REQUEST FOR PROPOSALS FOR FINANCIAL AND SINGLE AUDITING SERVICES

INTRODUCTION

Purpose of RFP

Network180 is requesting proposals for professional financial auditing services for each of the fiscal years 2017 through 2020.

As a result of this RFP, Network180 expects to contract with a qualified certified public accountant firm to audit its financial statements, and perform a single audit, and examine its compliance with State of Michigan specified reporting.

Term of Engagement

Network180 expects to award a contract for a period of four (4) years with the possibility of two (2) one year extensions if agreed upon by both parties. Network180 reserves the right to terminate at the end of each year with or without cause.

Network180 will expect the auditors to begin their on-site work for the financial and single audits each February. Network180 would like fieldwork for the 2017 audit to begin on or about February 5, 2018 with report issuance by the State of Michigan deadline of March 31. The compliance reporting fieldwork is expected in April or May with an issuance date by the State of Michigan deadline of June 30. Interim or preliminary fieldwork can be scheduled if desired by the audit firm.

DESCRIPTION OF ORGANIZATION

Kent County CMH Authority was created by the County of Kent, Michigan (the "County") Board of Commissioners to operate, control and manage an integrated behavioral health care system in order to serve County of Kent residents. The Authority does business as Network180. Network180 is governed by a community mental health services board, which is appointed by the County of Kent Board of Commissioners. The County also provides financial support annually to Network180. Accordingly, Network180 is considered to be a component unit of the County and is discretely presented in the financial statements of the County.

Network180 provides mental health and substance abuse services to the community through contractual relationships with non-profit agencies. Additionally, Network180 operates certain direct run mental health or substance abuse programs.

Network180 has a September 30th fiscal year end. The 2017 budget is approximately $144,000,000. Included in the 2017 budget is $104,000,000 for Medicaid funding, $6,200,000 for federal funds and $5,500,000 for State general funds. A copy of the Network180 audited Financial Statements and Supplemental Materials for the years ended September 30, 2016 and September 30, 2015 is posted on the Network180 website: http://www.network180.org under the Additional Links section / Financial Statements / Financial Statement Fiscal Year 2016.
Finance operations are under the supervision of the Chief Financial Officer, who is also responsible for managing the audit for Network180. Network180 uses Microsoft NAV2009 software for general ledger, accounts payable, purchasing, and Sage Software FAS Gov 500 for asset management.

SCOPE OF SERVICES

Scope of Work

Network180 is contracting with the audit firm to perform:

- A financial audit in conformance with accounting principles generally accepted in the United States of America.
- A single audit in accordance with the Uniform Guidance.

Reports to be Issued

Following the completion of the audit, the firm shall issue reports as required by professional standards applicable for each year.

Other Communication Requirements

The auditor shall communicate to the Executive Director and the Network180 Board in accordance with professional standards applicable for each year.

The auditor shall provide a management letter or a letter indicating that no management letter is necessary.

In addition to written reports, the audit firm will be requested to be present at a board meeting to present the audit report.

Report Preparation and Printing

Network180 will prepare financial statements. The audit firm shall be responsible for preparing and proofing final bound financial statements. Network180 reserves the right to approve the final draft prior to printing.

The quality of the material used in each report shall be comparable to those used in such reports for organizations similar to Network180. Network180 reserves the right to reject materials that are not equal to the quality provided by its current audit firm.

Network180 shall require 25 hard copies of each final report, letter, and/or statement. An electronic copy will also be required.


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 Network180 of the need to extend the retention period. The audit firm will be required to make working papers available upon request by Network180. Reports, documents, and working papers will only be released with specific written permission and direction from Network180.

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.
Assistance to be Provided by Network180

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.

Assistance in obtaining necessary documents from Network180 files.

Finance and management personnel, as appropriate, to provide information, documentation, and/or explanations.

Final trial balance of specified funds for which Network180 maintains accounting records, in an electronic format.

Work papers in support of significant account balances for all funds for which Network180 maintains records in an electronic format.

CONTENT OF PROPOSALS

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

Cover Letter

A cover letter on firm letterhead must be signed by an official authorized to bind the firm to the provisions of the proposal.

Provide the name, title, address, e-mail address, fax number and telephone number of the firm’s primary contact for the proposal.

