

NORTHERN AFFILIATION
AuSable Valley Community Mental Health
North Country Community Mental Health
Northeast Michigan Community Mental Health Authority

REQUEST FOR PROPOSALS

AUDITING SERVICES

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I. INTRODUCTION

A. Purpose of RFP

North Country Community Mental Health is the Medicaid, specialty prepaid inpatient health plan for an affiliation of three community mental health services boards. Each of the three Boards is an Authority. Those boards are: AuSable Valley Community Mental Health, North Country Community Mental Health and Northeast Michigan Community Mental Health. On behalf of the three Boards, North Country CMH is requesting proposals for professional auditing services for each of the fiscal years ending September 30, 2010 through the fiscal year ending September 30, 2012.

As a result of this RFP, each Community Mental Health Services Program (CMHSP) in the affiliation expects to contract with a certified independent public accounting firm to audit its financial statements. Contracts will be between the vendor and each of the partners of the Northern Affiliation:

- AuSable Valley Community Mental Health Authority (AVCMH), serving Iosco, Ogemaw and Oscoda Counties with administrative offices in Tawas City, Michigan;
- North Country Community Mental Health (NCCMH), serving Antrim, Charlevoix, Cheboygan, Emmet, Kalkaska and Otsego Counties with administrative offices in Petoskey, Michigan; and
- Northeast Michigan Community Mental Health Authority (NeMCMHA), serving Alcona, Alpena, Montmorency and Presque Isle Counties with administrative offices in Alpena, Michigan.

B. Term of Engagement

North Country CMH expects to award three individual three-year contracts. Affiliates in affiliation reserve the right to terminate at the end of each year if the vendor's performance has not been satisfactory.

The Boards will expect the auditors to begin their fieldwork for each CMHSP audit as follows:

Northern Affiliation CMHSP	Projected Timeline
NeMCMHA	Fieldwork to begin no earlier than November 15 and to be completed no later than December 15
AVCMH	Fieldwork to begin no earlier than November 1 and to be completed no later than November 30
NCCMH	Fieldwork to begin no earlier than January 20 and to be completed no later than February 20

II. DESCRIPTION OF ORGANIZATION

The Affiliation is comprised of the three Community Mental Health Service Programs listed above. North Country CMH is the Pre-Paid Inpatient Health Plan (PIHP) for the Affiliation. The Michigan Department of Community Health (MDCH) contracts with NCCMH for Medicaid dollars, and individually with each CMHSP for General Fund dollars.

As the PIHP, North Country CMH purchases mental health and substance abuse services regionally through contractual relationships with provider organizations, including each of the three member Boards. Each CMHSP in the affiliation has direct operated mental health programs, as well as contractual providers. North Country CMH contracts with Northern Michigan Substance Abuse Services (NMSAS) for management and purchase of substance abuse services. In addition, AVCMH provides substance abuse services under contract with NMSAS.

Each of the Boards has a fiscal year that runs from October 1st through September 30th. A copy of the audited Financial Statements and Supplemental Materials for the year ended September 30, 2009 can be provided upon request via email. The e-mail address is dyockey@norcocmh.org.

The finance operations for each CMHSP are under the supervision of a Finance Director for that organization. The Finance Director from North Country CMH provides financial oversight for the PIHP in consultation with the Finance Directors of the other two Boards. Each CMHSP is responsible for managing the audit for their organization. A listing of Financial Directors, Accounting Methods, and Accounting and Asset Management Software are as follows:

CMHSP	Finance Director	Accounting Methods	Accounting & Asset Management Software
AVCMH	Glenn Gray	Enterprise Fund	Micro Information Products (MIP)
NeMCMHA	Cheryl Jaworowski, CPA	Enterprise Fund	Great Plains Dynamics
NCCMH	Donna Wheeler	Enterprise Fund	Great Plains Dynamics

III. SCOPE OF SERVICES

A. Scope of Work to be Performed

The member CMHSPs are contracting with the audit firm to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. This firm should also identify other reporting requirements of the organization, as applicable.

