

COMMUNITY ACTION PARTNERSHIP of KERN
BOARD OF DIRECTORS
AUDIT & PENSION COMMITTEE MEETING
5005 Business Park North
January 14, 2016
12:00 p.m.

AGENDA

1. **Call to Order**

2. **Roll Call**

Craig Henderson
Mike Maggard

Yolanda Ochoa
Ana Vigil

Warren Peterson

3. **Approval of Agenda**

4. **Public Forum:** *(The public may address the Committee on items not on the agenda. Speakers are limited to 3 minutes. If more than one person wishes to address the same topic, the total group time for the topic will be 10 minutes. Please state your name before making your presentation.)*

5. **New Business**

- a. Recommendation of Award for Independent Audit Services for the Period March 1, 2015 to February 28, 2018 – Margaret Palmer, Business Manager – **Action Item (p. 1-5)**
- b. Audit Transmittal Report (TR) 15-003 (FYE 2-28-15) from the Department of Community Services and Development – Christine Anami, Director of Finance – **Info Item (p. 6-8)**

6. **Committee Member Comments**

7. **Next Scheduled Meeting**

Audit Committee Meeting
Thursday, April 7, 2016
12:00 p.m.
5005 Business Park North
Bakersfield, California 93309

8. **Adjournment**

This is to certify that this Agenda notice was posted in the lobby of the CAPK Administrative Office at 5005 Business Park North, Bakersfield, and online at www.capk.org by 12:00pm on January 11, 2016. Amanda Norman, Assistant to the Executive Director.

COMMUNITY ACTION PARTNERSHIP OF KERN

MEMORANDUM

To: Audit Committee

From: Margaret L. Palmer, Business Manager

Date: January 14, 2016

Subject: *Agenda Item 5a:* Recommendation of Award for Independent Audit Services for the period March 1, 2015 to February 28, 2018 – Action Item

On September 30, 2015, Request for Proposal No. CAPK_Finance2015-002 (the "RFP") was issued, seeking proposals for the services of an independent certified public accounting firm capable of issuing audit reports in the State of California. The closing submission date was October 29, 2015 and 12 firms submitted proposals on or before the deadline. A selection committee consisting of two board members, Mike Maggard and Ana Vigil, and two staff members, Donna Holland and Carmen Segovia, reviewed all 12 proposals and evaluated them according to the following factors:

1. a. Prior experience auditing a community action agency and/or non-profit agency of similar size, scope and complexity;
- b. Prior experience auditing programs similar to those at CAPK financed by Federal, State of California, county and local government funds;
- c. Prior experience auditing Defined Contribution Pension Plans;
2. Auditor's organization, size, structure and capacity;
3. Staff qualifications and relevant experience; and
4. Auditor's approach to the engagement.

Please see Attachment A, the Procurement Results Summary form ("PRSF"), to which Evaluation Summary and Price Scoring forms are attached. The Evaluation Summary contains a compilation of the scores of the individual selection committee members' evaluations. The selection committee did not evaluate the proposals as to price (item 5). Price was evaluated by Business Services according to the formula contained in the RFP (also shown on the Price Scoring attached to the PRSF). The score for item 5, all-inclusive, not-to-exceed fees, was then entered into the Evaluation Summary Form and the final scores were calculated.

At the request of a member of the selection committee, additional research has been performed on the firms submitting proposals, but was limited to the top four (4) rated firms:

1. Brown Armstrong
2. WIPFLI LLP
3. CohnReznick LLP
4. Daniells Phillips Vaughan & Bock

It should be noted that all firms executed Appendix C, Certifications, attesting that they are properly licensed Certified Public Accountants capable of issuing audit reports in the State of California, and agreed to provide the insurance required under Addendum G, Certification of Worker's Compensation and Addendum H, Insurance Requirements.

The license status for each of the top four (4) firms were verified through the Board of Accountancy for their respective states of origin, except for the State of New York where CohnReznick LLP's main office is located. The State of New York no longer requires licenses. The other three (3) firms were found to have firm licenses in good standing with no disciplinary actions or license restrictions. Although no State license is required in New York, CohnReznick is the tenth largest accounting firm in the U.S. and no evidence of any disciplinary action was found.

