



July 2, 2010

Dear CPA:

The Community Action Partnership of San Luis Obispo County, Inc. (formerly known as EOC) is requesting proposals from CPA firms to audit its' agency-wide financial statements for the fiscal year ending March 31, 2011, and for the California Department of Education contracts for the grant specific year ending June 30, 2011, with a mutual option of auditing its financial statements for the two subsequent fiscal years. The audit firm should also include separate fee proposals on the preparation of the annual tax returns, the review of the indirect cost report and proposal, the filing of the Federal Audit Clearinghouse Form SF-SAC and the A-133 audit reporting package and the 403B Plan audit for the plan year ending 12/31/2010.

We invite your firm to submit a proposal to us no later than 5pm, **September 10, 2010** at the administrative offices of The Community Action Partnership of San Luis Obispo County, Inc. (CAPSLO), located at 1030 Southwood Drive, San Luis Obispo, CA 93401. Proposals sent via parcel service or U.S. mail should also be sent to the above address. FAX or email responses will **NOT** be accepted.

A description of our organization, the services needed, and other pertinent information is included in this proposal request.

There will be an opportunity for a **bidders conference**, in person or by phone on **August 6, 2010 at 10:30 am** to provide answers to questions bidders may have related to the RFP and as a forum to provide any additional relevant information regarding CAPSLO and its' finances. Notification of attendance at this meeting should occur in advance if the bidder is planning to attend in person or by phone.

After review of the proposals, the top firms will be selected to participate in interviews that tentatively will be held October 5th or 6th at CAPSLO's Administrative Offices. Firms selected will be notified by telephone and/or mail.

CAPSLO reserves the right to reject any or all proposals at its sole discretion.

About the Community Action Partnership of San Luis Obispo County

CAPSLO began operations in 1965. Over the years we have expanded to meet the child care development and early intervention needs of approximately 5,000 children and their families through Head Start, Migrant Seasonal Head Start, Early Head Start and State Department of Education Programs in San Luis Obispo, Santa Barbara, Ventura, Orange, Kern, Monterey, San Benito, Fresno and San Joaquin Counties. Additionally, CAPSLO operates Energy & Weatherization, Health Services, Youth, Family Support, Senior and Homeless Programs.

CAPSLO has an operating budget of approximately \$65 million and a staff ranging from 420 in off-season to 920 during peak season. CAPSLO has a strong, qualified Management team as well as a knowledgeable and active Board of Directors.

CAPSLO's financial records meet the highest standards. There have been no adverse recommendations or questioned costs as a result of CAPSLO's annual audit or federal, state or other regulatory reviews. No management letter was issued for the FYE March 31, 2009.

CAPSLO is a 501(c)3 non-profit who receives in excess of 70% of its funds from federal sources and as such is subject to certain federal regulations prescribed by OMB:

- A-122 for cost principles, Relocated to 2 CFR, Part 230
- A-110 for administrative requirements, Relocated to 2 CFR, Part 215, and
- A-133 for audit requirements

CAPSLO is a recipient of American Recovery and Reinvestment Act funds (ARRA) of approximately \$8.5 million. The agency would like additional assurance from the selected audit firm that these funds have been properly expended, accounted for and reported on in accordance with government requirements.

PROPOSAL INSTRUCTIONS

Before preparing a proposal, carefully examine the Request for Proposal (RFP) and become fully informed as to all existing conditions.

Submission of a proposal shall be considered evidence that the firm has fully studied the RFP, examined the site of the work and that your firm is satisfied as to the conditions to be encountered in performing the work and the requirements of the RFP. An authorized representative of the firm shall properly execute proposals.

SUBMISSION OF THE PROPOSAL

The proposal must be submitted at the place and by the time prescribed above. It is your firm's responsibility to see that the proposal is received in proper order and timely. Late proposals will not be considered.

