

NOTICE OF REQUEST FOR PROPOSAL FOR AUDIT

Purpose:

This Request for Proposals (RFP) is issued by the Southwest Alabama Partnership for Training and Employment (SWAPTE) in order to procure the services of a qualified accounting firm to conduct an organization-wide financial and compliance audit of the Local Workforce Development Area's programs, projects, expenditures and other related activities pursuant to the Statewide Workforce Innovation and Opportunity Act (WIOA).

Any questions regarding the RFP package and the audit procurement process should be directed to Cynthia Nelms, V.P. Planning and Contract, (251) 432-0909 ext. 132.

Response Deadline:

Proposals in response to this RFP must be received in the Planning/Contracts Office, no later than **4:00 PM (local prevailing time) on Monday, May 11th, 2020**. Late proposals will not be considered.

All costs incurred in the preparation of a response to this RFP are the responsibility of the responder and will not be reimbursed by SWAPTE. Responders are responsible for the method(s) of delivery (U. S. Postal Service, commercial courier, hand delivery, etc.) and adherence to the deadline date.

Four (4) copies of the proposal should be submitted in a single sealed envelope clearly annotated in the lower left-hand corner with: **Proposal for WIOA Audit**. Information regarding the proposer's fees to perform these audits should be included within the proposal envelope in a **separate** letter-size envelope labeled: "**Proposed Fee for Services**".

SWAPTE reserves the right to reject any or all proposals received in response to this RFP.

Amendments to RFP:

SWAPTE reserves the right to amend the terms and conditions of this RFP, to cancel this RFP (in whole or in part) and to extend the deadline date for response to this RFP.

Evaluation of Proposals:

Proposals received in response to this RFP will be evaluated in accordance with the criteria delineated in **Attachment B** to this RFP package. SWAPTE reserves the right to request additional information from responders and to hold oral interviews with responders as an aid in making a final selection.

Award Notification:

Award of the audit contract will be made to the independent accounting firm who, based on the evaluation of all responses, applying all criteria and oral interviews (if necessary), is determined by SWAPTE to be the best qualified firm to conduct the audit, with cost and technical factors considered.

SWAPTE anticipates a selection decision will be made within Thirty (30) days following the receipt of proposals.

DESCRIPTION OF ENTITY AND RECORDS TO BE AUDITED

Background:

SWAPTE is an instrumentality of the City of Mobile and Mobile County created in 2000 to administer employment and training programs in Mobile County pursuant to the Workforce Investment Act (WIA), Public Law 105-220 as amended and now pursuant to the Workforce Innovation and Opportunity Act (WIOA). As of July 1st, 2017 and by determination of the State Workforce Board of Alabama, SWAPTE was given responsibility as the WIOA administrative entity for Southwest Alabama, Region 7 and is the grant recipient for WIOA funds distributed to the States by the United States Department of Labor (DOL) and by the state to the seven regions Workforce Areas. SWAPTE receives its WIOA funding from the Governor of Alabama through the offices of the Alabama Department of Commerce, Workforce Development Division, in Montgomery.

SWAPTE uses its WIOA funding to operate, and contract for the operation of various job training programs and other employment & training services. These programs and services are intended to address the employment & training needs of economically disadvantaged Adults, Youth and Dislocated Workers in a nine-county area. The 2018-2019 annual budget for SWAPTE including all fund sources was approximately **\$16,101,838**. SWAPTE is recognized by the Internal Revenue Service as a 501(c)3 not-for-profit organization.

A voluntary board, the **Workforce Development Board (WDB)**, provides policy guidance to SWAPTE with respect to the employment & training activities to be conducted in Southwest Alabama each Program Year. The WDB was incorporated in May of 2000. SWAPTE acts as the Fiscal Agent of the WDB.

Basis of Accounting:

The accounts of **SWAPTE** are organized on the basis of administrative overhead, program overhead and separate self-balancing funds based on funding stream. Administrative and program overhead costs are allocated to programs based on the percentage of labor hours devoted to each program. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, support and expenses.