Certify that the proposal will remain valid for 90 days from the date submitted, and that, upon award of the contract all prices shall be firm and valid for the duration of the contract.

Indicate that the firm agrees to be bound by the proposal included in the original proposal submission without modification.

Provide an affirmative statement that the firm is independent of Network180.

Provide an affirmative statement indicating the firm and all assigned key professional staff are properly licensed to practice in Michigan.

Provide an affirmative statement that the firm certifies that to the best of its knowledge and belief they are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department.

Table of Contents

A table of contents providing a listing of each section of the proposal is required, including the Appendices and any additional material submitted.
Executive Summary

The executive summary should provide a concise summarization of the services being proposed to meet Network180’s needs and why it is the solution Network180 should decide to implement. The firm should also summarize their qualifications and similar experience in similar sized operations and how this experience indicates the firm’s solution is suitable for Network180.

Statement of Requirements

State in detail your understanding of the requirements presented by this RFP.

Statement of Auditing Standards

State in detail the auditing standards that will be followed during the performance of the audit.

Audit Reports

Include a list of reports that will be issued with the audited financial statements.

Work Plan

Describe in narrative form an outline of the proposed audit program. Include a proposed timeline. Please identify both on-site and off-site work schedules in the proposed timeline.

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, and include resumes for each one that list qualifications and detailed references of relevant governmental and behavioral healthcare audit experience. Indicate which of these individuals will be on site for staff supervision and support.

The partner named in your response may be changed only with the express written approval of Network180, which also retains the right to approve or reject replacements.

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 proposal will provide your firm’s audit and internal controls philosophy, in particular with respect to assets and controls of governmental organizations.

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 their most recent peer review.

Relevant Experience / References

For the firm’s office that will be responsible for the Network180 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 Mental Health Authority and/or comparable health care or governmental agencies.

**Pricing**

For each fiscal year the response must include:

- An itemization of the current hourly rate for each category of staff.
- A not to exceed amount for the financial audit, which will include the single audit.
- A not to exceed amount for the compliance examination.
- A not to exceed amount for expenses and a description of items included.
- Network180 may request consultation services on an as needed basis for issues that may arise during the year unrelated to the financial audit. State the cost for consultation services on an hourly basis separately.

**PROPOSAL SUBMISSION AND PREPARATION**

**Proposed Timeline**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>06/30/2017</td>
<td>Posting of RFP on Network180 website (<a href="http://www.network180.org">www.network180.org</a>) and notification in the Grand Rapids Press.</td>
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<tr>
<td>07/14/2017</td>
<td>Deadline for questions</td>
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<tr>
<td>07/21/2017</td>
<td>Network180 will send email response to all questions.</td>
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<tr>
<td>07/31/2017 by noon</td>
<td>Deadline for submission of proposals to Network180</td>
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<tr>
<td>08/15/2017</td>
<td>Award of proposal</td>
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<td></td>
<td>On or about February 5, 2018 Firm to begin on-site fieldwork</td>
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**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.

**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 compensation price.

**Payment Schedule**

Payment terms for any contract resulting from this RFP will be net 30 days. Firm may invoice Network180 monthly for services performed during that month. Invoice must include a description of work performed.
Proposal Submission

Proposals must be received by Purchasing no later than noon on Monday, July 31, 2017. Submit one (1) original electronic copy of your response to Purchasing at purchasing@network180.org.

Proposals must be clearly marked: **RFP Auditing Services**
**Attn: Chief Financial Officer**

The email must include the firm name and address.

Signatures

Proposal must be signed by a person authorized to sign contracts on behalf of the firm. The name of the person signing must be followed by title.

Incurring Costs

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

Network180 will not be responsible for any costs incurred in the preparation of proposals in response to this RFP. Nor will Network180 be responsible for any costs incurred if your firm is invited to make an oral presentation to the evaluation team.

Clarifications

It is the contractor's responsibility to become familiar with and fully informed regarding the terms, condition and specifications of this request. Lack of understanding and/or misinterpretation of any portions of the proposal shall not be cause for withdrawal after opening or for subsequent protest of award. Contractor must contact Purchasing via email: purchasing@network180.org by July 14, 2017 should clarification be required.

Withdrawal

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

Proposal Retention

Network180 will retain all proposals submitted.