Additionally, a principal/partner of the selected audit firm shall be available to discuss incidental issues related to the audit throughout the year as part of the scope of this project, at no additional charge.

Additionally, a principal/partner of the selected audit firm shall be available to participate in state and/or federal post-audit discussions. Additional charges at standard hourly rates would be expected.

Specifically, the work to be performed for each CMHSP is as follows:

Northern Affiliation CMHSP	Work To Be Performed
NeMCMHA	<p>Consistent with the Michigan Department of Community Health CMH Compliance Guidelines, as required by the MDCH/CMHSP Contract,</p> <ul style="list-style-type: none"> ▪ an audit of financial statements in conformity with generally accepted accounting principles, and ▪ an audit of compliance with MDCH requirements as noted in the guidelines, for both Medicaid and state general funds.
AVCMH	<p>Consistent with the Michigan Department of Community Health CMH Compliance Guidelines, as required by the MDCH/CMHSP Contract,</p> <ul style="list-style-type: none"> ▪ an audit of financial statements in conformity with generally accepted accounting principles, and ▪ an audit of compliance with MDCH requirements as noted in the guidelines, for both Medicaid and state general funds.
NCCMH	<p>Consistent with the Michigan Department of Community Health CMH Compliance Guidelines, as required by the MDCH/CMHSP Contract,</p> <ul style="list-style-type: none"> ▪ an audit of financial statements in conformity with generally accepted accounting principles, and ▪ an audit of compliance with MDCH requirements as noted in the guidelines, for both Medicaid and state general funds, ▪ the Medicaid portion of the compliance audit must incorporate the results of the Medicaid portion of the compliance audit for NeMCMHA and AVCMH.

B. MDCH CMH Compliance Guidelines FY10

The Audit Firm shall use the current and/or revised Michigan Department of Community Health’s CMH Compliance Guidelines, as required by the MDCH, (currently dated October 2008), for financial audits FY10 forward. The MDCH CMH Compliance Guidelines can be obtained from the following link.

http://www.michigan.gov/documents/mdch/FYE_9-30-2009_Examinations_267857_7.pdf

C. Auditing Standards to be Followed

The audit should be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and Governmental Auditing Standards.

D. Reports to be Issued

Following the completion of the audit, the firm shall issue the following reports, consistent with the above stated scope of work:

- A report on examination of the financial statements of the CMHSP including all accounts in all fund types.
- Independent auditor's report on compliance (See Compliance Examination Guidelines) and on internal control over financial reporting based on an audit of financial statements performed in accordance with previously identified standards.
- Independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance with OMB Circular A-133.
- Summary of auditors' results and schedule of findings and questioned costs.

It is expected that the reports identified above will be contained as part of one general purpose audit report in an appropriate format for each CMHSP within the Northern Affiliation and a schedule of expenditures of federal awards (Single Audit) as required.

E. Other Communication Requirements

- The auditor shall communicate in a separate letter to the Executive Director of each CMHSP and their respective Board of Directors, any reportable conditions and/or material weaknesses found during the audit. A reportable condition/material weakness shall be defined as a significant deficiency in the design or operation of the internal control structure that could adversely affect the organization's ability to record, process, summarize, and/or report financial data consistent with the assertions of management in the financial statements.
- Management letter, or letter indicating that no management letter is needed.

F. Report Preparation and Printing

Report preparation, editing, and printing shall be the responsibility of the selected audit firm. The audit firm shall be responsible for typing and proofing all financial statements. Each CMHSP reserves the right to approve the final draft prior to printing.

The quality of the material used in each report shall be comparable to that used in such reports for organizations similar to the CMHSPs. The CMHSPs reserve the right to reject materials that are not equal to the quality provided by its current audit firms.

Additionally, the reports shall be provided electronically to each CMHSP.