Budgetary Accounting & Magnitude of Financial Activity:

Annual budgets are used as management tools to assist users in analyzing financial activity for the WIOA fiscal year ending on June 30th. The governing bodies of the WDB approve annual budgets, but greater emphasis is placed upon compliance with the terms and conditions of grant and contract budgets.

A two-year availability period is used for revenue recognition of WIOA revenues. Other revenues may have varying periods of availability based on their source. Expenditures are recorded when the liability is incurred. Grants and contract revenues are recognized when program expenditures are incurred in accordance with program guidelines. Funds received but not yet earned are recorded as deferred revenue. SWAPTE maintains one checking account at Commonwealth National Bank.

Employee Payroll:

SWAPTE runs bi-weekly payrolls on a year-round basis to issue paychecks for 16 full-time employees.

Accounting Policies and Procedures:

SWAPTE follows the guidelines presented in the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. SWAPTE also utilizes the *Statewide WIOA Fiscal Procedures Manual*, most recently published by the Workforce Development Division of the Alabama Department of Commerce (ADOC). SWAPTE also follows guidelines issued via other DOL and ADOC publications related to Procurement and Property Management, available for inspection at the offices of SWAPTE

SWAPTE utilizes procedures that conform to financial management standards delineated in the WIOA regulations. SWAPTE maintains its records on computerized systems, but some manual records are also maintained.

The computerized accounting system is micro-based, operating on a *Windows Network*. The accounting records are maintained utilizing software programs from *QuickBooks*, *Microsoft Office* and a *web-based participant tracking system*, *Track Source* and a *State participant and case management software*, *Alabama Job Link*.

SWAPTE undertakes administrative monitoring to conduct reviews of the operational aspects of programs conducted by its subrecipients and contractors.

The SWAPTE Fiscal Department maintains all financial records and reports. The Department has a Vice President for Finance, an Accountant/Bookkeeper and an Administrative Assistant. There are no known problems related to the accounting systems or internal controls structure of SWAPTE.

Prior year audits, management letters, financial statements and budgets for SWAPTE are maintained in the Fiscal Department' s files.

NATURE OF AUDIT SERVICES REQUIRED

Audit Standards:

The organization-wide financial and compliance audit SWAPTE seeks must be made in accordance with the following:

Generally Accepted Government Auditing Standards, (the Yellow Book) issued by the United States Government Accountability Office

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, issued by the Office of Management and Budget (OMB)

Generally Accepted Auditing Standards (GAAS) established by the American Institute of Certified Public Accountants (AICPA)

Any **AICPA Audit and Accounting Guides** for audits of not-for-profit organizations receiving federal awards

MANDATORY QUALIFICATIONS OF THE AUDITOR

The audit organization seeking to be selected to perform the audit being sought pursuant to this RFP must meet the following minimum qualifications:

The audit organization must be properly licensed for public practice as a certified public accountant (CPA) or a public accountant (PA). According to Government Auditing Standards, public accountants must be licensed on or before 31 December 1970 or working for a CPA firm to be eligible for engagement.

The audit organization must meet the requirements of the Government Auditing Standards which relates to the qualifications of the audit staff (including meeting the continuing education requirements), independence, due professional care and the presence of a quality control program. *The audit organization should submit to SWAPTE a copy of its most recent external quality control review report (see **Attachment D**)*. The audit organization must not have a record of substandard audit work.

The audit organization must not be debarred by ADECA or appear on the Lists of Parties Excluded from Federal Procurement or Non-Procurement Programs, as published by the United States General Services Administration (GSA).

PERIOD OF THE AUDIT

The audit to be conducted pursuant to this RFP is confined to program operations and expenditures that occurred during the fiscal year beginning on July 1, 2015 and ending on June 30, 2016. This audit will include expenditures under the Workforce Innovation and Opportunity Act (WIOA), the National Emergency Grant and other accounts as listed on Attachment A.

TERMS OF THE AUDIT ENGAGEMENT

SWAPTE anticipates that a written contractual agreement will be developed with the accounting firm selected to perform the audit for the July 1, 2019 to June 30, 2020 fiscal year. The audit contract will include provisions that allow SWAPTE at its discretion, to extend the engagement of the accounting firm selected pursuant to this RFP to conduct audits for SWAPTE for the **next two (2) Succeeding fiscal year** audit periods: July 1, 2020 to June 30, 2021 and July 1, 2021 to June 30, 2022.

