



# **Request for Proposal Audit & Tax Services**

ChildNet, Inc. and Affiliate (“ChildNet”) is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements and its pension plan (403B) and submit audit compliance reports to the State and Federal authorities responsible for monitoring use of State and Federal funds.

The audits will cover the fiscal years ending June 30, 2016, 2017, 2018 with two (2) one (1) year options. These audits are to be performed in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America and various State and Federal compliance guidelines. The attached “Request for Proposal” (RFP) outlines our expectations, terms of engagement, and nature of services required.

In order to provide equal access to proposing firms, each firm will have the opportunity to ask questions. All questions should be directed to Donna Skees at [dskees@childnet.us](mailto:dskees@childnet.us) between April 29, 2016 and May 5, 2016. All questions and answers will be addressed via posting on the ChildNet website to be available to all firms. Questions and answers will be posted at <http://www.childnet.us/portal/request-for-proposals> on May 9, 2016. This will be the only source of official information regarding this RFP.

Three (3) hard copies and one (1) email copy of a proposal must be received at ChildNet’s office, located at 1100 West McNab Road, Fort Lauderdale, FL 33309 by May 20, 2016 at 2pm. The proposal document should not exceed 25 pages, including attachments and appendices. The Audit Committee will then review the proposal with those received from other firms. We may request additional information or clarification from your firm during this evaluation process. At the discretion of ChildNet, firms submitting proposals may be requested to make oral presentations as part of the evaluation process. The successful firm will be notified of its selection and, along with ChildNet staff, will begin the process of developing and executing an engagement agreement, so that the selected firm can begin work in July 2016.

ChildNet will not reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

As indicated in the body of this RFP document prior year audited Financial Statements are available on the ChildNet website ([www.childnet.us](http://www.childnet.us)). Donna Skees will be your primary contact during the proposal stage. You may call her with questions at 954-414-6000 ext 3610. Please do not call, or otherwise contact, other members of ChildNet’s management, staff or Board of Directors. Any firm violating this restriction may be removed from consideration.

Sincerely,

Ainsworth Geddes  
Chief Financial Officer

# **ChildNet, Inc Request for Proposal Audit & Tax Services**

**Issued: April 28, 2016**

**CN 2015-02**

## **Nature of services required**

### ***General***

ChildNet, Inc. and Affiliate (“ChildNet”) is soliciting the services of qualified firms of Certified Public Accountants to audit its financial statements and pension plan (403B) for the fiscal years ending June 30, 2016, 2017, 2018 with two (2) one (1) year renewal options.

These audits are to be performed in accordance with the provisions contained in this Request for Proposal.

### ***Terms of engagement***

A contract totaling three (3) years is contemplated, subject to

1. Recommendation by the Audit Committee, and
2. Approval by the Board of Directors
3. A review after the first year.

### ***Scope of work to be performed***

ChildNet desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles, and to perform compliance audits required by State and Federal authorities.

### ***Audit standards to be followed***

ChildNet’s audits shall be performed in accordance with generally accepted auditing standards, and with the provisions set forth in OMB Circulars, Section 215.97 of the Florida Statutes and Chapter 10.650 of the Rules of the Auditor General (Florida).

## ***Reports to be issued***

### **Auditor's Reports**

The auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

The auditor will prepare reports as required by the Florida Single Audit Act, and by OMB Circulars.

On behalf of ChildNet and Broward Cares for Kids, the auditor will prepare the IRS Form 990 "Return of Organization Exempt from Income Tax" And the Form 5500 for the retirement plan, and Form 1120 for Tech Care for Kids, Inc.

### **Management Letter**

The Auditor shall communicate in a letter to management (if necessary) any items involving the internal control structure, which are not deemed to be reportable conditions.

### **Reporting to the Board of Directors**

Auditors shall assure themselves that the Audit Committee is informed of the required communications under GAAS, which include each of the following:

- The auditor's responsibility under generally accepted auditing standards
- Significant changes in accounting policy
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing audit
- Any reportable conditions found in performing the audit

### **Irregularities and illegal acts**

Auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the Chair of the Audit Committee.

## ***Working paper retention and access to working papers***

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years after the end of each audit, unless the firm is notified in writing by ChildNet of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to ChildNet, and/or State or Federal auditors.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## ***Technical Assistance***

It is expected that the audit firm will provide technical assistance throughout the contract period to ChildNet staff.

## **Description of ChildNet**

### ***Name of contact Person***

The auditor's principal contact with ChildNet will be its Chief Financial Officer, Ainsworth Geddes, or a designated representative, who will coordinate the assistance to be provided by ChildNet to the auditor.

### ***Background information***

ChildNet is a private, not for profit organization created specifically to manage the child protection system in Broward County as part of a statewide program to transfer the responsibility for child protection, foster care, adoptions and related services to community based organizations.

ChildNet's fiscal year begins on July 1 and ends on June 30.

ChildNet currently has a total payroll of about \$20 million and has a staff of approximately 470 persons.

ChildNet's principal source of funding are two contracts with the Florida Department of Children and Families for Broward and Palm Beach counties which amounts to around \$113 million. ChildNet also has several smaller contracts with other agencies such as the United Way; total income from all these contracts does not exceed \$1 million.

More detailed information on ChildNet's programs can be found on our website, [www.childnet.us](http://www.childnet.us).

### ***Basis of accounting***

ChildNet prepares its financial statements on an accrual basis, consistent with generally accepted accounting principles.

### ***Pension plans***

ChildNet maintains a 403(b) pension plan.