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.

Payment Schedule

Payment terms for any contract resulting from this RFP will be Net 30 days. Firm will invoice Network180 monthly for services performed during that month. Invoice must include a description of work performed.

Oral Presentation

Some contractors may be selected to make an oral presentation to the evaluation committee.
**Evaluation Criteria**

The proposals submitted will be evaluated by a committee of management and financial Network180 staff. Evaluation criteria include, but are not limited to, the understanding of the proposed engagement as evidenced by the quality and completeness of the proposal response, relevant experience, qualifications of staff to be assigned, approach/methodology, timelines, and total proposed cost. This method of proposal evaluation may result in the bid being awarded to other than the lowest bidder.

**Proposal Opening and Selection**

Network180 reserves the right to request additional information or clarification from contractors, to allow correction of errors or omissions, and to waive irregularities and/or formalities when so doing may serve the best interests of the organization.

Network180 reserves the right to reject any or all proposals received as a result of this request.

Proposals will be privately opened and evaluated by Network180 administrative staff. Major factors that will be considered are cost, references, prior experience with Network180 and other similar organizations, completeness of proposal and past performance. It should be understood that award of this contract will not be based solely on cost. Network180 will make an award recommendation based on the bid it determines, in its sole discretion, to be in its best interest.

**Questions**

All questions relating to the preparation and/or submission of a response to this RFP should be directed to Purchasing via email at Purchasing@network180.org.

**GENERAL INFORMATION**

**Compliance with Laws**

The contractor agrees to adhere to all laws such that in carrying out its duties and responsibilities under this agreement, it will neither undertake, nor cause, nor permit to be undertaken, any activity which is illegal under any laws, decrees, rules, or regulations in effect in either the United States or the State of Michigan.

**Freedom of Information Act**

Information submitted in 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 Network180 has evaluated it, or 15 business days after the receipt date, whichever comes first.

**Proprietary and Confidential Information**

Network180 cannot assure that any of the information submitted as part of or peripheral to your proposal will be kept confidential. Any language designated as confidential may be considered void. Network180 is subject to the Michigan Freedom of Information Act, which prohibits it from concealing information on or associated with proposals, successful or unsuccessful, once they are opened.

**Non-Discrimination**

Network180’s contractors shall not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight or marital status, or disability that is unrelated to the individual’s ability to perform the duties of a particular job or position. The contractor shall observe and comply with all applicable federal, state and local laws, ordinances, rules
and regulations which shall be deemed to include, but not be limited to, the Elliott-Larsen Civil Rights Act and the Persons with Disabilities Civil Rights Act.

Non-Collusion

The contractor certifies that this proposal has not been made or prepared in collusion with any other contractor and the prices, terms or conditions thereof have not been communicated by or on behalf of the contractor 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.

Insurance Requirements

A. Commercial General Liability:

Minimum Limits: $1,000,000/occurrence, $3,000,000/aggregate – Bodily Injury, Personal Injury, and Property Damage: (Broad Form). The Contractor agrees to provide Network180 with a certificate evidencing the insurance coverage. The Contractor further agrees to notify Network180 immediately if there are changes to the policy, including change of policy limits, cancellation or non-renewal of policy.

B. Workers’ Compensation Insurance:

As an independent contractor, the contractor represents that one of the following is true:

1. Contractor is covered by a workers’ compensation insurance policy procured and paid for by the contractor;
2. Contractor has a valid WC-337 Notice of Exclusion on file with the Michigan Workers’ Compensation Agency; or
3. Contractor is a sole proprietor within the meaning of the Workers’ Disability Compensation Act of Michigan and has no employees.

Contractor will furnish a copy of insurance coverage, notice of exclusion, or signed statement of sole proprietorship with no employees.

Dispute Resolution

If any dispute, controversy, or claim arises in connections with the performance or breach of this agreement, either party may, upon written notice to the other party, request either facilitated negotiation or arbitration. The negotiator and/or arbitrator shall be a neutral party acceptable to both Network180 and the audit firm.

Contract Termination

Procedures for termination of this contract are as follows:

1. Contractor or Network180 may cancel this contract at any time with 30 days written notice.
2. If it is deemed to be injurious to the facility or otherwise to Network180, this contract may be cancelled with no notice.