EXIT CONFERENCE

The audit contract will specify that, at the conclusion of all fieldwork, the auditor will hold an Exit Conference at the offices of SWAPTE with the President and with the WDB Chairperson and with key staff as identified by SWAPTE. At, or prior to this Conference, the auditor should provide to SWAPTE draft copies of its audit reports.

ASSISTANCE AVAILABLE TO PROPOSERS

Prior Audits:

The most recent audit completed for SWAPTE was for the fiscal year ending June 30, 2019. The audit was conducted by R.A. Headrick, Jr., CPA, LLC. Copies of the audit report are maintained in the files of the SWAPTE Fiscal Department. R.A. Headrick, Jr., CPA, LLC maintains custody of the audit work papers.

Review of Records:

Financial records for SWAPTE are available for inspection by interested proposers, by appointment. Interested proposers should contact SWAPTE to schedule such a review.

Copies of prior audits, procedure manuals and other WIOA and related financial management publications are also available for inspection.

Facilities for Auditors:

For the selected auditor, SWAPTE will (subject to scheduled meetings) make available work areas in the offices of SWAPTE for the auditor's staff. The audit staff will also be permitted access to the photocopier for the purposes of making copies of records and documents related to the audit work. In addition, SWAPTE offers access to Wi-Fi and a fax machine.

REQUIRED FORMAT FOR AUDIT REPORTS

The auditor selected will be required to issue an audit report for all funding received by SWAPTE. There are specific report format requirements for this audit. The necessary components of this audit report are reflected in **Attachment C** to this RFP package. Potential proposers should carefully review this attachment before undertaking any response to this RFP.

The auditor shall submit four (4) copies of each final audit report to the President of SWAPTE no later than **March 31, 2021**. In addition, the auditor shall submit: a) one (1) copy of the report to the ADECA Audit Section; b) one (1) copy of the report to the Single Audit Clearinghouse of the Bureau of the Census; c) one (1) copy of the report to the Audit Report Repository of the Alabama Department of Examiners of Public Accounts.

The audit working papers used by the auditor to prepare its final reports shall be retained by the auditor for no less than three (3) years following the date of final report submission. The auditor must assure that its working papers will be available for review by authorized representatives of a) SWAPTE and the WDB; b) the Alabama Department of Commerce; c) the United States Department of Labor; d) The United States General Accounting Office.

CONTRACTUAL ARRANGEMENTS

The audit engagement contract will contain provisions that include, but may not be limited to: regular progress reports, an exit conference with key SWAPTE staff, a review of draft audit reports, confidentiality, AICPA ethical standards, nondiscrimination, a prohibition against assignments and provisions for payment upon completion of the audit, and the expectation that the auditor will complete and file on behalf of SWAPTE all required tax forms related to the operation of the organization.

SWAPTE anticipates the award of a firm fixed-price contract pursuant to this RFP. The auditor shall invoice SWAPTE for the agreed upon fixed price following the auditor's submission of its final audit reports. SWAPTE will make no interim or in progress payments during the course of the audit.

RFP RESPONSE FORMAT

Qualified accounting firms interested in making an offer pursuant to this RFP should use the outline and format delineated in **Attachment D** to this RFP -**Format of the RFP Response** - as the basis for organizing their responding proposal. Proposers should carefully review the information requested in this attachment and following the specified outline for its narrative response(s).

Attachments to this RFP

Attachment A	Previous Board Reviewed Audit
Attachment B	Proposal Evaluation Criteria
Attachment C	Auditor Responsibilities and Report Format
Attachment D	Format of the RFP Response

Proposal Evaluation Criteria

Responsive proposals will be evaluated based upon the criteria outlined in this attachment.

Proposals may be judged *non-responsive* and removed from consideration if:

1. The proposal was received after the established deadline date/time.
2. The proposal does not follow the format specified in Attachment D to the RFP.
3. Preliminary review indicates that the proposing firm does not meet mandatory minimum qualifications as specified in the RFP.

