system of quality control to ensure the audit is adequately performed.
- 11. Include a copy of the Firm's latest peer review report.
- 12. Include three audit client references.

E. Scope of Services and Proposed Project Schedule

Briefly describe the Firm's understanding of the scope of services to be performed. Include a proposed time schedule for completing the work, assuming the contract will be issued on the date given in the cover letter, including the approximate dates the Firm would perform the field work, office review, and report preparation and the latest delivery date of the final audit report.

F. Fees and Compensation

Provide the following information in a separate, sealed envelope:

- 13. Estimated total hours to complete the audit.
- 14. Estimated out of pocket expenses.
- 15. The hourly rate by staff classification.
- 16. The all-inclusive maximum fee and out of pocket expenses, which will not be exceeded.
- 17. The frequency and timing of the Firm's billing process.

III. Evaluation Criteria

The proposal will be evaluated based upon the following areas. It is important, therefore, that the proposal be responsive to data requested.

FACTORS

1. **Qualifications**

- a. Organizational structure and size of the office performing the work.
- b. Overall responsiveness to this Request for Proposal. Requested elements are contained in the proposal and easily understood by Agency. Nonresponsive and late proposals will be automatically removed from consideration.
- c. Recent experience with audits of community action agencies, similar county or local government activities.
- d. Qualifications of the audit team and number of members experienced in nonprofit auditing. Non-CPA RFPs will be automatically disqualified.
- e. Understanding of the work and timetable to complete the engagement.
- f. Results of peer and external quality-control reviews.

2. **Cost**

Overall cost, including out of pocket expenses for performance of the audit.

3. **Submission of Proposals**

All proposals shall include three (3) copies of the Firm's proposal and one (1) copy of the pricing information in a separate sealed envelope. These documents will become part of the agreement between the Agency and the Firm.

4. **Evaluation**

Evaluation of each proposal will be based on qualifications, experience and cost.

5. **Review Process**

Kentucky River Foothills Development Council, Inc. may, at its discretion, request presentations by, or a meeting with, any or all firms, to clarify or negotiate modifications to the Firm's proposal.

Kentucky River Foothills Development Council, Inc. reserves the right to make an award without further discussion of the proposals submitted. Proposals should therefore be submitted on the most favorable terms, from both technical and price standpoints, that the Firm can propose. The Agency reserves the right to reject any proposals for reasons it deems necessary.

RETURN THIS STATEMENT WITH YOUR PROPOSAL

STATEMENT OF NON-COLLUSION AND NON-CONFLICT OF INTEREST

I hereby swear (or affirm) under the penalty for false swearing as provided by KRS 523.040:

1. That the attached proposal for audit services for Kentucky River Foothills Development Council, Inc. for the year ended June 30, 2024 has been arrived at independently and has been submitted without collusion with, and without any agreement, understanding or planned common course of action with, any other vendor of materials, supplies, equipment or services described in the RFP designed to limit independent competition.
2. That the proposing Firm is legally entitled to enter into the contract with Kentucky River Foothills Development Council, Inc. and is not in violation of any prohibited transactions under the provisions of KRS 164.390.
3. That I have fully informed myself regarding the accuracy of the statements made above.

Signed by _____

Firm _____

Address _____

Telephone _____

Date _____

RETURN THIS STATEMENT WITH YOUR PROPOSAL

This offer is valid for sixty (60) calendar days from the date this proposal is opened.

In submitting this proposal, it is expressly agreed that notification of acceptance by Kentucky River Foothills Development Council, Inc. to the proposing Firm shall create a contract with respect to the provision of the goods and/or services described herein (or as negotiated) to the Agency and under the terms and conditions stated or referenced herein.

Signed by _____

Firm _____

Federal Identification Number _____

Address _____

Area code and phone number _____

Email address _____

Date signed _____