### ***Magnitude of finance operations***

The finance department is headed by a Regional Controller, and consists of fourteen employees. Twelve employees support general accounting functions and state specific recording functions, and two employees work primarily on managing client trust funds.

### ***Availability of prior audit reports***

ChildNet's prior audit reports are available to proposers to aid their response to this Request for Proposal. PDF versions of these reports can be accessed by following the "Annual Reports" link which appears on the "About ChildNet" page of the ChildNet website at [www.childnet.us](http://www.childnet.us).

## **Time Requirements**

### ***Proposed calendar***

The following is a list of key dates:

Request for Proposals issued – April 28, 2016

Deadline for Receipt of Written Questions – May 5, 2016

Mandatory Pre Audit Conference May 11, 2016, 2pm

Due date for proposals – May 20, 2016

Selection of Auditor – June 2016

Confidentiality agreement and Contract signed – June 20, 2016

### ***Audit commencement***

It is anticipated ChildNet will have all records ready for audit and all management personnel available to meet with the auditing firm's personnel in late June, 2016.

### ***Audit schedule***

The selected firm will establish an audit schedule with ChildNet staff.

### ***Date final report is due***

Typically the draft financial statements, notes and all required supplementary schedules are presented to ChildNet's Audit Committee in December. The Final reports are submitted to the Board of Directors for approval.

## **Assistance to be provided to the auditor and report preparation**

### ***Finance department and clerical assistance***

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the firm.

### ***Preparation of statements and schedules***

The staff of ChildNet will prepare the schedules and statements as agreed to in the client assistance request.

### ***Work area, telephones, photocopying, and fax machines***

ChildNet will provide the auditor with reasonable workspace, desks and chairs. Auditors will also be provided with access to telephone lines, internet access, photocopying facilities and fax machines subject to reasonable restrictions.

### ***Report preparation***

Report briefing and editing shall be of responsibility of the firm. Draft and final report printing will be the responsibility of the firm.

## **Proposal requirements**

Proposals shall be presented in three (3) hard copies and one (1) email copy to [dskees@childnet.us](mailto:dskees@childnet.us) as follows:

1. Brief statement of understanding of the work to be done and a positive commitment to perform the work within the specified time period.
2. Presentation of names of individuals who will be authorized to make representation on behalf of the audit firm, including title, address, telephone number and email address of each.
3. Explanation of the size and structure of audit firm
4. Listing of the number of people, individual experience level, and qualifications of the individuals that are expected to conduct the audit for ChildNet. Describe the experience of the audit manager/senior who will be assigned to the audit and the expected percentage of time that individual will be on site. The firm should also provide information on the not-for-profit and government auditing experience of key personnel.
5. Listing, including references, of the most significant engagements (maximum of 5) performed in the last five (5) years for other not-for-profit entities that are similar to the engagement

described in this Request for Proposal. Also, please include those clients with annual revenues greater than \$20 million.

6. The level of the firm's technical experience in dealing with compliance audits relative to OMB Circulars, and the Florida Single Audit Act.
7. The firm's approach to performing the audit to include at least the following:
  - i. type of audit program used,
  - ii. use of statistical sampling,
  - iii. organization of the audit team and estimate of total job hours by level,
  - iv. management letter,
  - v. assistance expected from ChildNet staff,
  - vi. timeline for conducting the audit and
  - vii. any plans for subcontracting audit tasks
8. The fixed (all-inclusive) fee quote for the audit and tax for fiscal years 2016, 2017 and 2018. The audit proposal may not be withdrawn for a period of ninety (90) days from the date the proposals are opened.
9. An affirmation that none of the principals in the firm have any governance relationship with ChildNet, and a disclosure of any familial ties between the firm's principals and any of ChildNet's Directors or employees.
10. Inquiries concerning the Request for Proposal and the subject of the Request for Proposals may be made to:

Donna Skees  
(954) 414-6000 ext. 3610 or [dskees@childnet.us](mailto:dskees@childnet.us)

## **Evaluation procedures**

### ***Evaluation criteria***

Proposals will be evaluated using the following criteria:

- The firm's prior experience with audits for not-for-profit entities
- Technical experience of the audit firm, especially with respect to Florida Single Audit and OMB requirements
- The experience and professional qualification of the audit team
- Cost of the auditing services
- Other supportive considerations as documented by the firm submitting the proposal

### ***Oral presentations***

During the review of the proposals, the Audit Committee may, at its discretion, request any one or more firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the team may have on the firm's proposal. Not all firms may be asked to make oral presentations. ChildNet will not be liable for any costs incurred by the firm in connection with such presentations (i.e. travel, reproduction costs, etc.)

### ***Final selection process***

1. Proposal must be prepared in compliance with provisions of this RFP. Failure to comply with all provisions may result in disqualification.
2. Proposal must be received by mail or delivery by 2 pm, May 20, 2016. Any proposal received after such time will not be considered.
3. The ChildNet Audit Committee may take up to 14 days to review all proposals received. The Audit Committee will meet to rank the proposal and determine next steps.
4. ChildNet's Board will select an audit firm after hearing the recommendation of the Audit Committee. ChildNet reserves the right to negotiate a satisfactory contract (including prices) with any firm.
5. ChildNet reserves the right to accept or reject any or all proposals, waive any non-material irregularities and technicalities and may, at its sole discretion, request a clarification or other information to evaluate any or all proposals. ChildNet reserves the right, before awarding the contract, to require respondent(s) to submit evidence of qualifications or any other information ChildNet may deem necessary.