**HILL COUNTRY COMMUNITY MENTAL HEALTH**

**AND MENTAL RETARDATION CENTER d/b/a**

**HILL COUNTRY** **MENTAL HEALTH AND**

**DEVELOP MENTAL DISABILITIES CENTERS**

**RFP NO. 24-07A**

**REQUEST FOR PROPOSAL**

**for**

**SINGLE AUDIT**

**RESPONSES TO REQUEST FOR PROPOSAL ARE**

**DUE BY 5:00 PM on AUGUST 13, 2024.**

**PREPARED BY:**

**CONTRACT DEPARTMENT**

**HILL COUNTRY MENTAL HEALTH AND**

**DEVELOP MENTAL DISABILITIES CENTERS**

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**ANNUAL FINANCIAL AND COMPLIANCE AUDIT**

The **HILL COUNTRY COMMUNITY MENTAL HEALTH AND MENTAL RETARDATION CENTER d/b/a HILL COUNTRY MENTAL HEALTH AND DEVELOP MENTAL DISABILITIES CENTERS,** the “HCMHDD/CENTER,” is requesting proposals from public accounting firms to perform the annual audit for fiscal years ended August 31, 2024, through 2030.

**I.**

**BACKGROUND INFORMATION**

Auditing requirements for Community Centers are contained in the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (20th Revision).*

The CENTER’S 2024 operating budget was approximately $55 million. For fiscal year 2025, the CENTER’S budget will increase to $70 million from one-time construction costs. The CENTER’S operating budget will increase to $70 million once the construction is completed. The CENTER received federal and state financial assistance for numerous programs, the more significant of which include the Texas Health and Human Services Commission performance contracts and Medicaid. Included as part of this **REQUEST FOR PROPOSAL (“RFP”)** packet is a copy of the Comprehensive Annual Financial Report (“CAFR”) for the previous year. The operating budget for the current year has remained static, with some fluctuations between funding source revenue streams.

1. **Purpose of the Audit**

The purpose of this request for proposal is to obtain the services of a public accounting firm for the annual financial and compliance audit for the fiscal years 2024 through 2030. The organization-wide audit will encompass the general-purpose financial statements, combining statements and other schedules for the center for the fiscal years ended August 31, 2024, through August 31, 2030. The audit is to be performed in accordance with generally accepted government auditing standards acceptable in the United States of America (GAGAS) (Yellow Book), the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (20th Revision) issued by the Texas Health and Human Services Commission,*  Federal Uniform Guidance for Federal Awards, and the *Texas Grant Management Standards, and Single Audit, previously known as the OMB Circular A-133 audit.* The financial statements are to be prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, the major fund of the Center, respective changes in financial position, and budgetary comparison of the general fund for the year then ended in accordance with generally accepted accounting principles, and (2) whether the 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 annual audit will also include obtaining an understanding of the CENTER’S internal control structure and identifying any reportable conditions relating to the internal control systems coming to the attention of the auditors. To comply with Government Auditing Standards issued by the Comptroller General of the United States a study and evaluation of the internal control structure will be used as a basis for designing audit procedures. Any deficiency in internal control, material weakness, or significant deficiency 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 the CENTER.

The compliance audit, commonly referred to as the single audit, is 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 (as defined by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awardsand Texas Grant Management Standards) will be tested for compliance with laws and regulations, as well as compliance with specific requirements of the grants or contracts.

1. **Independent Auditor**

The Proposer must be licensed as a certified public accounting firm in Texas and must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards. Public accounting firms that have performed annual audits for similar governmental entities are encouraged to file a RESPONSE.

1. **Term of the Audit Engagement**

A CONTRACT FOR AUDIT SERVICES (“CONTRACT”) will be based upon the Board of Trustees’ approval of the Proposer’s RESPONSE TO REQUEST FOR PROPOSAL and will be for the fiscal years 2024 through 2030. The CENTER’S Board of Trustees will ratify CONTRACT annually during the term, by a Letter of Agreement, subject to satisfactory delivery of the services specified in this RFP. An engagement letter between the Parties will be executed for each annual fiscal period during the term. If the CENTER or the accepted Proposer ceases to do business at any time during this term, the Agreement shall be rendered null and void. The Agreement can be terminated for cause.

1. **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**

1. **COVER LETTER**

Proposers interested in being considered for the SINGLE AUDIT services engagement are requested to submit their responses on the audit firm’s letterhead. Responding audit firms should refer to this RFP for additional response guidelines. This cover letter should include the following information:

1. Briefly state the audit firm’s understanding of the work to be performed and provide a clear commitment that work will be performed within the time periods specified in the RFP.
2. Provide the names of the persons who will be authorized to make representations for the audit firm, their titles, addresses, email addresses, and telephone numbers.
3. State that the person signing the transmittal letter is authorized to bind the audit firm and enter a contract, and
4. The audit firm should provide affirmative statements that:

a. It is licensed to practice in the State of Texas

b. It is independent of HCMHDD as defined by Government Auditing Standards issued by the Comptroller General of the United States. Otherwise, identify and discuss any potential conflicts of interest of which the audit firm is aware.

