

**PECAN VALLEY CENTERS
FOR
BEHAVIORAL & DEVELOPMENTAL HEALTHCARE**

Request for Proposal – FY15 Annual Financial and Compliance Audit

Pecan Valley MHMR Region dba PECAN VALLEY CENTERS FOR BEHAVIORAL AND DEVELOPMENTAL HEALTHCARE (“PVC”) is requesting proposals from public accounting firms to perform its annual financial and compliance audit for fiscal year 2015.

I. BACKGROUND INFORMATION

Auditing requirements for PVC’s fiscal year (FY) 2015 audit are contained in the current *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.

PVC’s FY 2014 operating budget was \$22,000,000 PVC received federal and state financial assistance for numerous programs, the more significant of which include contracts for the Department of State Health Services for Mental Health (DSHS), Substance Abuse, and the Department of Aging and Disability Services for services to Individuals with Intellectual and Developmental Disabilities (DADS). Included as part of this Request for Proposal packet are copies of the financial and compliance audits for the previous fiscal year (see Attachment A) and relevant excerpts of the current fiscal year operating budget (see Attachment B).

A. 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 fiscal year 2015. The organization-wide audit will encompass the general purpose financial statements, combining statements and other schedules for PVC for the fiscal year ending August 31, 2015. The audit is to be performed in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Grant Management Standards, the Single Audit Act of 1996, OMB Circular A-133, the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*, and the *State of Texas Single Audit Circular*.

The purpose of the audit is to determine whether: (1) the financial statements fairly present PVC’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles; and (2) whether PVC has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The 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 the independent auditor obtaining an understanding of PVC's internal control structure and identifying any reportable conditions relating to the internal control systems coming to the attention of the auditor. 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. Any and all instances of noncompliance required to be reported under *Government Auditing Standards* will be reported as required. The independent auditor will inform PVC of the reportable item, prior to its submission.

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 noncompliance must be reported to PVC.

B. Independent Auditor

The proposer must demonstrate the ability to perform the annual financial and compliance audit in accordance with generally accepted government auditing standards.

C. Term of the Audit Engagement

The contract term for the audit services based upon Board of Trustee's approval of the proposal will be for the fiscal year ending August 31, 2015. PVC may request to extend the contract for up to five additional one year terms through August 31, 2020, following satisfactory delivery of the services specified in the proposal and engagement letter. The engagement can be terminated without cause.

D. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved may be brought before an independent mediation center, whose decision will be binding upon both parties. PVC reserves the right to decide whether a dispute will be taken to mediation.

II. TECHNICAL PROPOSAL CONTENT

NOTE: THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COST INCLUDED IN THE TECHNICAL PROPOSAL 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 performed, the proposer will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for non-governmental engagements;
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. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the proposer, including direct and indirect financial interest, and the relationship of the proposed audit team members to Executive Staff of PVC and any of the PVC Board of Trustees members. (See Attachment C for a full roster.)

C. Management Component

The proposer will furnish satisfactory evidence of ability to provide, in a professional and timely manner, the services stated in this 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 organization's planned frequency of peer reviews;
2. State whether the proposer has received a peer review within the past 36 months and whether, in the most recent review, an unqualified report was issued or a rating of "pass" was received (a copy of the peer review report must be provided to PVC);
3. State whether the proposer is a national, regional or local public accounting firm;
4. Provide evidence that the proposer has experience in performing annual financial and compliance audits for community mental health and individuals with intellectual/developmental disability centers within the past three (3) years. List current and past audit clients along with the names and telephone numbers of contact persons and the dates audit services were provided;
5. 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;

6. Describe the proposed audit team; identify the proposer's staff member who will direct the overall audit throughout the duration of the engagement. In addition, identify 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;
7. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two (2) years;
8. Provide the names and qualifications of any needed outside specialists and consultants necessary to assist the proposer's staff members;
9. Describe the level of assistance that will be expected from PVC personnel.

