

Bid Opportunity for Single; Financial and Compliance Examination Auditing Services

Purpose

This document outlines the Mid-State Health Network (MSHN) Prepaid Inpatient Health Plan need for Single Audit, Financial Audit and Compliance Examination services.

MSHN is a regional entity, which was formed pursuant to 1974 P.A. 258, as amended, MCL §330.1204b, as a public governmental entity separate from the CMHSP Participants that established it. The CMHSP Participants formed Mid-State Health Network to serve as the prepaid inpatient health plan (“PIHP”) for the twenty-one counties designated by the Michigan Department of Health and Human Services as Region 5. The CMHSP Participants include Bay-Arenac Behavioral Health, Clinton-Eaton-Ingham Community Mental Health Authority, Community Mental Health for Central Michigan, Community Mental Health Authority (located in Gratiot County), Community Mental Health Authority (located in Tuscola County), Huron County Community Mental Health Authority, Ionia County Community Mental Health Authority, LifeWays Community Mental Health Authority, Montcalm County Community Mental Health Authority, Newaygo County Community Mental Health Authority, Saginaw County Community Mental Health Authority, and Shiawassee County Community Mental Health Authority. Beginning January 1, 2014, MSHN entered into a contract with the State of Michigan for Medicaid funding, and entered into subcontracts with the CMHSPs in its region for the provision of Mental Health, Substance Use Disorder, and Developmental Disabilities services.

Project Details

MSHN is a governmental agency receiving Medicaid and Block Grant funds from the State of Michigan Department of Health & Human Services (MDHHS) for the region defined above. The administration office and all financial records are currently located at 530 W. Ionia St.; Lansing, MI 48933.

The Bidder is required to prepare audit reports (Single, Financial and Compliance) in accordance with standards applicable to financial audits contained in *Government Auditing Standards* and auditing standards generally accepted in the United States of America.

Bidder Expectations

- From the time that a bid is announced, no communication from a prospective bidder to any other prospective bidder regarding this bid opportunity will occur other than as facilitated by MSHN (exceptions) is permissible to gain further understanding of the current contract requirements and expectations.
- An E-Letter of Intent must be received by September 8, 2017.
- Proposals will be written and emailed to MSHN by the communicated due date, provided in Adobe Acrobat (.pdf) files, and will be reviewed by the MSHN Executive Staff.
- Additional Q&A and/or demonstration opportunities will be scheduled as requested. Questions should be submitted by email directly to the designated contact noted below. Responses will be disseminated to all parties that have submitted an intent to apply.
- While there are no page limit requirements, please only include meaningful information that informs/aids the evaluation and bid-selection process.

General Bidder Requirements

All bidders wishing to perform the function on behalf of MSHN will provide the following in their written proposal:

- A description of how the bidder will fulfill the requirements of the function, including:
 - A description of staffing capacity and competency to perform the required function;
 - A delineation of the processes, flowcharts, timelines, and expectations; and
 - A description of how the bidder will engage collaboratively with MSHN staff (as applicable) to perform the functions;
- Establish a project timeline for meeting the scope of work and deliverables including any start-up and/or infrastructure requirements;
- Identification of any assumptions, constraints, risks or dependencies;
- The cost to MSHN for the provision of this service for Fiscal Year (FY) 2017 (October 1, 2016 through September 30, 2017) ending on Fiscal Year 2019 (October 1, 2018 through September 30, 2019);
- The proposal should specify costs necessary to establish the functions (start-up costs); and
- Bidders must disclose any intention to subcontract any part of the function, and what percentage of the work will be performed by a subcontractor.

General Proposal Requirements

The audit process should include, but not be limited to, the following:

- Provide/Verify: All required financial statements as well as accompanying footnotes in a two-year comparative format.
- Determine compliance with *Title 2 U.S. Code of Federal Regulations Part 200 Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- Determine compliance with applicable GASB Standards.
- Determine compliance with *Compliance Examination Guidelines* as issued by the Michigan Department of Health and Human Services, effective for contract years ending September 30, 20XX or after, and any amendments made thereto during the contract period. Compliance related to Medicaid funds will need to be coordinated with the independent auditors employed by MSHN.
- Review of Administrative Cost Report to the Michigan Department of Health and Human Services.
- Review of accounting policies and practices.
- Provide a management letter, including comments and recommendations, relating to financial policies and procedures and internal control.
- Provide final audit report in a MSHN approved format.

