

CHILD CARE OF THE BERKSHIRES, INC.

Request for Proposal

**for Audit Services for a Three-Year Contract,
Beginning with the Fiscal Year 7/1/21-6/30/22, and an Option for 2 One-year Renewals**

INQUIRIES AND PROPOSALS SHOULD BE DIRECTED TO:

Name: Sharon Pessolano

Title: Director of Finances

Entity: Child Care of the Berkshires, Inc.

Address: 210 State Street, North Adams, MA 01247

Phone: (413) 663-6593

Email: spessolano@ccberkshire.org

I. General Information

A. Purpose:

Child Care of the Berkshires, with administrative offices located at 210 State Street, North Adams, MA 01247, is seeking proposals for professional accounting services including the financial and compliance audit and completion of the Uniform Financial Report for FY 2022 ending 6/30/2022. The due date for UFR submission to the Commonwealth of Massachusetts is November 15, 2022. A three (3) year contract will be awarded with an option for two (2) one year renewals.

B. Inquiries

Inquiries concerning the RFP should be directed to Sharon Pessolano, Director of Finances, at (413) 663-6593 or spessolano@cberkshire.org.

Instruction on Proposal Submission

1. Proposals must be submitted and received no later than 4:30 p.m. on May 13, 2022 with anticipation of awarding the contract by May 27, 2022.
2. All proposals must be submitted in a sealed envelope clearly marked:

Proposals for Child Care of the Berkshires' Audit FY 22
Attention: Sharon Pessolano, Director of Finance

3. Child Care of the Berkshires, Inc. reserves the right to reject any and all proposals and to waive any and all formalities if it is deemed to be in the best interest of the Agency. All proposals will receive consideration without regard to race, color, creed, age, sex, religion or national origin.

- II. Child Care of the Berkshires, Inc. is a private nonprofit corporation, a tax exempt organization under 501 (C)(3) of the Internal Revenue Code. The agency's fiscal year begins July 1 and ends on June 30. The Agency has a current annual budget of \$4,500,000 for FY 22.

The programming of Child Care of the Berkshires, Inc. includes:

Child Care of the Berkshires operates three child care centers and a county-wide Family Child Care System. These services are funded by contracts with Department of Early Education and Care (EEC) and private fees. Other funding includes a variety of grants from the United Ways, local towns and cities, private foundations and the Commonwealth of Massachusetts. The child care programs also receive funding through the Commonwealth of Massachusetts, Nutrition Program Services, for providing meals and snacks in the child care programs.

The Agency operates Family Support and Family Education programming through contracts with Department of Children and Families, Children's Trust, the Department of Early Education and Care and the Department of Public Health. These programs are also supported with monies from municipalities, private grants, and United Ways.

Child Care of the Berkshires employs approximately seventy (70) full and part-time employees with a payroll in excess of \$2,500,000.

Child Care of the Berkshires received approximately \$1,800,000 in federal funds in FY 21.

III. Accounting System

- A. All accounting records are kept in the Administrative Offices of Child Care of the Berkshires at 210 State Street, North Adams, MA 01247. Client records for various programs are housed within the program offices.
- B. Accounting records are maintained on an accrual basis. The records are maintained in accordance with generally accepted accounting principles, as well as with applicable federal and state regulations.
- C. Records are maintained in-house using a computerized Sage 5 Accounting Package which is updated bi-annually. The payroll is processed by Paylocity and parent tuition accounts are maintained on a Procure software program. Any data from other sources not processed on the Sage 50 system is summarized monthly for input to the General Ledger.
- D. Each program has revenue and expense coded separately for on-going budget and analytical purposes as well as for reporting on the Uniform Financial Report.
- E. Currently, most annual reports required by external regulatory agencies are completed by the auditing firm, and should be included in the auditing proposal. These include:
 - 1. The Certified Audit
 - 2. The MA Uniform Financial Report (UFR)
 - 3. Secretary of State Annual Report
 - 4. IRS Form 990

A private consulting firm completes the 5500 for the agency.

- F. Child Care of the Berkshires transacts bank business with Adams Community Bank. It maintains one (1) operating account, one (1) major savings account for reserve funds, and a Line of Credit of \$100,000. In addition, a Board Reserve Investment Account is deposited with the Berkshire Taconic Community Foundation the Board Fund Raising Account is with Greylock Federal Credit Union. The authorized signatures on the corporate accounts are those of the President & Chief Executive Officer, the Program Manager of Family Support Services and/or a designated board member. Checks in excess of \$5,000 require two signatures.

