

## **BURKE CENTER dba BURKE**

### Request for Proposal – Annual Financial and Compliance Audit

Burke is requesting a proposal from a public accounting firm with experience in auditing community mental health mental retardation centers to perform the annual audit for the fiscal year ending August 31, 2016.

#### **I. BACKGROUND INFORMATION**

Burke is a community center in the State of Texas formed as the result of legislation passed in 1965. Burke is a 501(c)(3) non-profit agency governed by a nine-member Board of Trustees. It has grown from a small organization offering limited services to a major behavioral health provider, serving over 5,000 individuals annually in a comprehensive array of mental health, mental retardation, early childhood intervention and substance abuse services. Burke provides services in a twelve-county region that includes: Angelina, Houston, Jasper, Nacogdoches, Newton, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, and Tyler Counties.

Burke's FY2016 operating budget is \$42,418,986.

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

- 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 FY2016. The organization-wide audit will encompass the general purpose financial statements, combining statements and other schedules for Burke for the fiscal year ending August 31, 2016. 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 A-133 (as revised in 1997), the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* and the *State of Texas Single Audit Circular*.

The financial statement audit is to determine whether (1) the financial statements present fairly the financial position, results of operation and cash flows in accordance with generally accepted accounting principles; and (2) whether Burke 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 the 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 Burke'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 non-compliance required to be reported under *Government Auditing Standards* will be reported to Burke.

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 (as defined by OMB Circular A-133 and TSAC) will be tested for compliance with laws and regulations, as well as compliance with specific requirements of the grants or contracts. All instances of non-compliance will be reported to Burke.

- Independent Auditor

The proposer must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and must have performed annual audits for similar entities.

- Term of the Audit Engagement

The contract for audit services, based upon the Board of Trustees' approval of the proposal, will be for the fiscal year ending on August 31, 2016. Burke may request to extend this agreement for up to four additional one-year terms through the fiscal year ending August 31, 2020, following satisfactory delivery of the services specified in the proposal and engagement letter. The agreement can be terminated for cause.

- 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**

NOTE: There should be no dollar units or total costs included in the Technical Proposal of the document.

### **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 done, the proposer will:

- Provide evidence that the proposer has experience in performing annual financial and compliance audits for community mental health mental retardation centers and include current and past audit client contact information;
- 2. Explain the proposer's approaches to performing an annual Financial and Compliance Audit, including the methodology, nature and extent of audit procedures to be performed;
- 3. Specify a timeline and the sequence of work segments, as well as hours, for each level of staff;
- 4. Describe the proposed audit team in terms of job positions in the firm;
- 5. 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 the educational background of all staff members named and professional licenses held;
- 6. Describe continuing professional education in government accounting and auditing received by the proposed audit team during the last two years;
- 7. Provide the names and qualifications of any needed outside specialists and consultants that will assist the proposer's staff members;
- 8. Describe how the approach to performing the audit would be affected if this were a multi-year contract;
- 9. Describe the level of assistance that will be expected from Burke personnel; and

10. 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 Burke and any members of the Board of Trustees.

C. Management Component

The proposer will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the 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 organizations 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 review report must be provided to Burke);
3. State whether the proposer is a national, regional or local public accounting firm.
4. 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;
5. Provide evidence of the ability to comply with the requirements in Sections II and VII of the Request for Proposal.

D. Evaluation

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

**III. DOLLAR COST BID**

A. Total All-inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. Burke 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 dollar cost bid should include the following information:

- Name of firm
- 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 Burke.

- A total all-inclusive maximum price for the FY2016 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**

- Proposals 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. Proposal must address each of the audit requirements as stated in this Request for Proposal;

C. Burke 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. Burke reserves the right to select any proposal, considering the quoted estimated fee and other factors;

E. The proposer shall furnish additional information that Burke may reasonably require;

F. Burke will not be liable for any cost incurred in the preparation of proposals;

G. Burke may ask proposers to send a representative for an oral interview prior to Board of Trustees approval of a proposal. Burke will not be liable for the costs incurred by the proposer in connection with such interview; and

## V. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery of responses to the Request for Proposal, whether email, mail or hand-delivery, should be addressed to:

Melanie Taylor, CFO  
Burke  
2003 South Medford Drive  
Lufkin, Texas 75901  
Melanie.Taylor@myburke.org

**Proposal must be received no later than March 16, 2016.**

B. Number of Copies of Proposal

Submit one copy of the Technical Proposal and one copy of the Dollar Cost Bid. Each copy must be clearly marked as "Technical Proposal" or "Dollar Cost Bid."

## VI. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Proposal or about the operations of Burke may contact Melanie Taylor, CFO, by phone at 936-633-5662 or by E-mail at [melanie.taylor@myburke.org](mailto:melanie.taylor@myburke.org) or view our website at Myburke.org

## VII. STATEMENT OF REQUIREMENTS

A. The independent auditor will provide up to 25 copies of the written audit report and single audit report that meet the requirements of *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* and provide a copy in an electronic format.

B. On or before January 5, 2017, the preliminary draft of the reports will be presented to Burke prior to submission of the final draft.

C. Satisfactory delivery of the services specified by the Request for Proposal and the engagement letter shall be accomplished no later than the January, 2017, 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, 2017, meeting; the exact date to be determined.

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 Burke and as provided for in the engagement letter. The independent auditor will make its

working papers available for review by Burke's coordinating agency.

### **VIII. BOARD OF TRUSTEES APPROVAL**

A proposal will be selected on or before March 31, 2016, barring decision by the Board of Trustees to reject all proposals submitted or barring postponement of the Meeting by the Board.

## **ATTACHMENT A**

### **EVALUATION WORKSHEET**

This worksheet is to be used to document Burke'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).
- 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:

- Technical experience of the firm:
  - Auditing experience in CMHMRC's
  - Auditing experience in government entities



- Characteristics of the staff, including consultants to be assigned to the audit:
  - Size and structure of the firm, including audit staff positions
  - Qualifications of supervisory personnel, consultants and the field audit team
    - Education, including continuing education courses 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
- C. Clear understanding of the work to be performed:
  - Comprehensiveness of the audit work plan
  - 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.

### **III. COST**