Financial Audit

Bidder is to transmit one copy of the draft financial audit report to the Chief Financial Officer (CFO) of MSHN. The Bidder shall deliver one electronic copy of the final report to the CFO of MSHN; the bidder shall also deliver 30 final financial audit reports and present an oral summary report to the Board of Directors of MSHN no later than the September 30 Board of Directors meeting of the applicable year. Reports may be submitted earlier than the above schedule.

Compliance Examination

Bidder is to transmit one copy of the draft compliance examination report to the CFO of MSHN. The Bidder shall deliver one electronic copy of the final report to the CFO of MSHN; the bidder shall also deliver 30 final compliance examination reports and present an oral summary report to the Board of Directors of MSHN not later than the September 30 Board of Directors meeting of the applicable year. Reports may be submitted earlier than the above schedule.

Single Audit

Bidder is to transmit one copy of the draft single audit report to the CFO of MSHN. The Bidder shall deliver one electronic copy of the final report to the CFO of MSHN and shall deliver four copies of the final report.

Quality Standards & Performance Measurement

The contractor shall assure adherence to auditing standards generally accepted in the United States of America and *Government Auditing Standards*

Budget

1. **Financial Budget**

The budget shall provide detail of cost for direct staffing, administration, software, start-up costs, etc. A budget narrative may be added to provide additional detail.

2. **Payment Schedule:**

The contractor is expected to bill MSHN monthly. MSHN will make payment within 30 days of invoice receipt.

Selection Criteria

- MSHN shall establish RFP specific scoring criteria and method in advance of RFP/RFI release.
- The prospective contractor provides evidence of competency and capacity to perform the functions defined herein.
- Bidder support for defined requirements and project timeline are sufficient to demonstrate capacity to achieve the stated program goals and performance requirements.
- If the selection is competitive and all other factors are equal, the contract will be awarded to the bidder with the proposal of best value. Best value will be determined at MSHN's sole discretion.
- MSHN reserves the right to request bidder follow-up meetings for the demonstration of competency and capacity.
- MSHN reserves the right to reject any and all bids

Terms and Conditions

- **Contract Term:** It is expected that the contract will commence at a mutually agreeable date on or as soon after October 1, 2017 as practicable and shall continue until such time as identified auditing services for FY's 2017, 2018 and 2019 are completed. The term may be extended by mutual agreement provided all contract terms are met.
- **Contract Scope:** The successful bidder will assure sufficient capacity to perform the functions detailed.
- **Primary Point of Contact:** The contractor shall designate, through MSHN, a primary point of contact.
- **Bidder Requirements:**
 - The bidder must provide assurance of appropriate liability insurance.
 - The bidder must provide evidence of appropriate staff qualification/licensure to perform the essential duties of the agreement.
 - The proposal shall include a signed and notarized Certificate of Compliance with Public Act 517 of 2012 on the form provided with this RFP.

Bid Procedure

- The bidder shall provide an e-copy of the proposal and all required attachments no later than September 30, 2017.
- Attachments shall include:
 - Designation of the primary point of contract and a related resume;
 - A response to all required elements including provisions of appropriately referenced attachments;
 - A project implementation plan including infrastructure development;

- A budget proposal as defined;
- Professional and customer references for the related scope of work;
- A proposed Administrative Services Agreement (Contract) related to the scope of work identified in the RFP and bidder's response; and
- Other support materials necessary to demonstrate the bidder's competency and capacity to achieve the goals and performance requirements of this proposal.

