

**Saginaw County Community Mental Health Authority**

**Scope of Work & Bid Project Summary**  
**Financial & Compliance Auditing: RFP**  
**VENDOR INVITATION TO BID**

**Issued July 1, 2021**

Saginaw County Community Mental Health Authority (SCCMHA) is seeking interested vendors for a competitive bid(s) to provide audit services for fiscal years ending September 30, 2021, September 30, 2022, and September 30, 2023, for the following services:

- Financial Statement Audit,
- Single Audit Act Compliance
- Compliance Examination

SCCMHA will accept vendor bids for fiscal year-end for the financial audit, single audit, and compliance examination. There will be two (2) one-year options to extend services, at the sole discretion of SCCMHA. Audit functions shall include annual review, reporting, and presentation to the SCCMHA Board of Directors as to vendor's opinion of any deficiencies noted in internal controls or noncompliance with generally accepted government accounting principles, laws, or regulations which would have a material effect on the financial statements taken as a whole. SCCMHA operates in a complex funding environment which reports financial statements as described in GASB Statement 34. Interested vendors must be a licensed Certified Public Accountant/Accounting Firm.

SCCMHA is a community mental health Services Program (CMHSP) under contract with Mid-State Health Network (MSHN/PIHP) and with the State of Michigan serving persons with disabilities including serious mental illness, emotional disorders, intellectual disabilities, and/or substance use disorders. As a public manager, SCCMHA receives capitated funding and operates in a managed care environment to provide services to eligible citizens of Saginaw County. The intent is to provide and cost services on a continuing basis which are then financed or recovered primarily thru a capitated funding, fee for service reimbursements, or as a result of periodic revenues earned. Expenses are incurred and net income is appropriated for capital maintenance, public policy, management control, accountability and other purposes. Vendors with proven experience, knowledge, and expertise in the funding and procedures of Michigan Department of Health and Human Services will be given a priority status in this bid selection.

**Contract Duration:**

The terms of this contract will encompass the completion of audits for fiscal years 2021, 2022 and 2023. The contract terms will begin with the initial fiscal year ending September 30, 2021 audit start date through the completion and presentation of final audit reports to the Board of Directors for fiscal year ending September 30, 2023.

## **Description of Financial Operations:**

The Saginaw County Community Mental Health (SCCMHA) Finance Department consists of the CFO/COO and 11 staff. Job responsibilities overlap; however, separation of duties for control purposes is maintained. Staff is assigned as follows:

Budget / Costing	2
Claims Processing	2
General Ledger	1
General Accounting	2
Billing / AR	1
Purchasing	1
Accounts Payable	1
Grants	1

A liaison will be appointed from the staff in appropriate areas of accounting/audit to assist the auditors in gathering necessary documentation.

SCCMHA uses PCE's Sentri II electronic medical record which is integrated with Microsoft Dynamics/Great Plains software for processing of general ledger and generating financial reporting.

The annual financial statements will be prepared, and accounting duties performed by SCCMHA in accordance with generally accepted accounting principles set forth by the American Institute of Certified Public Accountants and the provision of the U.S. Office of Management and Budget (OMB) Circular 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

## **Audit Objectives**

Audit functions shall include an annual review, reporting, and presentation to the SCCMHA Board of Directors and any additional committee meetings as requested of the board for each audit prepared covering any deficiencies noted in the internal controls or any areas of non-compliance in reporting with generally accepted governmental accounting principles, laws, or regulations which would have a material effect on the financial statements taken as a whole, as required by Government Auditing Standards 34, 37, 38, 44 and 45 and GASB Interpretation 6 as adopted, and any other applicable standards as applicable.

The Michigan Department of Health and Human Services (MDHHS) has issued guidelines titled, "Community Mental Health (CMH) Compliance Examination Guidelines" to assist independent audit personnel, , and Community Mental Health Services Program (CMHSP) personnel in preparing and performing compliance examinations as required by contracts between MDHHS and CMHSPs, and to assure examinations are completed in a consistent and equitable manner. It is anticipated that these guidelines will be followed.