Four copies of the proposal shall be submitted and addressed to the attention of:

Ms. Anita Robinson
Board President and Chair of the Audit Committee
Community Action Partnership of SLO Co. Inc.
1030 Southwood Drive
San Luis Obispo, California 93401

PROPOSAL FORMAT

To facilitate the review of the proposals by CAPSLO, the proposal shall conform to the format outlined below. Failure to submit the proposal in this format may be cause for rejection.

Section 1 **Transmittal letter**

Section 2 **Bid Amount**

- A. **The total all-inclusive maximum price** to be bid is to contain all direct and indirect costs including all out-of-pocket expenses that will be billed to CAPSLO for year one. The proposed price should include information indicating how the price was determined. For example, the bid should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. **Any out-of-pocket expenses (such as travel)** should also be indicated and shown separately as part of the bid price. The bid for the March and June Audit should be bid as one fee with out of pocket costs separately specified. We will do one engagement letter for the March/June Audit.
- B. Also include fees for year two and year three in order to accommodate a multi-year award.
- C. In addition to the March 31 and June 30th **combined** Audit fee, separate quotes should be submitted for the following:
 - preparation of the Annual Tax filings
 - 403B Plan audit for the plan year ending 12/31
 - filing of the Federal Audit Clearinghouse Form SF-SAC and A-133 audit
 - Review of the indirect cost report and proposal.

Section 3 **Technical proposal as follows:**

A. **Firm background and Experience:** Must demonstrate experience auditing State of California funded child development programs and a focus in non-profit accounting. Must also have experience in auditing Federal Head Start programs and familiarity with and understanding of compliance with OMB A-122, especially CFR part 74, relocated to 2 CFR, Part 230.

B. **Engagement Staff Qualifications:** Furnish the names, positions, education and experience of each member of the proposed Engagement Staff. Indicate whether each such person is licensed to practice as a Certified Public Accountant in California. CAPSLO is interested in auditors that are experienced as follows:

1. Prior experience auditing community action agencies with programs similar to CAPSLO
2. Prior experience auditing State of California Childcare programs funded by CDE
3. Prior experience auditing Migrant Seasonal Head Start, Early Head Start and Head Start programs financed by the Federal Government as well as ARRA funded programs
4. Prior experience auditing the Child and Adult Care Food Program (CACFP) activities
5. Prior experience auditing funds from the DOE, State of California-CSD including CSBG, HUD, Title X & Title IIIB

C. **Related Experience:** List significant engagements with “dates” performed in the **last five years** that indicate that the firm and the proposed staff have the expertise to conduct the A-133 audit, especially noting experience specifically requested in B above.

D. **Other information:**

- The firm shall submit a copy of the peer review report letter. As CAPSLO is subject to *OMB Circular A-133* (Single Audit), and expends greater than \$500,000 in federal awards, our audit firm is required to have a peer review every three years and submit a copy of the peer review report letter to us.
- The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years.
- The firm needs to make a **written commitment to be available to perform fieldwork in the timeframes noted** and meet all applicable deadlines.
- The firm should also provide an affirmative statement that it is independent of CAPSLO as defined by generally accepted auditing standards.

E. **Method of Approach:** At a minimum, discuss the following items in sufficient details to indicate a clear understanding of each item. If applicable, also discuss how each item will be controlled and/or managed.

Scope of Work
Statistical Sampling
Analytical Procedures
Internal Control Structure
Anticipated Potential Audit Concerns

Nonresponsive Proposals

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Standards as set forth in Office of Management and Budget (OMB) Circular A-133 or as required by the Audit and Investigation Division of the State of California - Dept of Education, GAAP or GAAS.