Responsive proposals will be evaluated on the point system delineated here:

Technical Criteria:

A.	Responsiveness of the proposal in clearly stating an understanding of the work to be performed (0-25)	
	1) Comprehensiveness of the audit work plan	0-15
	2) Realistic time estimates for each major segment of the work plan and the estimated hours for each staff level	0-10
B.	Technical Experience of the Firm (0-20)	
	1) Auditing of the type and scope as required in this RFP	0-15
	2) Auditing of similar or related entities	0-05
C.	Qualifications of audit staff. (Education, years and type of experience, continuing education, position in the firm) (0-25)	
	1) Qualification of supervisory personnel and audit team performing the field work	0-15
	2) General direction and supervision to be exercised over the audit team by firms management personnel	0-10
D.	Size and structure of the firm (0-5)	
	1) Adequate resources and proper organization to perform the audit	0-5
	Total Technical Points.....	0-75

Cost Criteria:

Proposed cost for the audit	0-25
Total Technical and Cost points (maximum).....	100

To assist in the evaluation and rating of responsive proposals, SWAPTE reserves the right to request additional information from proposers and to hold oral interviews with proposers to clarify points of interest in proposals regarding qualifications, experience, audit approach and cost in order to aid the Proposal Review Team in making a final determination.

Final Selection Determination:

Any contract awarded will be made to the independent accounting firm who, based on the evaluation of the technical and cost factors of all responsive proposals, is determined by the SWAPTE governing bodies to be the best qualified to perform the audit. Cost factors will be evaluated but will not be the sole determining factor.

Requirements for Auditor Responsibilities and Audit Report Format

The contents of this attachment summarize the **Auditors Responsibilities** and is intended to provide proposers with a general understanding of the requirements of the audit and the format of the audit report.

Single Audit of SWAPTE

SWAPTE receives federal funds in excess of \$750,000 and is required to have an audit performed under the Government Auditing Standards. In addition to the AICPA requirements for reporting, auditors should comply with the following additional requirements when citing GAGAS in their reports. The additional requirements relate to:

- a) reporting auditor's compliance with GAGAS.
- b) reporting on internal control and compliance with laws, regulations, contracts, and grant agreements.
- c) communicating deficiencies in internal control, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse.
- d) reporting views of responsible officials.
- e) reporting confidential or sensitive information; and
- f) distributing reports.

Reporting on Single Audits

The auditor's reports for WIOA funds shall conform to the guidance provided by the WIOA Fiscal procedures manual and any subsequent revision and state that the audit was conducted in accordance with GAO's Yellow Book and Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The minimum reporting requirements are as follows:

1. A report on the financial statements and the supplementary schedule of expenditures of federal awards which states whether they are presented fairly in all material respects in conformity with generally accepted accounting principles.
2. The financial statements required by generally accepted accounting principles.
3. The notes to the financial statements reflecting all necessary information essential to fair presentation of the financial statements.
4. A schedule of expenditures of federal awards
5. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the Yellow Book and, when applicable, refer to the separate schedule of findings and questioned costs described in paragraph # 7.

6. A report on compliance and on internal controls over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* (The Yellow Book) and, when applicable, Reference to the separate schedule of findings and questioned costs described in paragraph # 7.
7. A schedule of findings and questioned costs which shall include the following three components:
 - a. A summary of the auditor's results.
 - b. A schedule of findings for the financial statements
 - c. A schedule of findings and questioned costs for federal awards.

The auditor shall present audit findings in enough detail for the subrecipient to prepare a corrective action plan and take corrective action and for ADECA to arrive at a management decision.

8. The auditor shall complete and sign the specific section of the data collection form SF-SAC as outlined in the OMB super circular.

FORMAT OF THE RFP RESPONSE

Use the format of this attachment to tender your response to the audit RFP. Follow the outline and respond, as appropriate, to each item requesting information and/or assurances.

1) Letter of Response Transmittal

Provide a brief letter on your firm's letterhead that transmits your proposal. Include in the letter the following information:

- A. A summary of your understanding of the audit services to be provided for WIOA.
- B. A positive commitment to perform the services within the time period specified in the RFP.
- C. The name, title and phone number of the individual authorized to represent the accounting firm during the RFP process.
- D. An assurance that the proposed audit is included in the proposal in a separate sealed envelope and is not otherwise divulged elsewhere in your proposal.