D. Task/Activity Plan

The proposer must specify time lines and sequence for audit procedures, including names of staff to be assigned.

E. Evaluation

Proposer's methodologies, products and services will be evaluated, using a standardized evaluation/score sheet. (See Attachment E).

III. SEALED DOLLAR COST BID

A. 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 Request for Proposal. PVC is not responsible for any expense incurred in preparing and/or 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. Legal name of proposer's firm;
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract/engagement letter with PVC;
3. A total all-inclusive maximum price for the fiscal year 2015 engagement as described in this Request for Proposal, including a description of how pricing would be affected if the engagement was for a multi-year time period.

B. Manner of Payment

Payments will be made in accordance with the contract/engagement letter.

IV. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

PVC reserves the right to withdraw this Request for Proposal at any time without award. All proposals in response to this request must meet the following conditions in order to be considered:

- A. Proposals must meet all requirements contained in this Request for Proposal. Failure to meet any of the requirements contained in this Request for Proposal could result in a proposal not being considered. PVC reserves the sole right to determine whether a proposal meets the stated requirements.
- B. Proposals must include a cover letter clearly stating the legal name of the firm and the name, address, telephone number and e-mail address of the proposer's authorized representative;
- C. PVC reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- D. Proposers shall furnish additional information PVC may reasonably require;
- E. PVC will not be liable for any cost incurred in the preparation of proposals; and
- F. Proposers shall, upon request, send a representative for an oral interview prior to Board of Trustees approval of a proposal. PVC will not be liable for the costs incurred by the proposer in connection with such interview.
- G. A Proposer, if selected for engagement, must be willing to attend a one-day seminar (to be held in Austin, conducted by the Texas Health & Human Services Commission) regarding the current audit guidelines. Out of pocket expenses related to this seminar will be the responsibility of PVC and will be appropriated according to its Policy and Procedures. At the time of this writing, no seminar is anticipated for FY2015.

V. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Mail Delivery

Responses to this Request for Proposal should be addressed to:

Ricky Peninger
CFO
Pecan Valley Centers
P.O. Box 729
Granbury, Texas 76048
(817) 579-4427

Hand Delivery

Ricky Peninger
CFO
Pecan Valley Centers
2101 W. Pearl St.
Granbury, Texas 76048
(817) 579-4427

Proposals must be received no later than 5:00 p.m., Friday, February 27, 2015

NO PROPOSALS WILL BE ACCEPTED VIA FAX.

B. Number of Copies of Proposal

Proposers must submit three (3) copies of the technical proposal and one (1) sealed dollar cost bid. The technical proposals are to be sealed in a separate envelope from the sealed dollar cost bid. Each envelope must be clearly marked as “Technical Proposal” or “Sealed Dollar Cost Bid.”

VI. ASSISTANCE TO PROPOSERS

Proposers may contact Ricky Peninger (817-570-4427) for technical assistance regarding the Request for Proposal process and/or PVC’s financial systems.

VII. STATEMENT OF REQUIREMENTS

- A. Fieldwork will be at the mutual convenience of PVC’s and the independent auditor’s schedules.
- B. On or before December 31st the preliminary draft of the reports will be presented to PVC for review and comment.
- C. Satisfactory delivery of the services specified in this Request for Proposal and the engagement letter shall be accomplished in time for PVC’s August 31, 2015 Board of Trustees’ meeting.
- D. The independent auditor will be required to present the reports to the Board of Trustees at the January meeting.
- E. The independent auditor will be required to provide a management letter containing comments oriented toward constructive improvements if any items are considered necessary.
- F. The independent auditor will provide PVC with 30 bound copies, one (1) unbound copy and one electronic Portable Document Format of the audit report, following the standards outlined herein.
- G. Copies of the independent auditor’s work papers will be made available to PVC and to its coordinating agencies upon request.

VIII. BOARD OF TRUSTEES APPROVAL

A proposal will be selected on or before April 1, 2015 barring decision by the Board of Trustees to reject all proposals submitted or some unforeseen circumstance.