

Nueces Center for Mental Health and Intellectual Disabilities
REQUEST FOR PROPOSAL
FY 2022 Annual Financial and Compliance Audit

Nueces County Mental Health Mental Retardation Community Center, d/b/a Nueces Center for Mental Health and Intellectual Disabilities ("herein called NCMHID"), is requesting proposals from public accounting firms with experience performing audits of community mental health/intellectual disability centers to perform the annual financial and compliance audit for fiscal year 2022 and to prepare the federal tax return (Form 990).

PROFILE OF NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITES

NCMHID is a local unit of government that provides an array of community-based services to adults and children residing in Nueces County. The goal of NCMHID is to help individuals in Nueces County overcome the problems associated with mental health and/or intellectual and developmental disabilities by ensuring the availability of quality services. The agency employs approximately 409 positions with 300 active staff and clients.

I. BACKGROUND INFORMATION

Auditing requirements for NCMHID are contained in the current Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.

NCMHID's Fiscal Year 2022 operating budget was approximately \$25.4 million. NCMHID received federal and state financial assistance for numerous programs, the more significant of which include the Texas Department of State Health Services, the Texas Department of Aging and Disability Services, the Texas Department of Assistive and Rehabilitative Services, and Medicaid. Included as part of Request for Proposal packet are relevant excerpts of the current fiscal year operating budget (See Attachment B). A copy of the financial and compliance audit for the previous fiscal year is attached (See Attachment C).

A. Purpose of the Audit

The purpose of the Request for Proposal is to obtain the services of a public accounting firm for the annual financial and compliance audit for fiscal year 2022. The organization-wide audit will encompass the general purpose financial statements, combining statements and other schedules for NCMHID for the fiscal year ending August 31, 2022. The audit is to be performed in accordance with generally accepted auditing standards (*GAAS*), especially *SAS 117* on compliance auditing as applied to governmental entities and recipients of financial assistance, *Government Auditing Standards*, issued by the Comptroller of the United States, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, current Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers, the State of Texas Uniform Grant Management Standards* (UGMS), the Single Audit Act of 1996 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 operations, and cash flows in accordance with generally accepted accounting principles, and (2) whether NCMHID 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 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 NCMHID'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 noncompliance required to be reported under *Government Auditing Standards* will be reported to NCMHID.

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) 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 will be reported to NCMHID.

B. Independent Auditor

The proposer must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards. Public accounting firms that have performed annual audits for similar entities are encouraged to file a proposal.

C. Term of the Audit Engagement

The contract for audit services based upon approval of the NCMHID Board of Trustees will be for the fiscal year ending August 31, 2022 (September 1, 2021 - August 31, 2022). NCMHID may request to extend this agreement for up to FIVE (5) additional one-year terms through the fiscal year ending August 31, 2027, following satisfactory delivery of the services specified in the proposal and engagement letter. The agreement can be terminated for cause.

D. 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 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:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental 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;
4. 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 NCMHID and any of the members of the NCMHID's Board of Trustees; and
5. Provide the Certification Number with Expiration Date if the firm is certified as a State of Texas Historically Underutilized Business (HUB). If not certified as a HUB, identify if the firm is eligible for certification and the HUB criteria met.

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 organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review within the past 36 months and whether in the most recent review an unqualified report was issued (a copy of the peer review report must be provided to NCMHID);
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 centers and preparation of the federal tax return (Form 990) 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, in terms of job positions in the firm;
7. 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 verifiable educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing

received by the proposed audit team during the last two (2) years;

9. Provide the names and qualifications of any needed outside specialists and consultants that will assist the proposer's staff members;
10. Describe the level of assistance that will be expected from NCMHID personnel; and
11. Provide evidence of the ability to comply with the requirements in Sections II and VII of the Request for Proposal.

D. Task/Activity Plan

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

E. Evaluation

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

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 and separately state the cost for the preparation of the federal tax return (Form 990).