Additionally, these CMH Compliance Examination Guidelines require that an independent auditor examine compliance issues related to contracts between SCCMHA and Mid-State Health Network/PIHP to manage the Concurrent 1915(b)/(c) Medicaid Program or its replacement; Healthy Michigan Program, and Autism Program (hereinafter referred to as "Medicaid Program), SCCMHA and MDHHS to manage and provide mental health services and supports to individuals with serious

mental illness, serious emotional disturbances or intellectual disabilities as described in MCL 330.1208 (hereinafter referred to as “GF Program”), and, in certain circumstances, contracts between CMHSPs and MDHHS or Mid-State Health Network to manage the Community Mental Health Services Block Grant Program (hereinafter referred to as “CMHS Block Grant Program”). These CMH Compliance Examination Guidelines, however, DO NOT replace or remove any other audit requirements that may exist, such as a Financial Statement Audit and/or a Single Audit. An annual Financial Statement audit is required. Additionally, if a CMHSP expends \$500,000 or more in federal awards<sup>1</sup>, the CMHSP must obtain a Single Audit. (Taken from the MDHHS issued “Community Mental Health (CMH) Compliance Examination Guidelines”).

The annual audit is to include an expression of opinions from the auditor as to whether the financial statements prepared by and for the SCCMHA, are fairly presented, in all material respects, and as required in conformity with generally accepted accounting principles.

The audits shall include testing of the accounting records of Saginaw County Community Mental Health Authority to the extent necessary to enable auditor’s expression of opinions on the fairness of reporting. Audit shall also include testing for single audit requirements and subsequent completion of single audits if necessary.

Reporting on the internal controls related to the basic financial statements and compliance with laws, regulations, and provisions of grant agreements should be provided as a result of the audit that identifies any areas of non-compliance that have a material effect on the basic financial statements.

Recommendations that are not of a significant deficiency may be included in a consultation letter to SCCMHA. If auditors detect or become aware of irregularities, fraud, and illegal acts they are required to make an immediate report of all irregularities, fraud and illegal acts or indications of such to the Chief Executive Officer and/or Directors.

The annual financial reports are to be issued no later than March 31<sup>st</sup> after the close of the fiscal year. This deadline will allow the report to be presented to the PIHP (MSHN) and to the Executive Limitations Committee (finance committee of the board of directors) prior to submission to the State of Michigan by March 31<sup>st</sup> or within the required 180 days from close of fiscal year.

### **Audit Approach**

This proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required of this proposal. Following is the information that should be included in the work plan:

- 1 How the audit engagement will be segmented
- 2 Level of staff and number of hours to be assigned to each segment
- 3 Sample size and the extent to which statistical sampling is used in this engagement
- 4 Extent of use of software – type of software used and required of SCCMHA for transmittal of proof documents
- 5 Type and extent of analytical procedures to be used in this engagement
- 6 Approach to be taken to gain and document an understanding of SCCMHA’s internal control structure
- 7 Approach to be taken in determining laws and regulations that will be subject to audit test work.
- 8 Approach to be taken in drawing audit samples for purposes of tests for compliance
- 9 Documents that will be requested from staff for the audit

## **Annual Audit Calendar/Timeline:**

An annual audit calendar will be jointly developed by SCCMHA's CFO/COO and the auditor, in order to meet the required audit timeline. The audit calendar will include the following:

### **Entrance Conference –**

1. An entrance conference which will be held no later than 45 days prior to the end of each fiscal year. The date for the entrance conference will be collaboratively scheduled by SCCMHA's CFO/COO and a representative of the audit firm.
2. The entrance conference will be the venue used to determine the audit timeline, which will include the following:
  - a. The date SCCMHA will have the general ledger finalized and ready for the audit.
  - b. The date SCCMHA will have the SEFA (Statement of Expenditures for Federal Awards) ready for audit.
  - c. The auditors methods/needs for transmitting general ledger/proof documents
  - d. The date the auditor's detailed audit plan will be available
  - e. The date the auditors will submit questions to SCCMHA for preliminary audit work
  - f. SCCMHA's schedule of board meetings were audits will be presented by auditors
  - g. The auditors scheduled date for completion of field work. SCCMHA would prefer to have field work scheduled after Thanksgiving but prior to Christmas.
  - h. Dates progress reports will be available to SCCMHA from auditors.
  - i. Date the auditors will have drafts of the various audit reports and recommendations to management
  - j. Date the auditors will have the final audit reports prepared
  - k. Date of exit conference scheduled
  - l. Discuss prior audit problems, establish staff liaison for the audit, and make arrangements for accommodations of the auditors

### **3. Exit Conference –**

- a. An exit conference will be held with SCCMHA's CFO/COO and CEO or CEO's representative and a representative(s) from the audit firm.
- b. The exit conference will be the venue used to discuss the following:
  - i. The results of the audits and review of any significant findings
  - ii. The recommendations of the audit firm
  - iii. Confirm dates scheduled for presentation of adult results to SCCMHA Executive Limitations Committee and Board of Directors

## **Record Retention**

All working papers and reports must be retained, as the auditor's expense, for a minimum of ten years, unless the firm is notified in writing by SCCMHA of the need to extend the retention period. The auditors will be required to make working papers available, upon request.