In accordance with CFR 200.319(b), the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals is prohibited, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Therefore, no consideration was given to geographic location of the firms.

Any firms not having Community Action Partnership experience were rated accordingly by the selection committee in item 1(a), prior experience.

Recommendation:

Based on the scores of each firm on the evaluation criteria contained in the RFP, Staff requests that the Audit Committee recommend that the Board of Directors select Brown Armstrong to perform audit services for CAPK for the period March 1, 2015 through February 28, 2018, with two (2) one (1) year options to renew.

Attachment: Procurement Results Summary Form (Attachment A)

COMMUNITY ACTION PARTNERSHIP OF KERN

PROCUREMENT RESULTS SUMMARY FORM

Requestor Information

REQUESTED BY:	MARGARET PALMER	PROGRAM/DEPARTMENT:	BUSINESS SERVICES	DATE:	12/8/15
Account Codes:					

Brief Description of Procurement:

RFP issued September 30, 2015, seeking services of an independent certified public accounting firm to perform financial and compliance audits of CAPK.

Procurement Results:

	Vendor	Amount
1	Morse Wittwer Sampson	\$105,500
2	Price Paige & Company	\$ 85,032
3	R.J. Ricciardi, Inc.	\$ 77,267
4	Vasquez & Co. LLP	\$ 87,215
5	WIPFLI LLP	\$ 81,100
6	Bong Hillberg Lewis Fischesser	\$ 74,000

	Vendor	Amount
7	Brown Armstrong	\$ 81,000
8	Cohn Reznick LLP	\$ 89,317
9	Daniels Phillips Vaughan & Bock	\$ 85,000
10	Nigro & Nigro	\$ 76,500
11	Fechter & Company	\$ 64,000
12	Mayer Hoffman McCann	\$ 85,000

Selection:

Brown Armstrong	\$ 81,000
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Proposed Contract Term: 3 years **Aggregate Expenditure Over Term:** \$243,000

Selection Justification: (please use additional sheets as necessary)

See attached Evaluation Summary Form, as well as Price Scoring Spreadsheet and Individual Evaluation Forms. Based on the criteria specified in RFP CAPK_Finance2015-02, it is the recommendation of Business Services that, even though there were lower priced vendors, it would be appropriate to award the contract to Brown Armstrong based on the overall highest score, considering all evaluation factors.

It should also be noted that on the Price Scoring Spreadsheet, for Vendors whose prices varied for each year, points were awarded based on the average price for the initial 3-year period (2016-2018).

Procurement Approval:

		Business Services Use:
		☐ Approved ☐ Not Approved
Manager / Administrator (Up to \$15,000/\$25,000)	Date	Board Approval Required: Yes ☒ No ☐
Director / Finance Director (Up to \$75,000/\$100,000)	Date	
Executive Director (Over \$100,000)	Date	Date of Board Approval

Revised: 05/19/2015

Community Action Partnership of Kern
RFP CAPK_Finance2015-002
Independent Audit Services
8-Dec-15
Evaluation Summary Form

Factor	Maximum	Firm Average Points											
		1	2	3	4	5	6	7	8	9	10	11	12
1 a	20	15.8	19.3	17.0	15.0	19.3	15.8	18.8	18.3	18.3	11.3	14.8	13.3
1 b	15	10.8	11.3	13.8	12.8	15.0	13.5	13.8	11.0	13.8	10.3	11.3	10.3
1 c	5	5.0	3.5	3.5	5.0	5.0	4.3	4.8	5.0	3.8	2.5	2.3	4.8
Subtotal	40	31.5	34.0	34.3	32.8	39.3	33.5	37.3	34.3	35.8	24.0	28.3	28.3
2	15	13.0	13.0	11.3	14.5	12.5	11.3	15.0	14.5	13.8	13.0	11.5	15.0
3	15	13.5	13.5	13.8	14.0	14.8	12.0	14.8	15.0	13.0	13.0	11.0	13.0
4	10	9.0	9.5	9.5	9.3	9.3	8.8	9.0	9.5	9.3	8.5	8.8	9.3
5	20	12.1	15.1	16.6	14.7	15.8	17.3	15.8	14.3	15.1	16.7	20.0	15.1
Total Score	100	79.1	85.1	85.3	85.2	91.5	82.8	91.8	87.6	86.8	75.2	79.5	80.6

