

October 4, 2021

Smart Start Fiscal Monitoring Request for Proposal

Purpose: Wake County Smart Start, Inc. is currently seeking a CPA firm to perform Agreed-Upon Procedures engagements in accordance with the standards established by the American Institute of Certified Public Accountants. The engagement will involve the external fiscal monitoring of State pass-through funds in contract, currently with 10 direct service providers who manage 13 activities, and internal monitoring of 2 activities managed by Wake County Smart Start, Inc. 9 providers are located in Wake County and 1 in Chapel Hill. This contract will cover 3 fiscal years, FYE 6/30/2022, 6/30/2023, 6/30/2024, and will be renewable only after a satisfactory evaluation of performance and is subject to availability of funds.

Scope of Work: Evaluation of direct service providers' compliance with the following: allowable costs and cost principles; equipment controls; cost allocations and overhead/indirect costs. For internal activities: compliance with activity descriptions and documentation of services provided. A report of monitoring results for each activity is required. See Attachment 1 - Monitoring Programs for procedures conducted in fiscal monitoring of direct service providers and internal activities. A list of direct service providers, internal activities and grant amounts is also attached – Attachment 2.

Time period: Services to be completed no later than May 31st of each fiscal year.

Project Costs: Respondents must propose an hourly rate that would be charged for services along with an estimate of the time required.

Proposal Requirements: Proposal should include the following information: a description of professional background and experience auditing programs financed by federal, state and local funding agencies, non-profit organizations and commercial entities; the size and organizational structure of the firm; a description of the audit team, including their position in the firm, total years and types of experience; a statement of understanding of the work to be performed, including time estimates; references. Respondents should also note their capability of performing onsite and remote monitoring visits.

Due Date: Proposals may be submitted no later than **5:00 p.m. November 15, 2021**, to the attention of: Gary Carr, Director of Finance, Wake County Smart Start, Inc., 4901 Waters Edge Drive, Suite 101 Raleigh, NC 27606 or via email to gcarr@wakesmartstart.org .

**WAKE COUNTY SMART START, INC.
DIRECT SERVICES PROVIDER
FISCAL MONITORING PROGRAM
FISCAL YEAR 2020 - 2021**

Attachment 1

Reviewed By: _____
Date: _____
DATE OF VISIT: _____
MONITOR: _____

PROGRAM TITLE: _____

AGENCY: _____

MONITORING PROCEDURE	DATE	WORK PAPER REF
1. Notify DSP in writing, of date(s) of monitoring visit and request any documentation that may be completed prior to the visit		
2. Obtain latest schedule by month for the current fiscal year of MONTHLY expenditures by line item. Select two months for testing, one should be the latest month that an FSR has been submitted.		
3. Obtain the Cash on Hand worksheet for the most recent reimbursement request.		
4. Make copy of last month's Cash Requirements Sheet		
5. Obtain latest monthly FSR submitted for reimbursement (make copy for workpapers).		
6. Obtain a copy of prior fiscal/contract year June FSR		
7. Review contract with DSP and any revisions and amendments.		
8. Obtain copy of Review of Property & Equipment worksheet from Wake County Smart Start		
9. Review Current Year Fixed Asset Purchases Report for Current Year purchases		
10. Obtain copy of and Review Fixed Asset Report for Prior Year Purchases.		
11. Make copy of most recent FSR/Medicaid Report (if applicable)		
12. From most recent FSR/Medicaid Report (if applicable), prepare YTD Medicaid Reimbursements Received and YTD Medicaid Reimbursement Expenditures.		
13. Obtain listing of Medicaid eligible clients (if applicable)		
14. Obtain Review of Medicaid Expenditures (if applicable)		
15. Review full activity description		
17. Obtain proof of current insurance coverage required by the contract agreement		
18. If the DSP has an annual audit, obtain a copy of its most recent audit report. Review the audit to determine if any weaknesses in internal controls are noted that are related to the Smart Start contract.		
19. Review prior monitoring report for issues which require follow up.		
20. Obtain Reporting Summary Sheet documenting receipt of monthly FSR reports, quarterly cash and in-kind reports and program income (for prior period). Review the files and obtain copies of applicable reports to determine that all reports the DSP is required to file have been filed within required reporting periods and contained required information. Report any reporting exceptions noted.		
Program Income		
1. Obtain copy of the DSPs prior year Program Income Report.		
2. Inquire if the DSP has sponsored any programmatic activities in the current contract year. If so, select one of activities, obtain the attendance roster to determine the total fees that should have been collected. a. Compare this total to the amount actually deposited. b. Verify that these receipts were properly coded to the Smart Start program in the accounting records. c. Verify that receipts are being accurately reported on the DSPs Program Income report. d. Verify that receipts are being spent or reverted in accordance with Smart Start requirements accurately reported on the DSPs Program Income report.		
Cash Disbursements		
1. Using schedule (WP E-2) prepared prior to visit showing each month's expenditures by line item a. Obtain explanations for amounts that fluctuate by more than 10% month to month from the DSP budget. b. Compare YTD expenditures for each line item to the budgeted line item and ensure totals have not exceeded 20% of Budget c. Compare YTD expenditures for Line 35 (Other Expenditures) and ensure that YTD total has not exceeded 8% of YTD Expenditures d. Select 3 line items to test for each month selected at E-2, one line should be personnel, otherwise select 2 different lines. Obtain all supporting documentation from DSP.		
2. Using workpaper E-3, determine that cash on hand does not exceed one month's worth of budget.		