## **Cost Reporting and Presentation**

The cost quoted shall be presented as a not-to-exceed annual rate by fiscal year for work required to fulfill all audit objectives. A separate quote should be provided for each of the Financial Audits (2021, 2022, 2023) Single Audits (2021, 2022, 2023), and Compliance Examinations (2021, 2022, 2023).

See attached pricing form: Note: all staff required to have minimum 2 years prior experience. Quotes should include estimated number of hours and average standard hourly rate associated to complete all annual audit objectives and presentation requirements. Additional special requests, such as single audits, will be handled separately, outside of this scope of work.

## **Freedom of Information Act**

Vendors are hereby notified that all information contained in their proposal is subject to the provisions of the Michigan Freedom of Information Act.

## **Rejection or Selection of Proposals**

SCCMHA may reject any or all proposals or any portion thereof, advertise for new proposals, proceed to do the work otherwise, abandon the work, or award in whole or in part a contract deemed to be in the best interests of SCCMHA.

Bidders will be held to the terms submitted in their proposals but may be required to reduce costs depending upon aspects of the proposed project that may be determined by SCCMHA to be unnecessary.

As a part of the evaluation process, a Microsoft Team interviews and/or presentations may be requested by the RFP Committee. These interviews would be scheduled the first week of August and would be a brief presentation to introduce the proposed audit team and provide an opportunity to highlight key areas of the bid proposal. Not all bidders may be invited to participate in this aspect of the proposal review process. Bidders will be invited to participate at the sole discretion of the RFP Committee.

Bidders who are not awarded the Contract will be notified in writing. The acceptance of a proposal will not diminish the right of SCCMHA to negotiate specific contract terms, including price, with the successful bidder.

## **The Contract**

If this RFP results in an award, the 3-year SCCMHA contract will consist of this RFP, written amendments to this RFP, the Contractor's proposal, and written, authorized amendments to the Contractor's proposal. It will also include any materials incorporated by referenced in the above documents and any purchase order and change orders issued under the Contract.

If there are conflicting provisions between the documents that make up the Contract, the order of preference for the documents is as follows:

- This RFP, as amended;
- The documents and materials incorporated by reference in the RFP;
- The Contractor's proposal, as amended; and

The documents and material incorporated by reference in the contractor's proposal.

<b>Proposal Scoring Methodology</b>	<b>Audits/Exam</b>
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* Communication Plan / Process	30%
* Experience with CMH Audits	20%
* CMH Funding Knowledge	20%
* References	20%
* Price	10%

**Contact Information and Bid Submission Instructions**

Questions should be directed to the Attention: Matthew Briggs, SCCMHA, 500 Hancock, Saginaw, Michigan 48602, email address: [mbriggs@sccmha.org](mailto:mbriggs@sccmha.org) by Thursday July 15th. Responses will be sent via e-mail to all participants by Tuesday, July 20. Interested vendors shall submit a signed PDF version of the bid document to: [mbriggs@sccmha.org](mailto:mbriggs@sccmha.org) by 5:00 pm Tuesday, July 27th. If you do not receive a confirmation by 5:30 pm Thursday, July 27th, please call 989-797-3599. The original copy of the formal bid documents should be mailed to:

SCCMHA  
Attention: Matt Briggs, Contracts & Properties Manager,  
500 Hancock  
Saginaw, Michigan 48602

- Thursday, July 1 Bid document released
- Thursday, July 15 Deadline for vendor bid questions
- Tuesday, July 20 SCCMHA email answer to all participants of questions received
- Tuesday, July 27 5:00 PM deadline for vendor's bid response
- Wednesday, July 28 Bidder Interviews will be scheduled, if necessary

Bidders must include: cover letter with full legal name and address of the company, name of the bid contact person, telephone number and e-mail address; proof document of corporate resolution or other evidence of authority as a licensed public accountant/accounting firm; brief executive summary outlining history of the company; confirmation of vendors ability to provide the functions as outlined in this bid and/or description of ability to fulfill bid requirements; disclosure of any known potential conflicts of interest with SCCMHA and/or Mid-State Health Network or any of its network affiliates; detailed NTE project cost summary by fiscal year and as-needed additional hourly fee for service rates by credential; include three (3) current governmental fund accounting clients or service references along with key contact information; signed original copy along with 4 copies of vendor bid proposal. See attached "Proposal Submission Form Checklist".

SCCMHA intends to make a prompt selection decision following this bid deadline, and will notify all bidding vendors of the outcome in writing.