BHCNC 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 sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. 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 NCMHID.
- c. A total all-inclusive maximum price for the fiscal year 2022 engagement as described in this Request for Proposal separately stating the cost for the preparation of the federal tax return (Form 990). Describe how pricing would be affected if this were a multi-year contract.

B. Manner of Payment

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

IV. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

All proposals in response to this request must meet the following conditions to be considered:

- A. Proposal 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. NCMHID 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. NCMHID reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The proposer shall furnish such additional information that NCMHID may reasonably require;
- F. NCMHID will not be liable for any cost incurred in the preparation of proposals; and
- G. NCMHID may ask proposers to send a representative for an oral interview prior to the Board of Trustees approval of a proposal. NCMHID will not be liable for the costs incurred by the proposer in connection with such interview.

V. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Electronic Delivery

Responses to the Request for Proposal may be submitted electronically via email to:
Nueces Center for Mental Health and Intellectual Disabilities
Rene R. Mendiola, Chief Financial Officer
Email: rmendiola@ncmhid.org

On the subject line identify “Confidential: RFP Audit Response”
Request confirmation receipt to ensure that submission has been received.

Mail Delivery

Responses to the Request for Proposal must be sent by certified mail, special carrier or hand delivered and addressed to:

Nueces Center for Mental Health and Intellectual Disabilities
Attention: Rene R. Mendiola, Chief Financial Officer
1630 So. Brownlee Blvd.
Corpus Christi, TX. 78404-3134
(361) 886-1337
CONFIDENTIAL: AUDIT RFP

Hand Delivery

Nueces Center for Mental Health and Intellectual Disabilities
Attention: Rene R. Mendiola, Chief Financial Officer
1630 So. Brownlee Blvd.
Corpus Christi, TX. 78404-3134
(361) 886-1337
CONFIDENTIAL: AUDIT RFP

Proposals must be received no later than April 29, 2022 at 3:00 p.m., Central Standard Time

B. Number of Copies of Proposal

Submit one hard copy (1) original and five (5) copies each of the technical proposal and sealed dollar cost bid. The technical proposals are to be bound and sealed in a separate envelope from the sealed dollar cost bids. Each envelope must be clearly marked as "Technical Proposal" or "Sealed Dollar Cost Bid."

If the submission is electronic, submit one complete proposal.

VI. ASSISTANCE TO PROPOSERS

Proposers may contact Rene R. Mendiola (361) 886-1337 for technical assistance regarding the RFP process and Miguel Gutierrez (361) 886-1027 for technical assistance regarding NCMHID's financial systems. Such requests must be in writing. Center staff responses to information requests will be provided to all who have indicated an interest in responding to the RFP.

VII. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide 20 copies of the written audit report and single audit report that meet the requirements of current *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.
- B. On or before January 8, 2023, the preliminary draft of the reports will be presented to NCMHID 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 15, 2023.
- D. The independent auditor will be required to present the reports to the BHCNC Board of Trustees' Operations Committee and the NCMHID Board of Trustees at the January board meetings unless an extension is required.
- 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 NCMHID and as provided for in the engagement letter. The independent auditor will make its working papers available for review by NCMHID's coordinating agency.

VIII. BOARD OF TRUSTEES APPROVAL

A proposal will be selected on or before May 26, 2022 barring unforeseen circumstances or a decision by the Board of Trustees to reject all proposals submitted.

ATTACHMENT A

Criteria for Scoring the RFP

The following criteria will be used to evaluate responses. Points within the ranges specified will be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the proposals received. In the event that oral interviews are necessary to break a tie or for making 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.