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3. If the DSP is eligible to file a sales tax refund request with the state of North Carolina, determine that sales tax is NOT included in reimbursable expenses reported on the FSR, for line items tested.		
4. For months and line items tested, review 2 vendor files to determine whether any refunds/credits that were received were reported on subsequent FSRs, if applicable.		
5. For months and line items tested, determine if any expenditures met the threshold for bidding requirements, and if so confirm that applicable requirements were followed.		
6. For items selected in procedure 1d verify supporting documentation to ensure <ul style="list-style-type: none"> a. Compliance with Smart Start Cost Principles b. The recorded expense agrees with the amount recorded in the cash disbursements journal c. The payment is supported by a vendors' invoice that agrees with the check amount d. The goods or services were received. e. The expense, based on the monitor's judgment, is reasonable and necessary to meet the objectives of the activity and is included in the DSP's budget f. The reporting is done on a cash basis g. Purchases made with credit cards are recorded when paid, not when purchased. 		
Prior Year June FSR		
1. Review Prior Year June FSR for items paid in subsequent period to ensure cash basis of accounting.		
Salaries and Wages		
1. If the DSP funds staff positions, determine DSP employees whose wages are included on Line 11, Personnel Costs, for the months selected, and: <ul style="list-style-type: none"> a. Agree the hours billed to the hours charge to Smart Start on the employees' time cards. Ensured that timesheets are properly completed and approved in accordance with the Smart Start Cost Principles. b. Agree the wage rates billed to Smart Start to the approved and paid wage rates for the employees. c. Agree the total hours on the employees' timecards and wages paid to the applicable payroll register. d. Review applicable benefits invoices, such as retirement, health insurance, etc. to ensure the amounts included on line 11 of the FSRs agree to the amounts paid to the vendor for the applicable employee benefits. e. Agree total personnel costs per the DSP's general ledger and supporting documentation (benefits invoices, payroll registers/payroll checks, timesheets, employer FICA, etc.) to the FSRs. f. Agree the number of employees to the number of FTEs in the Budget Narrative 		
2. If the organization allocates salaries as part of a Cost Allocation Plan: <ul style="list-style-type: none"> a. Obtain a copy of the Plan; b. Determine who approved Plan; c. Review Plan and confirm that if salaries are allocated that supporting documentation is appropriate. (Refer to NCPC guidelines for Cost Allocation Plans.) 		
Budgeting/Contracting		
1. Document current year Budget and Budget Revisions		
2. From copy of most recent budget from DSP, agree totals to the latest Budget Narrative on file with Wake County Smart Start.		
Cash & In-Kind Contributions		
1. Determine percent of Cash & In-Kind met as of date of visit and report.		
2. Using the copy of the latest Quarterly Cash & In-Kind Contribution Report, select the two (2) largest cash contributions, the two (2) largest goods and services contributions and the two (2) largest contributions in volunteers. <ul style="list-style-type: none"> a. Determine that reported contributions are allowable (supporting Smart Start activities, not derived from other state funds, etc.). b. Determine that records include documentation to support type, value, valuation method, hours, rates, square footage, etc. as appropriate based on the current NCPC "Cash and In-Kind Contributions Manual." 		
3. If Quarterly Report has not been filed, review contribution records and select a sample as described in #2 above and examine documentation to ensure it complies with NCPC and legislative		

