

**Northern Michigan Regional Entity
AuSable Valley CMHA
Centra Wellness Network
North Country CMHA
Northeast Michigan CMHA
Northern Lakes CMHA**

REQUEST FOR PROPOSALS

AUDITING SERVICES

**Financial, Single Audit Compliance, and Compliance Examination
Fiscal Years Ended September 30, 2021, 2022 and 2023**



REQUEST FOR PROPOSALS FOR AUDITING SERVICES

I. INTRODUCTION

A. Purpose of RFP

Northern Michigan Regional Entity is the Medicaid, specialty prepaid inpatient health plan (PIHP) for an affiliation of five community mental health services boards. The Boards include: AuSable Valley Community Mental Health Authority, Centra Wellness Network, Northeast Michigan Community Mental Health Authority, North Country Community Mental Health Authority, and Northern Lakes Community Mental Health Authority. Northern Michigan Regional Entity is requesting proposals for professional auditing services for the fiscal years ending September 30, 2021, through the fiscal year ending September 30, 2023. The NMRE and CMH Boards reserve the right to extend the term by majority vote of their Governing Bodies.

As a result of this RFP, each Board, in addition to the NMRE, will contract with a certified independent public accounting firm to audit its financial statements. Contracts will be between the vendor and each Board and the Northern Michigan Regional Entity:

- AuSable Valley Community Mental Health Authority, serving Iosco, Ogemaw, and Oscoda Counties with administrative offices in Tawas City, MI.
- Centra Wellness Network, serving Manistee and Benzie Counties with administrative offices in Manistee, MI.
- North Country Community Mental Health Authority, serving Antrim, Charlevoix, Cheboygan, Emmet, Kalkaska, and Otsego Counties with administrative offices in Petoskey, MI.
- Northeast Michigan Community Mental Health Authority, serving Alcona, Alpena, Montmorency, and Presque Isle Counties with administrative offices in Alpena, Michigan.
- Northern Lakes Community Mental Health Authority, servicing Crawford, Grand Traverse, Leelanau, Missaukee, Roscommon, and Wexford Counties with administrative offices in Traverse City Michigan.
- Northern Michigan Regional Entity (PIHP), with administrative offices in Gaylord, MI.

B. Term of Engagement

Northern Michigan Regional Entity and its Member Boards expect to independently award three-year contracts. Contracts will be entered into with each of the Boards as well as the NMRE. The Northern Michigan Regional Entity and CMH Boards reserve the right to terminate at the end of each year if the vendor's performance has not been satisfactory. The NMRE and CMH Boards reserve the right to extend the term by majority vote of their Governing Bodies.

The Northern Michigan Regional Entity (NMRE) will expect the auditors to begin their fieldwork as follows.

Board/PIHP	Projected Timeline
Northeast Michigan CMHA	Fieldwork to begin and end based on a mutually agreed timeline with the Finance Officer
Centra Wellness Network	Fieldwork to begin and end based on a mutually agreed timeline with the Finance Officer
AuSable Valley CMHA	Fieldwork to begin and end based on a mutually agreed timeline with the Finance Officer
North Country CMHA	Fieldwork to begin and end based on a mutually agreed timeline with the Finance Officer
Northern Lakes CMHA	Fieldwork to begin and end based on a mutually agreed timeline with the Finance Officer
Northern MI Regional Entity	Fieldwork to begin and end based on a mutually agreed timeline with the Finance Officer

II. DESCRIPTION OF ORGANIZATION

The NMRE is comprised of the five Community Mental Health Service Programs listed above. Northern Michigan Regional Entity (NMRE) is the Prepaid Inpatient Health Plan (PIHP) for the mental health and substance use disorder needs of the eligible populations in the 21-county region. The Michigan Department of Health and Human Services (MDHHS) contracts with the NMRE for Medicaid dollars, and individually with each CMH for General Fund dollars.

As the PIHP, the Northern Michigan Regional Entity purchases mental health and substance use disorder services regionally through contractual relationships with provider organizations, including each of the five member Boards. Each of the five member CMH Boards has direct operated mental health programs, as well as contractual providers.

The NMRE and CMH Boards have fiscal years that run from October 1 to September 30. A copy of the audited Financial Statements and supplemental materials for FY2020 can be provided upon request via e-mail.

Deanna Yockey, the Chief Financial Officer of the NMRE, provides financial oversight for the NMRE in consultation with the Finance Officers of the five member Boards. The NMRE and each Board is responsible for managing the audit for its organization. A listing of Finance Officers, Accounting and Asset Management Software are as follows:

CMH	Finance Officers	Email	Accounting & Asset Management Software
AuSable Valley CMHA	Erinn Trask	erinn.trask@avcmh.org	Microsoft Dynamics
Northeast Michigan CMHA	Connie Cadarette	ccadarette@nemcmh.org	Microsoft Dynamics
North Country CMHA	Kevin Hartley	khartley@norcocomh.org	Microsoft Dynamics
Centra-Wellness Network	Donna Nieman	dnieman@centrawellness.org	Microsoft Dynamics & Sage Intacct (beginning FY22)
Northern Lakes CMHA	Lauri Fischer	lauri.fischer@nlcmh.org	Sage Intacct
Northern MI Regional Entity	Deanna Yockey	dyockey@nmre.com	Microsoft Dynamics

III. SCOPE OF SERVICES

A. Scope of Work to be Performed

The NMRE and CMH Boards contract with the audit firm(s) 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, as well as present to each Board of Directors the final Financial, Compliance, and Single Audit (if needed).