Firm	
1	Morse Wittwer Sampson, LLP
2	Price Paige & Company
3	R.J. Ricciardi, Inc.
4	Vasquez & Co. LLP
5	WIPFLI LLP
6	Bong Hillberg Lewis Fischesser
7	Brown Armstrong
8	Cohn Reznick LLP
9	Daniells Phillips Vaughan & Bock
10	Nigro & Nigro PC
11	Fechter & Company
12	Mayer Hoffman McCann

Factor	Description
1 a	Prior experience auditing a community action agency and/or non-profit agency of similar size, scope & complexity
1 b	Prior experience auditing programs similar to those at CAPK financed by Federal, State of California, county and local government funds
1 c	Prior experience auditing Defined Contribution Pension Plans
2	Auditor's organization, size, structure and capacity
3	Staff qualifications and relevant experience
4	Auditor's approach to the engagement
5	All-inclusive, not-to-exceed fees

Price Scoring

Determined as follows:

$$\frac{\text{Price of Lowest Cost Proposal}}{\text{Price of Proposal Being Scored}} \times \text{Maximum Points Available} = \text{Awarded Price Points}$$

Community Action Partnership of Kern
RFP CAPK_Finance2015-002
Independent Audit Services
8-Dec-15
Price Scoring

	Firm	Price Scoring		
		Price	Low Price	Points
1	Morse Wittwer Sampson, LLP	\$ 105,500	\$ 64,000	12.13
2	Price Paige & Company	\$ 85,032	\$ 64,000	15.05 *
3	R.J. Ricciardi, Inc.	\$ 77,267	\$ 64,000	16.57 *
4	Vasquez & Co. LLP	\$ 87,215	\$ 64,000	14.68 *
5	WIPFLI LLP	\$ 81,100	\$ 64,000	15.78 *
6	Bong Hillberg Lewis Fischesser	\$ 74,000	\$ 64,000	17.30 *
7	Brown Armstrong	\$ 81,000	\$ 64,000	15.80
8	Cohn Reznick LLP	\$ 89,317	\$ 64,000	14.33 *
9	Daniells Phillips Vaughan & Bock	\$ 85,000	\$ 64,000	15.06
10	Nigro & Nigro PC	\$ 76,500	\$ 64,000	16.73 *
11	Fechter & Company	\$ 64,000	\$ 64,000	20.00
12	Mayer Hoffman McCann	\$ 85,000	\$ 64,000	15.06

* For Vendors whose prices differed for each year, points were awarded based on the average for the initial 3 year period (2016, 2017, 2018)

Price Scoring

Determined as follows:

$$\frac{\text{Price of Lowest Cost Proposal}}{\text{Price of Proposal Being Scored}} \times \text{Maximum Points Available} = \text{Awarded Price Points}$$



LINNÉ STOUT
DIRECTOR

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EDMUND G. BROWN JR.
GOVERNOR

Choir A.

Audit Committee

December 17, 2015

Jeremy Tobias, Executive Director
Community Action Partnership of Kern
5005 Business Park North
Bakersfield, CA 93309

Dear Mr. Tobias:

SUBJECT: Audit Transmittal Report (TR) 15-003 (FYE 2-28-15)

The Department of Community Services and Development (CSD) has performed a desk review of an audit report submitted to this office by the Community Action Partnership of Kern, or the auditor identified below. This review is conducted in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," Subpart D, Section 400(d), published June 27, 2003.

Auditor: Brown Armstrong, CPAs

Audit Period: 3/1/14 – 2/28/15

Contract Numbers: 13F-3104, 14B-5012, 14B-5102, 14C-1812, 14F-3073, 14F-3089,
14F-3015, 15B-3013, and 15F-2015

Report Date: November 14, 2015 **Date Received:** November 16, 2015

This desk review of the single audit report is to ensure that applicable standards have been met and to determine if there are outstanding matters that must be resolved before the audit is closed. Based on our review, we have the following comments and/or actions required:

CONTRACT NUMBERS: 13F-3104, and 14F-3015

The terms of these contracts were covered in the audited period. Since there were no audit exceptions, we consider these contracts closed.