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described in #2 above and examine documentation to ensure it complies with NCPC and legislative Guidelines. Document steps performed and put copies of documents reviewed in workpapers.		
Property and Equipment		
Using the schedule of property and equipment (P&E) exceeding \$500 prepared in Section A:		
1. Determine any current year purchases > \$500.		
a. Copy of Invoice b. Description and Serial Number c. Copy of payment date and amount d. Smart Start funding sticker applied e. FSR amount agrees with Invoice f. Used for Smart Start activities g. Determine that competitive bidding procedures were followed in accordance with Smart Start requirements. [Contract ¶ 16.Q]		
2. For prior year purchases > \$500		
a. Verify the existence of the equipment b. Used for Smart Start activities c. In reasonable condition d. Smart Start funding sticker applied e. Covered by property insurance, warranty, etc. f. Agree DSP Asset List with WCSS Asset List		
3. Determine that any asset disposals were in accordance with instructions from Wake County Smart Start.		
a. Total amount of current year disposals b. List of current year disposals with description, serial number and date of purchase c. Prior written approval for current year disposals		
Medicaid		
1. Determine amount of current year Medicaid reimbursements as of date of monitoring visit		
2. Inquire as to whether DSP expects to expend all Medicaid reimbursements on or before June 30 of current fiscal year. If not, document explanation, if any.		
3. Using listing of Medicaid eligible clients obtained earlier, determine that Medicaid Reimbursements are for Smart Start eligible children. (Under Age 5 and not yet in Kindergarten – cut-off date is August 31, 2019)		
4. Determine that Medicaid reimbursements are used in the Smart Start approved activity		
5. Review Medicaid Expenditures for compliance with Smart Start activities		
Findings & Conclusion		
1. Upon completion of the monitoring, prepare a monitoring report and submit to Director of Finance for review.		
2. Upon completion of the report review by the Director of Finance, issue the report to the DSP.		
3. If the DSP has monitoring findings, request a response to the findings no more than 30 days from date of report.		
4. Review response from DSP to ensure that it will correct weaknesses identified.		
5. If response to any findings is not adequate, immediately notify the DSP in writing and require additional corrective action within 18 days of date of the notification.		
6. If any findings are major, Wake County Smart Start should make a follow up visit and test to see that corrective action has actually been put in place.		

**Wake County Smart Start
Smart Start Activities
FY 2022**

Attachment 2

Agency	Program/Activity	Grant Amount FY 2022
Direct Service Providers:		
Catholic Charities	School Readiness Services for Hispanic Children	74,412
	Language is the Key	84,925
Child Care Services Association	Advancing School Readiness (Quality Connections for Early Learning & Engagement)	40,715
	Improving Access to the ECE System for Latinx Families	86,017
Family Resource Center - South Atlantic	Home Instruction for Parents of Preschool Youngsters (HIPPY)	384,788
Fiesta Cristiana	Building Family Support	38,750
Lucy Daniels Center	Social Emotional Intervention For Young Children: SecurePath	529,068
Wake County Public School System	Parents as Teachers	675,024
Passage Home	REACH	62,232
SAFEchild	The Nurturing Program for Spanish Speaking Families (Crianzo Con Cariño)	82,470
Triangle Area Parenting Support	Program for Early Parent Support	76,676
Wake County Human Services	Child Care Health Consultant Program	477,989
	Nurse Family Partnership	142,500
	Subtotal-DSPs	2,755,566
In-house Activities:		
Wake County Smart Start	Quality Enhancement for Child Care Facilities	482,570
	NC Pre-Kindergarten Program	13,592,307
	Subtotal-In House	14,074,877
Grand Total		16,830,443