Contacts

- All questions should be submitted in writing by e-mail.
- Questions and proposals should be directed to:

Leslie Thomas, CFO
Mid-State Health Network
530 W. Ionia, Ste. F, Lansing, MI 48933
Leslie.Thomas@midstatehealthnetwork.org

CERTIFICATE OF COMPLIANCE WITH PUBLIC ACT 517 OF 2012

I certify that neither _____ (Company), nor any of its successors, parent companies, subsidiaries, or companies under common control, are an “Iran Linked Business” engaged in investment activities of \$20,000,000.00 or more with the energy sector of Iran, within the meaning of Michigan Public Act 517 of 2012. In the event it is awarded a Contract as a result of this Request for Proposals, Company will not become an “Iran Linked Business” during the course of performing the work under the Contract.

NOTE: IF A PERSON OR ENTITY FALSELY CERTIFIES THAT IT IS NOT AN IRAN LINKED BUSINESS AS DEFINED BY PUBLIC ACT 517 OF 2012, IT WILL BE RESPONSIBLE FOR CIVIL PENALTIES OF NOT MORE THAN \$250,000.00 OR TWO TIMES THE AMOUNT OF THE CONTRACT FOR WHICH THE FALSE CERTIFICATION WAS MADE, WHICHEVER IS GREATER, PLUS COSTS AND REASONABLE ATTORNEY FEES INCURRED, AS MORE FULLY SET FORTH IN SECTION 5 OF ACT NO. 517, PUBLIC ACTS OF 2012.

(Name of Company)

By: _____

Date: _____

Title: _____

Subscribed to and sworn before me,
a Notary Public, on this ____ day of _____, 20____.

_____, Notary Public
_____ County, State of Michigan
Acting in _____ County, Michigan
My Commission Expires: _____

39.0 FISCAL AUDITS AND COMPLIANCE EXAMINATIONS (MDHHS Requirements)

Required Audit and Compliance Examination

The PIHP shall submit to MDHHS a Single Audit or Financial Statement Audit depending on the level of Federal awards expended, and a Compliance Examination as described below. The PIHP must also submit a Corrective Action Plan for any audit or examination findings that impact MDHHS-funded programs, and the management letter (if issued) with a response.

Single Audit

PIHPs that expend \$750,000 or more in Federal awards, during the PIHP's fiscal year shall submit a Single Audit to MDHHS. The Single Audit must comply with the requirements of the Single Audit Act Amendments of 1996, and 2 CFR 200, Subpart F. Also, the PIHP must comply with all requirements contained in the MDHHS Substance Abuse Prevention and Treatment Audit Guidelines, current edition, as issued by the MDHHS Bureau of Audit, Reimbursement, and Quality Assurance.

Financial Statement Audit

PIHPs exempt from the Single Audit requirement shall submit to MDHHS a Financial Statement Audit prepared in accordance with generally accepted auditing standards (GAAS).

Compliance Examination

PIHPs shall submit a contract end date (September 30th) Compliance Examination conducted in accordance with the American Institute of CPA's (AICPA's) Statements on Standards for Attestation Engagements (SSAE) 10 - Compliance Attestation (as amended by SSAE 11, 12, and 14), and the Compliance Examination Guidelines contained in Attachment P.39.0.1.

Due Date and Where to Send

The required Single Audit or Financial Statement Audit, Compliance Examination, and any other required submissions (i.e. Corrective Action Plan and management letter with a response) must be submitted to MDHHS within 30 days after receipt of the practitioner's reports, but no later than June 30th following the contract year end by e-mail to MDHHS-AuditReports@michigan.gov. The required materials must be assembled as one document in a PDF file compatible with Adobe Acrobat (read only). The subject line must state the PIHP name and fiscal year end. MDHHS reserves the right to request a hard copy of the materials if for any reason the electronic submission process is not successful.

Penalty

If the PIHP does not submit the required Single Audit or Financial Statement Audit, Compliance Examination, and applicable Corrective Action Plans by the due date and an extension has not been approved by MDHHS, MDHHS may withhold from the current funding an amount equal to five percent of the audit year's grant funding (not to exceed \$200,000) until the required filing is received by MDHHS. MDHHS may retain the amount withheld if the PIHP is more than 120 day's delinquent in meeting the filing requirements and an extension has not been approved by MDHHS.