G. Final Audit Reports and Communication Requirements

Question	AVCMH	NeMCMHA	NCCMH
Number of copies of completed audit and management letters (also pdf copies)	30	40	50
Presentation required at Board Meeting	Yes	Yes	Yes
Expected Date of Board Meeting Presentation	Not later than March 31	Not later than March 31	Not later than March 31

H. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditing firm's expense, for a minimum of 7 years unless the firm is notified in writing by the PIHP of the need to extend the retention period. The audit firm will be required to make working papers available upon request by the PIHP or any individual CMHSP. Reports, documents, and working papers will only be released with specific written permission and direction from the particular CMHSP or PIHP.

The firm shall respond to reasonable inquiries of successor firms and allow successor audit firms to review the working papers related to matters of continuing accounting significance.

I. Assistance to be Provided by the CMHSPs and PIHP

- Office space deemed adequate for the conduct of the examination of records.
- Local telephone service for business related calls.
- Reasonable access to Internet, fax machine and copier.
- Clerical assistance in obtaining necessary documents from files.
- Finance and management personnel, as appropriate, to provide information, documentation, and/or explanations.
- Final trial balance of specified funds for which each CMHSP maintains accounting records. Each CMHSP is prepared to provide trial balances to auditors in an Excel or HTML file format.
- Work papers in support of significant account balances for all funds for which each CMHSP maintains records. Each CMHSP is prepared to provide work papers to auditors in an Excel file format.

IV. CONTENT OF PROPOSALS

The proposals must contain the following information in order to be considered:

A. Cover Letter

A cover letter on firm letterhead must provide the name and title of the person(s) who are authorized to answer questions about this RFP. Please include the following additional information:

- Legal Name
- Address
- Telephone Number(s)
- Fax Number(s)
- E-mail/Web Page Address
- Tax ID Number
- Administrator (name/title)
- Person Authorized to Sign Contracts (name/title)
- Billing Entity Authorized to receive financial reimbursement
- Billing Contact Person and Telephone Number
- Billing Address if different than above

B. Statement of Requirements

State in detail your understanding of the requirements presented by this RFP, specifically as it applies to the Compliance Examination Guidelines, dated October 2008.

C. Statement of Auditing Standards

State in detail the auditing standards that will be used.

D. Work Plan

Describe in narrative form an outline of the proposed audit program. Include a proposed time line. Please identify both pre-audit fieldwork and fieldwork schedules in the proposed timeline.

E. Staffing

Identify the partner that will be responsible for this audit. Identify the professional, supervisory, and management staff who will be assigned to this audit. Identify the individuals by name, title. Also include their qualifications and relevant governmental and behavioral healthcare audit experience.

The partner named in your response may be changed only with the express written approval of the PIHP, which also retains the right to approve or reject replacements.

F. Firm Demographics

The proposal should include a brief history of the firm, its size, number of governmental and non-profit audit staff, location of office from which the work for this audit will be performed, the number of governmental and non-profit clients compared to entire client base.

The audit firm must disclose information on the circumstances and status of any disciplinary action taken or pending against the firm during the past 3 years with state regulatory bodies or professional organizations.

The audit firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past 3 years.

G. Relevant Experience

For the firm's office that will be responsible for the audit, list at least 3 engagements performed in the last 3 years that are similar to the one described in this RFP. Indicate the total staff hours, the scope of work, dates, partners, and the name and telephone number and email address of the principal client contact.

This client list should include any other CMHSP and/or comparable health care agencies.

Please indicate if the supervising principal/partner attended the MDCH statewide training held May 4, 2007.

H. Independence

The firm should provide an affirmative statement that it is independent of the three CMHSP.

I. License to Practice in Michigan and Required Insurance

Your response must include an affirmative statement indicating the audit firm and all assigned key professional staff are licensed to practice in Michigan. The audit firm must confirm in writing that criminal background checks are performed for each professional staff person. The audit firm must include copies of required insurance coverage to practice this profession in Michigan.