**B. PROFILE OF RESPONDING AUDIT FIRM**

The profile should include the following elements:

* 1. State whether the audit firm is local, regional, national, or international.
  2. State the location of the office from which work is to be performed and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
  3. Describe the local office’s capacity to audit computerized systems, including the number and classifications of personnel skilled in computer sciences who will work on the audit.
  4. List the audit firm’s professional affiliations.

**C. TABLE OF CONTENTS**

The Table of Contents must include a clear identification of the material by section and page number.

**D. SUMMARY OF RESPONDING AUDIT FIRM’S RESPONSES**

The summary of the audit firm’s qualifications shall include:

1. Describe the audit firm’s most recent auditing experience, similar to the type of audit being requested by this RFP.
2. Include a reference list of Local Mental Health Authority and Local IDD Authority audit clients, the number of years served, and the most recent fiscal year audited for each. Indicate who on the proposal participated in each entity’s audit.

3. Identify the partner, audit manager, and supervisors who will work on the audit. Resumes including relevant governmental auditing experience and continuing education for everyone assigned to the audit should be included. (Resumes may be included as an appendix.)

4. Indicate the audit firm’s experience in providing any additional services to local governments by listing the name of each entity, the type(s) of service performed, and the year(s) of engagement.

5. Indicate whether the firm is certified in Texas as a historically underutilized business (“HUB”).

6. Include the firm’s most recent Peer Review.

**E. A RESPONDING FIRM MUST**

* 1. Be licensed to practice as a Public Accounting Firm in the State of Texas.
  2. Not be under terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing Boards of any other States.
  3. Have had a Peer Review conducted within the last three (3) years and received an “unqualified” report.
  4. Be current on Texas Franchise Taxes.

**F. APPROACH TO THE AUDIT**

The description of the audit firm’s approach to the audit shall include the following components:

1. An Audit Work Plan to accomplish the scope of services required, including an explanation of the audit methodology to be followed. In developing the work plan, reference should be made to sources of information, such as HCMHDD’s budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
2. The planned use of any specialists should be specified in detail.
3. Proposed segmentation of the engagement.
4. Level of staff and number of hours and dollars to be assigned to each proposed segment of the engagement.
5. Qualifications and certifications of the audit team’s supervisory and audit personnel including years and type of experience.
6. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
7. Extent of the use of electronic data processing software in the engagement.

8. Type and extent of analytical procedures to be used in the engagement.

9. Approach to be taken to gain and document an understanding of HCMHDD’s internal control structure.

10. Approach to be taken in determining laws and regulations that will be subject to audit test work.

11. Approach to be taken in drawing audit samples for purposes of tests of compliance. State the purpose and degree of utilization of HCMHDD personnel.

**G. ESTIMATE OF COST**

* 1. The RESPONSE TO RFP should include all pricing information relative to performing the engagement as described in this RFP. The CENTER will not be responsible for expenses incurred in preparing and submitting the RESPONSE TO RFP or the sealed dollar cost bid. Such costs should **not** be included in the RESPONSE.
  2. The Statement of Qualifications should also include a total all-inclusive maximum price for the fiscal years 2024 through 2030.

**III.**

**SEALED DOLLAR COST BID**

1. **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 RFP. The 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, address, phone, and email address of proposing Firm.

2. Name of Firm’s authorized representative and contact information.

3. Certification that the person signing the proposal is entitled to represent the firm, is empowered to submit the RESPONSE TO RFP and authorized to sign a contract with the CENTER.

4. A total all-inclusive maximum price for the fiscal years 2024 through 2030, as described in this REQUEST FOR PROPOSAL.

1. **Manner of Payment**

Payments will be made in accordance with the CONTRACT or Engagement Letter.

**IV.**

**INSTRUCTIONS/CONDITIONS FOR SUBMISSIONS OF PROPOSAL**

All RESPONSES TO THIS RFP (“RESPONSES”) must meet the following conditions to be considered:

1. RESPONSES must address and meet all requirements of this REQUEST FOR PROPOSAL.

B. RESPONSES must be timely emailed to: [contracts@hillcountry.org](mailto:contracts@hillcountry.org).

C. The CENTER reserves the right to reject all RESPONSES, and to negotiate portions thereof. RESPONSES that address only part of the requirements contained in this RFP will not be considered.

D. RESPONSES must specifically be responsive to all information requested in this RFQ or indicate why a particular response is not given.

E. RESPONSES must be relevant to the material/information requested. Any additional data that may be included must be submitted in the form of attachments properly labeled and attached.

F. Proposers and their representatives are prohibited from communicating with HCMHDD and/or its representatives, other than the Principal Contact, regarding the RFQ from the time it is released until it has been acted upon by HCMHDD. Violation of this provision by audit firms or their agents will lead to disqualification from consideration.