MANDATORY CRITERIA: Proposals will NOT be considered for further evaluation unless there is compliance with ALL of the following criteria.			
MANDATORY CRITERIA		Met?	Not Met?
1.	Must be an independent auditor properly licensed for public practice in Texas.		
2.	Firm must have experience performing annual financial and compliance audits within the past three (3) years for Community mental health/intellectual disability centers.		
3.	Must meet the independence standards and continuing education requirements of <i>Government Auditing</i> United States General Accounting Office (GAO).		
4.	Must be a member of an external review quality control review organization. Proposer must provide the name of the external review organization of which it is a member, the length of time of membership and the frequency of the firm's planned peer review.		
5.	Firm must have had a peer review conducted within the past three (3) years and, in the most recent review, have an unqualified report issued.		
6.	Firm must not be under the terms of a public or private reprimand by the State of Texas Board of Public Accountancy and/or licensing boards of other states.		
7.	Firm must provide verifiable evidence that it is eligible to do business in the State of Texas.		
8.	Must submit a proposal meeting all of the requirements of the Request for Proposal.		

PROPOSALS WHICH HAVE MET EACH OF THE MANDATORY CRITERIA LISTED ABOVE WILL BE EVALUATED ON THE FOLLOWING CRITERIA:

EVALUATION CRITERIA		Weighting
1	Qualifications of the Audit firm <ul style="list-style-type: none"> • The experience of the audit firm in performing annual and compliance audits and preparation of the federal tax return (Form 990) for Community mental health/intellectual disability centers in Texas with Single Audit Requirements within the past three (3) years. • The opinions of prior clients of the audit firm. • The results of the latest peer review of the firm. • Certification or eligibility to be certified as a State of Texas Historically Underutilized Business (HUB). 	20 Points
2	Qualifications of the Audit Team <ul style="list-style-type: none"> • The collective experience of the team to be assigned to the audit. • The specifications in the proposal, in concrete language, of the education and experience in the type of work that the audit entails of the key personnel. The experience is explained in terms of specific audit engagements. • The professional continuing education in governmental accounting and 	

	auditing of key personnel explained in detail.	15 Points
3	<p>Audit work plan reflects a clear understanding of the work to be performed</p> <ul style="list-style-type: none"> • The proposal contains a comprehensive work plan including schedule of interim and final fieldwork to meet the January financial report review deadline. • The plan contains a realistic estimate of time required to complete the audit and meet the requirements in Section VII of the Proposal. • The proposal indicates that the proposer will use (1) a systematic approach to examining systems and internal controls and (2) effective procedures, including consideration of risk and materiality, to determine the extent of audit testing and review necessary. • The proposal identifies the level of assistance needed from NCMHID personnel • The ease of accessibility of the audit team to NCMHID personnel. 	20 Points
4	<p>Subsequent year approach and continuity of knowledge</p> <ul style="list-style-type: none"> • The proposal addresses how the approach to audit would be affected if the contract were a multi-year one. • The firm’s approach to senior staff rotation, notification of changes in key personnel and the ability to maintain a continuity of knowledge during subsequent years. 	10 Points
5	The inclusive fee for the audit and for the preparation of the federal tax return (Form 990) with maximum annual increases identified offers maximum benefit and cost effectiveness.	35 Points
	TOTAL MAXIMUM SCORE AVAILABLE	100 Points