J. Pricing

The response must include an itemization of the hourly rate and estimated hours by each category of staff assigned to this project, a not-to-exceed amount for out-of-pocket expenses, and an itemization of any internal charges. Please include a list of additional ancillary expenses (e.g. travel, meals, etc.), if applicable.

1. Financial Audit
2. Compliance Audit
3. Single Audit, if applicable

The response should be broken down by:

1. CMHSP
2. Fiscal Year

V. PROPOSAL PREPARATION AND SUBMISSION PROCEDURES

A. Response Date

- Proposals must be submitted in a sealed envelope and received by 5:00 PM Friday, August 6, 2010.

- Addressed to: SEALED BID
Donna Wheeler, Director of Finance
North Country Community Mental Health
One MacDonald Drive, Suite A
Petoskey, MI 49770

B. Incurring Costs

Proposals should be prepared simply and economically to provide a concise description of the firm's capabilities to perform the services required.

The PIHP and the CMHSPs will not be responsible for any costs incurred in the preparation of proposals in response to this RFP, nor will they be responsible for any costs incurred if your firm is invited to make an oral presentation to the evaluation team.

C. Signature

An official authorized to bind the firm to its provisions must sign all proposals.

D. Effective Period

All proposals submitted to this RFP must be valid for at least 90 days.

E. Number of Copies

Firms must submit 1 clearly marked original and 4 copies of the proposal.

F. Withdrawal

The proposal may be withdrawn in person or by written request.

G. Proposal Submission

Faxed, emailed or late proposals will not be accepted.

H. Questions

All questions relating to the preparation and/or submission of a response to this RFP should be directed to: dyockey@norcochm.org

VII. SELECTION PROCESS

The PIHP reserves the right to request additional information or clarification from vendors, to allow correction of errors or omissions, and to waive irregularities and/or formalities when so doing may serve the long-term interests of the organizations involved.

The PIHP reserves the right to reject any or all proposals and to proceed in any other manner selected by the PIHP. The PIHP reserves the right to award to the firm that it believes, in its sole discretion, best meets the needs of the organization.

All proposals submitted are subject to the terms of the Freedom of Information Act, and will be retained by the PIHP.

VIII. GENERAL INFORMATION

A. Proposed Timeline

Activity	Timeline
Distribution of RFP	Thursday, July 1, 2010
Publication of Q&A via web site.	July 12, 2010 – July 23, 2010
Receipt date of proposals at PIHP	Friday, August 6, 2010
Notification of Award no later than	September 3, 2010

B. Oral Presentation

Upon request by the PIHP and CMHSP, finalists may be selected to make an oral presentation to the evaluation committee.

C. Acceptance of Proposal Content

The contents of the proposal of the selected firm may become contractual obligations. Failure to accept these obligations may result in cancellation of the selection.

D. Type of Contract

It is expected that a contract entered into as a result of this RFP will be “time and expense” agreement with a “not to exceed” maximum price per fiscal year.

E. Payment Schedule

Payment terms for any contract resulting from this RFP will be net 30 days. Firm may invoice the appropriate CMHSP monthly for services performed during that month on the particular organization’s behalf. Invoices must include a description of work performed, by whom and on which dates, with itemized ancillary expenses.

F. Non-Collusion

The vendor certifies that this proposal has not been made or prepared in collusion with any other vendor and the prices, terms or conditions thereof have not been communicated by or on behalf of the vendor to any other firm and will not be so communicated prior to the official receipt of this proposal. This certification may be treated for all purposes as if it were a sworn statement made under oath, subject to the penalties for perjury. Moreover, it is made subject to the provisions of 18 U.S. C. Section 1001, relating to the making of false statements.

G. Freedom of Information Act

Information submitted in response to this proposal is subject to the Michigan Freedom of Information Act and may not be held in confidence after the proposal is opened. The proposal will be available for review after staff has evaluated it, or 22 business days after the receipt date, whichever comes first.