An appropriate differentiation of duties is maintained within the accounting department. An Internal Control document is on file and updated as necessary.

The firm of Adelson & Company, PC has completed our most recent audit and had been retained for this purpose for the past six years.

IV. Nature of Services Required

Annual Audit Resulting in Audited Financial Statements/Uniform Financial Report

The corporation is subject to the filing requirements of the Commonwealth of Massachusetts Uniform Financial Report and Independent auditors' report. We will require an agency-wide audit of the basic financial statements, conducted by an independent auditor that will result in an independent auditor's report that expresses an opinion in accordance with generally accepted auditing standards and the additional requirements of generally accepted government standards.

The auditor will be expected to determine whether the financial statements of the corporation present fairly the financial position, results of operation, cash flows or changes in financial position in accordance with generally accepted accounting principles and whether the corporation has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

The auditor will be expected to obtain a sufficient understanding of the internal control structure of the corporation to plan the audit and to determine the nature, timing, and extent of tests to be performed. Obtaining this understanding should include, identifying the significant internal controls or control structure including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements and reportable conditions, including the identification of material weaknesses, identified as a result of the auditor's work in understanding and assessing the control risk.

A test must also be made of compliance with the applicable laws and regulations under which the corporation functions. This requires the auditor to design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts that have a direct and material effect on the financial statement amounts. The auditor must also be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements. In addition, the auditor must report all material instances of noncompliance and all instances of indications of illegal acts, which could result in criminal prosecution.

The auditor will also be expected to perform a review as a part of the audit. A review consists principally of inquiries of agency personnel and the analytical procedures applied to financial data. The auditor will be required to possess a level of knowledge of the accounting principles and practices of the industry in which the corporation operates and an understanding of the agency's business. The auditor's inquiries and analytical procedures should consist of the following:

- A. Inquiries concerning the corporation's accounting principles and practices and methods followed in applying them.

- B. Inquiries concerning the corporation's procedures for recording, classifying and summarizing transactions and accumulation information for disclosure in the financial statements.
- C. Analytical procedures designed to identify relationships and individual items that appear to be unusual.
- D. Inquiries concerning actions taken at Board of Directors meetings that may affect the corporation's financial statements.
- E. Obtaining reports from other accountants, if any, who have been engaged to audit or review the financial statements of the corporation.
- F. Inquiries of persons having responsibility for financial and accounting matters concerning:
 - 1. Whether the financial statements have been prepared by consistently applying and in conformity with generally accepted accounting principles.
 - 2. Changes in the corporation's business activities or accounting principles and practices.
 - 3. Matters as to which questions have arisen in the course of applying the forgoing procedures.
 - 4. Events subsequent to the date of the financial statements that would have a material effect on the financial statements.

A-133 Audit

The audit services are performed in compliance with *OMB Circular A-133* and tests of transactions and applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for each of Child Care of the Berkshires' major programs.

Working Papers

All work papers pertaining to the audit must be retained for at least three (3) years or longer if mandated by regulation. The working papers must be available for examination by authorized representatives of Federal Audit Agencies, the General Accounting office, the Commonwealth of Massachusetts, the Division of Purchased Services and authorized representatives of the Child Care of the Berkshires Inc.

V. Qualifications of the Auditor

The following information must be furnished by all respondents:

- A. An affirmation that the auditor is properly licensed for public practice as a Certified Public Accountant or a Public Account in the Commonwealth of Massachusetts. A copy of the appropriate license is required as documentation.
- B. An affirmation that the auditor meets the independence requirements of the “Government Auditing Standards, Standards for Audit of Organizations, programs, activities, functions,” published by the U.S. General Accounting Office.
- C. An affirmation that the auditor does not have a record of substandard audit work. This can include evidence of positive enforcement actions or other evidence showing the caliber of professional qualifications.
- D. A copy of the last quality control review report that was issued by a quality control review team of the auditor’s quality control policies and procedures and its conformity with professional standards.
- E. An affirmation that the auditor is eligible to perform audits of the UFR per regulations of the Commonwealth of Massachusetts, Department of Purchased Services.
- F. A listing of the number of UFR audits prepared by the auditor/audit firm during each of the previous two fiscal years and a listing of the number of staff from the firm attending the UFR training sessions conducted by the Division of Purchased Services for the same two year period.
- G. A list of three references.