2) Profile of the Independent Auditor

Provide general background information to indicate your firm's qualifications and capabilities for performing the audit services requested in this RFP. Include the following information:

- A. The organization and size of your firm, whether it is local, regional, national, or international in its operations.
- B. The location of the office from which the audit work is to be performed, and the number of professional staff, by staff level, employed at that office.
- C. Describe the range of activities performed by the office, such as auditing, accounting, tax services or management services.
- D. A statement on the firm's staff capability to audit computerized systems,
- E. A positive statement that the following mandatory criteria are satisfied:
 - a. Affirm that the firm is properly licensed for practice as a Certified Public Accountant, or a Public Accountant licensed on or before 30 December 1970 or working for a CPA firm.

- b. Affirm that the firm meets the independence requirements of the most current version of the Government Auditing Standards published by the GAO.
- c. Affirm that the firms governmental auditing staff has met the continuing education requirements of Government Auditing Standards.
- d. Affirm that the firm has met the quality control requirements of Government Auditing Standards. *Submit a copy of your firm's most recent external quality control review report.*
- e. Affirm that the firm does not have a record of substandard audit work.
- f. Affirm that the firm meets all specific requirements imposed by the laws of the State of Alabama.
- g. Affirm that the firm has not been debarred by ADECA and does not appear on the Lists of Parties Excluded from Federal Procurement or Non-Procurement Programs, as published by GAO.
- h. A statement of the firms understanding of the professional requirements of the AICPA Interpretation 501-3, Failure to follow Standards and/or Procedures or other Requirements in Governmental Audits. If the firm is *not* a member of AICPA, then so state.
- i. Submit documentation of having appropriate continuing education credits for the most recent prior two years.

3) Summary of the Proposers Qualifications

Please provide the following information in accordance with the prescribed format below:

- a. Identify the audit managers and field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes, including relevant experience and continuing education accomplishments, from the auditor in charge up to the individual with final responsibility for the engagement should be included as an identified attachment to the response.
- b. Describe the recent local and regional office auditing experiences of the firm that would be similar or related to the type of audit be requested pursuant to this RFP. Proposers may include contact information on client officials from previous audit that could verify the firms qualifications and quality of audit work.

4) Proposer's Approach to the Audit

Submit a comprehensive work plan that delineates the firm's approach to the audit requested in the RFP and its other attachments. The work plan should include time estimates for each significant segment of the work, and the staff level to be assigned. If possible, individuals assigned to each segment should be identified by name and title. The plan should provide estimates of when the audit field work will be completed and when drafts of the audit reports will be available for review.

The work plan should demonstrate the firm's understanding of the audit requirements specified in the RFP by describing the audit tests and procedures to be applied in completing the audit plan in accordance with the standards specified in the RFP. Specifically, the plan should address what audit work will be accomplished in order for the auditor to render reports on:

- A. The financial statements.
- B. The internal control structures.
- C. Financial and Programmatic Compliance issues

5) Audit Report Requirements

Submit a narrative describing the firm's understanding of and ability to meet the audit report requirements stipulated in the RFP, and detailed in its **Attachment C**. Affirm the firm's ability to meet report deadlines and assure that copies of the reports will be forwarded to the appropriate agencies.

6) Auditor Compensation

Submit the firm's proposed compensation for performance of the audit in the form of an **all-inclusive fee** for the audit and tax preparation tasks. Include back-up information to specify how the fee for each was determined. This should include a breakdown of estimated hours of work by professional and para-professional staff and the hourly rate(s) for each. Costs for printing/copying and other out-of-pocket expenses should also be addressed. The proposed compensation is subject to negotiation.

The proposed fee, and back-up information, must be sealed in a *separate* letter-sized envelope that accompanies the narrative information provided in response to this attachment. This envelope should show the firm's name and be clearly labeled as: **"Proposed Fees for Services"**. It should be included within the package that contains the four copies of the narrative response. *The fee should not be divulged elsewhere within the narrative part of the response.*