Specifically, the work to be performed is as follows:

	Work To Be Performed
Northeast MI CMH Authority	<p>Consistent with the Michigan Department of Health and Human Services (MDHHS) Compliance Guidelines, as required by the MDHHS/CMH 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 MDHHS requirements as noted in the guidelines, for both Medicaid and state general funds.
AuSable Valley CMH Authority	<p>Consistent with the Michigan Department of Health and Human Services (MDHHS) CMH Compliance Guidelines, as required by the MDHHS/CMH 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 MDHHS requirements as noted in the guidelines, for both Medicaid and state general funds.
North Country CMH Authority	<p>Consistent with the Michigan Department of Health and Human Services (MDHHS) Compliance Guidelines, as required by the MDHHS/CMH 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 MDHHS requirements as noted in the guidelines, for both Medicaid and state general funds.
Centra Wellness Network	<p>Consistent with the Michigan Department of Health and Human Services (MDHHS) Compliance Guidelines, as required by the MDHHS/CMH 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 MDHHS requirements as noted in the guidelines, for both Medicaid and state general funds.
Northern Lakes CMH Authority	<p>Consistent with the Michigan Department of Health and Human Services (MDHHS) Compliance Guidelines, as required by the MDHHS/CMH 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 MDHHS requirements as noted in the guidelines, for both Medicaid and state general funds. ▪ Single Audit
Northern MI Regional Entity	<p>Consistent with the Michigan Department of Health and Human Services (MDHHS) Compliance Guidelines, as required by the MDHHS/CMH 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 MDHHS 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 audits for each of the Boards noted above. ▪ Single Audit, if applicable

B. MDHHS CMH Compliance Guidelines

The Audit Firm shall use the current and/or revised Michigan Department of Health and Human Services Compliance Guidelines, as required by the MDHHS. The MDHHS CMH Compliance Guidelines can be obtained from the following links:

[https://www.michigan.gov/documents/mdhhs/Compliance Examination Guidelines 702762 7.pdf](https://www.michigan.gov/documents/mdhhs/Compliance_Examination_Guidelines_702762_7.pdf)

[https://www.michigan.gov/documents/mdhhs/SUDS Audit Guidelines FY21 724092 7.pdf](https://www.michigan.gov/documents/mdhhs/SUDS_Audit_Guidelines_FY21_724092_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 NMRE and each CMH Board 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 auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, (the "Uniform Guidance").
- Summary of auditor's results and schedule of findings and questioned costs.
- Single Audit, if applicable.

E. Other Communication Requirements

- The auditor shall communicate in a separate letter to the Chief Executive Officer of the NMRE, Chief Executive Officers/Executive Directors of the CMH Boards, and the 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(s). The audit firm shall be responsible for typing and proofing all financial statements. The NMRE and CMH Boards reserve 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 like the NMRE and the CMH Boards. The NMRE and CMH Boards 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 the NMRE and CMH Boards.

G. Final Audit Reports and Communication Requirements

The auditing firm shall provide electronic copies of the audit report with presentation to the NMRE and CMH Boards no later than April 30, 2022.

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 NMRE or CMH Boards of the need to extend the retention period. The audit firm will be required to make working papers available upon request by the NMRE and CMH Boards. Reports, documents, and working papers will only be released with specific written permission and direction from the NMRE or each CMH Board.

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 NMRE and CMH Boards

- Office space deemed adequate for the conduct of the examination of records, if requested, or required by the NMRE or CMH Boards.
- 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 CMH maintains accounting records. Each CMH 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 CMH maintains records. Each CMH is prepared to provide work papers to auditors in an Excel file format.

IV. CONTENT OF PROPOSALS

The proposals must contain the following information 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 July 29, 2020.

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 timeline. 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 and 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 NMRE or CMH Board, which also retain 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 three 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 three years.

The audit firm shall also confirm that no staff performing the audit has been suspended or disbarred.

G. Relevant Experience

For the firm's office that will be responsible for the audit, list at least three engagements performed in the last three years that are like 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 CMH or PIHP and/or comparable health care agencies.

H. Independence

The firm should provide an affirmative statement that it is independent of the NMRE and each CMH Board.

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. Please separate cost by each CMH Board and NMRE.

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

V. PROPOSAL PREPARATION AND SUBMISSION PROCEDURES

A. Both hard copy and electronic versions of the proposal are due no later than 4:00 PM, Friday, July 16, 2021

- Please submit an original copy and an electronic version of your proposal to:

Northern Michigan Regional Entity
Deanna Yockey, Chief Financial Officer
1999 Walden Drive
Gaylord, MI 49735

dyockey@nmre.org

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 NMRE or CMH Boards 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. Withdrawal

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

F. Proposal Submission

Faxed or late proposals will not be accepted.

G. Questions

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

VII. SELECTION PROCESS

The NMRE and CMH Boards reserve 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 NMRE and CMH Boards reserve the right to reject any or all proposals and to proceed in any other manner selected by the NMRE or CMH Board. The NMRE and the CMH Boards reserve 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 NMRE.

VIII. GENERAL INFORMATION

A. Proposed Timeline

Activity	Timeline
Distribution of RFP	June 10, 2021
Receipt date of proposals at PIHP	Friday, July 16, 2021
Notification of Award no later than	August 31, 2021

B. Oral Presentation

Upon request by the NMRE or CMH Boards, 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 because 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 NMRE and CMH Board monthly for services performed during that month on the 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.