SUMMARIZED DATES CRITICAL TO AUDIT/RFP PROCESS

Aug 6, 2010	Bidders Conference at 10:30am
September 10, 2010	Receipt of response to Request for Proposal required by 5pm
October 5-6, 2010	Potential Interviews of Selected Firms
October 22, 2010	Anticipated Final Decision, Notify Successful Firm
October 28, 2010	Engagement letter signed
December or March	Physical inventory observation for Energy & Weatherization
March 31, 2011	Fiscal Year End for CAPSLO
April 2011	Time frame for Interim Compliance/Internal Control Procedures
<u>June 27 Start</u>	Start date for Year End field work
June 30, 2011	Fiscal Year End for Calif. Dept of Education Contracts
August 16, 2011	Draft Report for March 31st due to CAPSLO from Audit Firm
September 14, 2011	Audit and Finance Committee Exit Conference for March 31st
September 15, 2011	Audit Exit with Board of Directors and Management Staff
September 15, 2011	Start date for Year End field work for June 30th CDE Audit
September 21, 2011	Final Audit report as of March 31 st due to CAPSLO
September 29, 2011	Deadline to mail Indirect Cost Rate Proposal & Audit to HHS
October 14, 2011	Draft of CDE Grant Specific Audit Due to CAPSLO
October 21, 2011	Estimated deadline for filing of the SF-SAC with the Federal Audit Clearinghouse
November 11, 2011	Deadline to mail Final Audit Report to CDE

CRITERIA FOR SELECTION

Professional experience of the firm
Principals and experience of staff (staff level) to be assigned to the audit

Experience specific to the requirements in Section 3, part B above.
Knowledge of applicable codes and regulations, especially those pertaining to State of California, Department of Education and HHS
Training of your key personnel and audit staff in A-133, CDE & OMB regulations
Nature and quality of engagements recently completed
Reliability, continuity of the firm
Organization Structure, Size and location
Availability during specified timeframes and assurance of timely completion of work
Other considerations deemed relevant
Statement of Insurance carried by the firm (Errors and Omissions, Liability, and Workers Compensation)

EVALUATION OF PROPOSALS AND SELECTION PROCEDURE

The selection process will consist of an evaluation of the written proposals as based on the firm's ability to satisfy the criteria as a whole.

Cost will not be the only factor in the selection of the audit firm.

After review of the proposals, the top firms will be selected to participate in interviews that will be held tentatively on October 5th or 6th at CAPSLO's Administrative Offices in San Luis Obispo. Firms selected will be notified by telephone and/or mail.

It is anticipated that the Audit Committee will have a final decision by Friday, October 22, 2010 supported by action taken at the CAPSLO's Board of Directors meeting on October 21, 2010. Negotiations for the contract shall commence immediately. CAPSLO anticipates entering into an agreement for this engagement no later than October 28, 2010. The RFP, the firm's proposal, and any addenda to the RFP will be made part of the engagement letter with the auditing firm. Two engagement letters are anticipated: one for the March and June Audits which will include tax return preparation and filing, the preparation/review of the Indirect Cost report and proposal and the filing of the SF-SAC; the second engagement letter will be for the Audit of the CAPSLO 403B Plan at December 31, 2010.

SCOPE OF WORK

CAPSLO desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The auditor shall also be responsible for performing certain limited procedures involving supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards and for the inclusion of supplemental information in the audit report as required by specific agencies that provide funds to CAPSLO.

A. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audit set forth in the U. S. General Accounting Office's Government Auditing Standards, and the Audit Guide for Auditors of Child Development and Nutrition Programs, issued by the California Department of Education. CAPSLO's agency-wide audit must also be performed in accordance with OMB regulations, specifically A-133. The agency receives ARRA stimulus funds and it is expected that the Audit firm will be knowledgeable of the all audit requirements and any necessary additional procedures to ensure proper accounting and reporting of these funds.

The firm will determine if the organization-wide and federal awards financial statements are presented fairly in accordance with GAAS and GAGAS.

The firm will determine if the Schedule of Expenditures of Federal Awards is presented fairly in relation to the organization's financial statements as a whole.

The firm will perform tests that demonstrate an understanding of the recipient's internal controls in order to support a "low assessed risk" for major programs.

The firm will determine that the agency has complied with laws, regulations, and grant agreements through review and testing procedures.