ATTACHMENT B

**NUECES CENTER FOR MENTAL HEALTH AND
INTELLECTUAL DISABILITIES
FY 2022 Budget**

REVENUE		
Account Description	Code	
City	4001	64,000
Hospital District	4005	969,129
Patient Fees	4015	1,688
CHIP Patient Co Pay	4016	1,692
Patient Ins & Reimbursement	4017	16,181
Miscellaneous Income	4020	24,835
Interest	4025	7,393
Community Health Worker Grant	4056	464,000
NISH NAS CCAD Custodial	4063	2,568,379
MFP - HUB	4064	572,264
Supported Housing	4065	416,043
PESC	4066	300,684
Outpat Competency Restoration	4067	207,327
Hospital District Juvenile	4111	11,008
Jail Services	4113	2,500,000
NCHD Services	4114	1,910,000
TIBH Litter (TXDOT)	4116	213,072
Medicare	4120	53,034
MDCD Service Coordination MH	4122	281,886
MDCD Service Coordination ID	4123	1,109,184
MDCD Rehab	4124	633,528
TIBH Grounds Maint (TXDOT)	4126	56,243
MDCD Other	4128	247,440
MDCD Administrative Claiming	4130	237,667
HCS	4131	1,230,291
TxHmL	4132	65,163
IDD Crisis	4133	178,627
CHIPS	4135	3,879
Dental/AA/HmMod	4136	55,690
IDD CLOIP	4138	166,449
Mobile Crisis Outreach	4139	333,889
TCOOMMI	4140	572,716
Transitional Services	4141	44,872
Intensive On Going Services	4142	94,024
Veterans	4143	70,000
1115 Waiver Project	4155	2,758,203
Mental Health First Aid	4174	106,050
OAG Crime Victims	4187	42,000
General Revenue MH	4271	4,886,196
MH Block Grant	4272	427,153

General Revenue IDD	4273	544,692
Title XX TANF	4276	182,032
Title XX SS Block Grant	4278	67,735
IDD Permanency Planning	4279	8,244
OBRA / PASRR	4283	65,702
YES Waiver	4353	30,000
PATH Grant	4354	243,751
Transfers In	4905	342,670
TOTAL REVENUE		25,386,705

EXPENSE		
Salaries Classified	5120	12,865,128
FICA	5210	772,126
FICA Medicare	5211	181,155
Retirement	5220	696,097
Health Insurance	5230	975,699
Life Insurance	5233	10,948
Workers Comp Staff	5240	127,777
SUTax	5250	91,351
H & W Benefits Staff	5255	210,662
Travel Local	5310	84,047
Travel Other	5320	114,391
Training	5340	128,412
Pharmaceuticals	5410	63,009
Food Client	5420	15,574
Food Other	5421	2,721
Supplies Office	5430	63,189
Supplies Medical	5433	52,849
Supplies Program	5434	315,347
Furn & Equip less than \$2 500	5511	194,302
Capital - Vehicles	5520	88,538
Debt Service	5590	161,161
Debt Issuance	5595	25,306
Occupancy	5610	184,961
Building Repairs & Maintenance	5620	206,803
Construction & Renovation	5630	49,000
Contract Non Clinical	5720	1,164,988
Consultant Internal Provider	5721	1,383,967
Contract Organization Internal	5722	213,908
Consultant External Provider	5723	25,986
Contract Organization External	5724	920,149
Contract Foster Care	5725	707,452
Laboratory	5726	4,280
Telephone	5810	188,172
Postage	5811	17,184
Insurance Property	5815	219,449
Insurance Vehicle	5816	61,615

Insurance Other	5817	66,624
Wages Client	5820	730,290
FICA Client	5821	45,279
FICA Medicare Client	5822	10,591
SUTA Client	5823	4,063
Workers Comp Client	5825	4,968
H & W Benefits Client	5826	223,453
Utilities	5840	178,891
Professional Fees & Dues	5850	142,970
Printed / Educational Material	5860	81,823
Recreational Activities	5870	2,569
Internal Work	5910	259,256
Vehicle Operation/Maintenance	5920	54,933
Equipment Lease & Maintenance	5940	520,156
Client Support	5970	65,179
Supported Housing Costs	5971	377,956
Miscellaneous Expense	5980	30,001
TOTAL EXPENSES		25,386,705

SUMMARY

SALARIES	12,865,128
FRINGE	3,065,815
DEBT SERVICE	161,161
CAPITAL	137,538
OTHER OPER EXP	9,157,063
TOTAL EXPENSE	25,386,705
REVENUE	25,386,705
REVENUE - EXPENSE	0

ATTACHMENT C

THE NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2021 IS
AVAILABLE UPON WRITTEN REQUEST.