CONTRACT NUMBER: 14B-5012 (Excess Revenue)

The amount to be carried forward to the 15B-3013 contract should be \$0 as calculated below:

	Audited Expenditures	Reported Expenditures	Allowable Expenditures to increase or (reduce) excess revenue
Beginning Balance (Carried forward from contract number 13B-5012)			\$ 189,612
Weatherization Administrative Cost	\$ 110,194	\$ 110,193	\$ (1)
Weatherization Program Costs			
Intake	\$ 39,490	\$ 39,490	\$ -
Outreach	76,438	76,438	-
Training & Technical Assistance	21,775	21,775	-
Direct Program Activities	1,356,524	1,356,523	(1)
Liability Insurance	13,211	13,211	-
Vehicle & Equipment	-	-	-
Workers' Comp	22,395	22,395	-
General Operating Expenditures	193,764	193,764	-
Training - Solar Hot Water heating	-	-	-
Subtotal	\$ 1,723,597	\$ 1,723,596	\$ (1)
Weatherization Excess Revenue	\$ 1,833,791	\$ 1,833,789	\$ (2)
Assurance 16 Program Costs	\$ 341,258	\$ 341,258	\$ -
A16/ECIP/HEAP/Administrative Costs	96,666	96,666	-
ECIP/HEAP Intake Program Costs	169,833	169,833	-
ECIP/HEAP Outreach Program Costs	204,634	204,634	-
ECIP/HEAP Training Program Costs	2,417	2,417	-
ECIP/HEAP Program Costs			
Cooling Services Repair/Replacement	\$ 65,142	\$ 65,142	\$ -
Heating Services Repair/Replacement	438,612	438,612	-
Water Heater Repair/Replacement	41,849	41,849	-
Other Program Costs	497	497	-
Supplemental Heating & Cooling Costs	-	-	-
ECIP WPO	-	-	-
SWEATS	-	-	-
HEAP WPO	180,407	180,407	-
Liability Insurance	-	-	-
Vehicle & Equipment	-	-	-
Workers' Compensation	-	-	-
General Operating Expenses	119,929	119,929	-
Automation Supplemental	-	-	-
Subtotal	\$ 1,661,244	\$ 1,661,244	\$ -
ECIP-EHA Excess Revenue			\$ -
Excess Revenue Expenditures			
Administrative Costs	\$ 22	\$ -	\$ (22)
Direct Program Activities	935	-	(935)
Labor Costs	55,009	-	(55,009)
Cost of Materials Installed	136,795	-	(136,795)
Other Program Costs	2,940	-	(2,940)
Total Excess Revenue Expenditures			\$ (195,701)
Net Excess Revenue to Carry Over to 15B-3013			\$ (6,091)

Action Required:

1. Please adjust your records to reflect balance of excess revenue earned to \$0 to be carried forward to contract number 15B-3013.

SUBMISSION OF AUDIT REPORTS

Action Required:

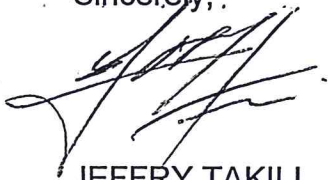
2. Please ensure all future single audit reports, the agency submits to CSD one (1) printed copy and one (1) electronic copy of the required audit report(s) and any management letter(s) issued by the accountant, within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine (9) months after the end of the agency's fiscal year.

**CONTRACT NUMBERS: 14B-5102, 14C-1812, 14F-3073, 14F-3089, 15B-3013,
and 15F-2015**

The terms of these contracts extend beyond the audit reporting period. Please ensure these contracts are included in the next Single Agency-Wide Audit; and revenues and expenditures are identified by contract numbers, components, and Federal Catalog numbers for the Federal Funding.

Our review did not disclose any other findings requiring corrective action that have not already been addressed. Therefore, the audit has been closed. If the agency has any questions or requires additional information, please reference the subject TR number. I may be contacted at (916) 576-5298 or Jeffry.Takili@csd.ca.gov.

Sincerely,



JEFFRY TAKILI
CSD Management Auditor
Audit Services Unit

c: James S. Camp, Board Chair
Brown Armstrong, CPAs