G. If there are any clarification questions regarding the scope of work and/or any other requirements of this RFP, audit firms or their representatives should submit them in writing and forward them via email to: [contracts@hillcountry.org](mailto:contracts@hillcountry.org). All responses by HCMHDD will be provided in the form of an Addendum to this RFP and will be emailed to all Proposers. It is the responsibility of audit firms to ensure that the Addendum has been reviewed and addressed in their RESPONSE.

H. HCMHDD is subject to the Texas Open Records Act; however, certain types of information may be exempt from disclosure under the Act. Audit firms submitting information, which they deem confidential or proprietary, must clearly mark and identify such information page by page. HCMHDD, to the extent allowed by applicable law, will protect such information from disclosure. The final decision as to what information must be disclosed under the Open Records Act lies with the Texas Attorney General.

I. The CENTER reserves the right to select any RESPONSE TO RFP, considering the quoted estimated fee and other factors.

J. The Proposers must furnish additional information that the CENTER may reasonably require, in a timely manner.

K. The Proposers must submit copies of their current Peer Review documents with their RESPONSE.

**V.**

**PROCEDURES FOR SUBMITTING RESPONSES**

**TO REQUEST FOR PROPOSAL**

1. **Delivery / Point of Contact for CENTER:**

RESPONSES TO RFP should be emailed in pdf format to:

Email: [contracts@hillcountry.org](mailto:contracts@hillcountry.org)

**B. Fiscal Year 2023 Single Audit Report**

Copies of the Fiscal Year 2023 Single Audit Report are available upon request.

**C.** **Due Date for Responses to Request for Proposal**

**RESPONSES must be received no later than 5:00 p.m. on AUGUST 13, 2024.**

**VI.**

**ASSISTANCE TO PROPOSERS**

Any person wishing to obtain additional information about the REQUEST FOR PROPOSAL or about the operations of the CENTER may contact HILL COUNTRY MHDD CENTERS, as referenced in Paragraph A, above.

**VII.**

**STATEMENT OF REQUIREMENTS**

1. The independent auditor will provide two (2) bound paper copies of the written Audit Report and Single Audit Report that meet the requirements of *Guidelines for Annual Financial and Compliance Audits of Community Centers* and an electronic copy in PDF format.
2. Satisfactory delivery of the Audit Report specified by this REQUEST FOR PROPOSAL and the engagement letter shall be accomplished no later than two (2) weeks prior to the CENTER’S January meeting of the Board of Trustees.
3. The independent auditor will be required to present the Audit Report to the CENTER’S Board of Trustees at their regularly scheduled January meeting.
4. The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements.

**VII.**

**BOARD OF TRUSTEES APPROVAL**

The CENTER will select a RESPONSE TO REQUEST FOR PROPOSAL on or before August 14, 2024, barring decision by the Board of Trustees to reject all RESPONSES submitted or barring postponement of the meeting by the Board scheduled for August 20, 2024

**EVALUATION WORKSHEET**

**Attachment to RFP No. 24-07A**

This Evaluation Worksheet is to be used to document the CENTER’S evaluation of the Proposers’ RESPONSES. 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. If oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. While the total score is a significant factor, the CENTER 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**

**RESPONSES TO REQUEST FOR PROPOSAL** will not be considered for further evaluation unless there is compliance with all the following criteria. The Proposer:

1. Must be an independent public accounting firm properly licensed for public practice in the State of Texas.
2. Must meet the independence standards and the continuing education requirements of *Government Auditing Standards* (“GAO”).

**II. TECHNICAL CRITERIA**

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

1. **TECHNICAL EXPERIENCE OF THE PROPOSER**

1. Auditing experience in government entities (and CAFR) points **(0-10 pts.)**

1. **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 pts.)**

2. Qualifications of supervisory personnel, consultants, field audit team, including education of firm staff, years and types of experience **(0-25 pts.)**

3. General direction and supervision to be exercised over the audit team by the firm’s management personnel **(0-15 pts.)**

4. Experience in Historically Underutilized Business Reporting **(0-5 pts.)**

1. **CLEAR UNDERSTANDING OF THE WORK TO BE PERFORMED:**
2. Comprehensiveness of the Audit Work Plan **(0-10 pts.)**
3. Realistic time estimates of each major segment of the Audit Work Plan, and the estimated number of hours for each staff level including consultants assigned **(0- 10 pts.)**

**TOTAL TECHNICAL POINTS:** \_\_\_\_\_\_\_\_\_\_

**III. COST CRITERIA**

RESPONSES to this REQUEST FOR PROPOSAL will be evaluated on the “Best Value” cost of the services to be rendered under this RFP. **(0-15 pts.)**

**TOTAL COST POINTS:** \_\_\_\_\_\_\_\_\_\_

**IV. ORAL INTERVIEW (IF NECESSARY)**

Interview Points Awarded (0-10 pts.)

**TOTAL INTERVIEW POINTS: \_\_\_\_\_\_\_\_\_\_**

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**TOTAL OF ALL POINTS: \_\_\_\_\_\_\_\_\_\_**