The firm will be familiar with the CSD Audit Services Unit, Supplemental Audit Guide which provides further instructions for CPA firms that perform audits of agencies that contract with the California Department of Community Services & Development (CSD) to deliver programs. As required by contract, all independent auditors and CPA firms must follow this Supplemental Audit Guide if the Contractor being audited is funded totally or in part by CSD contracts. This guide is not intended to be an audit procedure manual, but rather to further instruct the independent auditor and CPA firm in testing certain costs identified by CSD as needing more detailed disclosure.

B. Reports to be Issued

The audit firm shall issue the following reports: (but not limited to)

March 31st Audit (includes but not limited to):

1. Auditor's Independent Report on Financial Statements
2. Statement of Financial Position
3. Statement of Activities

4. Statement of Cash Flows
5. Notes to the financial statements
6. Schedule of Expenditures of Federal Awards
7. Required Reports on Internal Controls and Compliance
8. Supplementary Information as required by various funding agencies: see current audit report for information provided

June 30th Audit of CDE Contracts
Indirect Cost Report and Proposal
403B Plan Audit

C. Management Letter on Internal Accounting Control

The auditor shall communicate any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect agency's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

D. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Chief Executive Officer
President of the Board of Directors
Chair of the Audit Committee
Secretary Treasurer of the Board

E. Working Paper Retention, Access to Working Papers and Availability of Prior Audit Reports.

All working papers and reports must be retained, at the auditor's expense, for a minimum of three years, unless the firm is notified in writing by CAPSLO of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to CAPSLO or its designees.

F. Communication

During internal control testing, compliance and year-end work clear and timely communication is expected from the Audit Partner regarding any concerns or recommendations they may have as work proceeds. Management, program and fiscal staff expect at a minimum weekly updates from the audit team.

G. Assistance Provided to the Auditor

Finance Department

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. Finance staff will prepare reasonably required statements and schedules for the auditor. Sample formats of each work paper must be submitted 8 weeks prior to the audit commencement.

Work Area

CAPSLO will provide the auditing team with reasonable workspace and seating. The auditor will also be provided the use of CAPSLO's photocopying facilities, fax, internet access and access to phone during the Audit fieldwork.

Report Preparation

Report preparation, editing and printing, and providing an electronic copy of the final report shall be the responsibility of the auditor.

H. Completion of Audit

Audit

The year-end audit field work for the FYE March 31, 2011 will be scheduled to start June 27, 2011. At the option of the auditor, interim work/compliance & eligibility testing may be performed in April. Year-end work for the Grant Specific California Department of Education audit is scheduled to commence September 15th; that same week the Partner-in-Charge of the Audit is expected to conduct an audit exit with the Audit & Finance Committees on the 14th as well as the full Board of Directors and the Management Team on the 15th.

Draft Reports

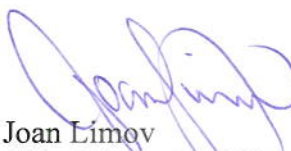
The auditor shall deliver a draft of the March 31st audit report and recommendations (if any) to management for review by the Chief Executive Officer, Chief Administrative Officer, and the Chief Financial Officer by August 16, 2011. As mentioned previously, the Audit Partner shall be available for a presentation of the Annual Audit Report to the Audit & Finance Committee and the Board of Directors in two separate meetings in September. Similarly, drafts of the June 30th audit of the California Dept of Education contracts will be due October 15th.

The proposal must be submitted in accordance with the provisions of the Request for Proposal described herein. Please refer to our website for a copy of prior year's A-133 Audit. You will find it under the heading of "Employee Resources" and then under "Administration". Inquiries concerning this RFP should be directed to Joan Limov, CFO at 805-544-4355 ext 110 or by email to jlimov@capslo.org.

Sincerely,



Mel Rosenblat
Chief Administrative Officer/Deputy Director



Joan Limov
Chief Financial Officer

cc:

Elizabeth Steinberg
Anita Robinson