VI. Time Requirements

It is expected that the selected audit firm will work with Child Care of the Berkshires, Inc. to draft a plan which will assure a timely audit, and meet the needs of the auditors to provide audited reports and filings within mandated deadlines.

For subsequent audit years, it is understood that pre and post audit planning will follow a work plan assuring all mandates are met within acceptable time frames to Child Care of the Berkshires, Inc.

Staff of Child Care of the Berkshires, Inc., will make every effort during all phases of the audit process, to provide any assistance necessary to assure a timely completion of the audit. The Accounting Specialist will provide a Trial Balance complete with end-of-year accruals and General Journal entries. The Finance Director (or other designee) will complete the Uniform Financial Report, make all computer entries and forward the UFR to the accounting firm for final review. The fiscal staff will be available to pull documentation, reproduce documents, etc. from lists provided by the Auditor. An audit work area, suitable for the purpose, will be provided.

VII. Format of the RFP Response

Respondents should format the response as follows:

A. Title Page

Include the name of independent auditor, local address, telephone number, name and title of the contract person and the date of submission of the proposal.

B. Table of Contents

C. Letter of Transmittal that Should Contain the Following Information:

1. Brief understanding of the audit service to be performed.
2. Positive commitment to perform the service within the time period specified.
3. Names of persons authorized to represent the auditor, their title, address and phone number.
4. Reference to a sealed envelope that contains the all-inclusive fee for which the audit work will be done. These amounts should not be divulged elsewhere in the proposal.

D. Profile of the Independent Auditor. Please include:

1. The organization and size of the auditor and whether it is regional, national, or international in operations.
2. Location of the office from which the work is to be done and the number of professional staff, by staff level, employed at that office.
3. Description of the range of activities performed by the local office such as auditing, accounting, tax service, or management services.
4. Positive statement showing that the following mandatory criteria are satisfied:
 - a. Affirmation that the auditor is properly licensed for public practice as a certified public accountant or a public accountant.
 - b. Affirmation that the auditor meets the independence requirements of the "Government Auditing Standards for Audit of Organizations, programs, activities, and function," published by the U.S. General Accounting Office.
 - c. Affirmation that the auditor does not have a record of substandard audit work.
 - d. Affirmation that the auditor has met all the requirements of and participated in a program of quality control review in accordance with the provisions of the "Government Auditing Standards, Standards for Audit of Organizations, programs,

activities and function,” published by the U.S. General Accounting office.

e. Affirmation from the auditors concerning the American Institute of Certified Public Accountants, Interpretation 501-3 failure to follow standards and/or procedures or other requirements in governmental audits.

f. Affirmation that the auditor has attended relevant training and seminars required by the Commonwealth.

E. Summary of the Proposer’s Qualifications

1. Identify 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 for the auditor in charge up to the individual with final responsibility for the engagement, should be included. Brief biographical information of the partners and principals of the firms should also be provided.
2. Experience similar to the type of audit which we are requesting. Please include the names and telephone numbers of client officials responsible for three of the audits listed as references.

F. Proposer’s Approach to the Examination

Submit a work plan to accomplish the scope defined in the proposal. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named and their titles provided.

G. Report Requirements

Please submit specimen copies of applicable audit reports and report letters.

H. Time Requirements

Please detail your plan to meet the time line and reporting deadline requirements of the engagement.

I. Compensation

Information submitted related to the cost of services being offered should be submitted in a sealed envelope separate from, but together with the proposal. This information should be presented in a detailed manner which identifies the hourly rate of individuals and the hours budgeted for each of the individual’s participating in the engagement.

VIII. Proposal Review and Selection

The proposals will be evaluated by the appropriate Board members, with possible input from designated staff and an audit firm will be selected.

After the final decision, the audit firm selected will be expected to submit a letter of intent confirming terms of the contract.

IX. Right to Reject

Child Care of the Berkshires, Inc. reserves the right to reject any and all proposals submitted and to request additional information from all respondents. Any contract awarded will be made to the independent auditor who, based on evaluation of all responses, is determined to be the best qualified to do the audit. The agency also reserves the right to cancel the contract award at any time if conditions of the contract are not met or if the work relationship is deemed to be unsatisfactory.

X. Addendum

Child Care of the Berkshires anticipates that responding audit firms will include in the proposals any other relevant accounting regulations not addressed in this RFP.