

**COMMUNITY MENTAL HEALTH AFFILIATION OF MID  
MICHIGAN (CMHAMM)**

**CONSISTING OF:**

**COMMUNITY MENTAL HEALTH AUTHORITY CLINTON, EATON  
INGHAM**

**GRATIOT COUNTY COMMUNITY MENTAL HEALTH**

**IONIA COUNTY COMMUNITY MENTAL HEALTH**

**MANISTEE BENZIE COMMUNITY MENTAL HEALTH**

**NEWAYGO COUNTY MENTAL HELTH**

**COST PROPOSAL FOR FINANCIAL AND COMPLIANCE  
EXAMINATION AUDIT SERVICES**

**I. Purpose**

**Financial Audit Services:**

It is CMHAMM policy to obtain cost proposals for audit services every three years, which are reviewed and approved by each CMH's Board of Directors within the Affiliation. The Board may authorize staff to extend audit services beyond the original audit period without soliciting additional cost proposals, provided that any extensions do not exceed three years.

**Compliance Examination Audit Services:**

Prepaid Inpatient Health Plans (PIHP) under contract with the Michigan Department of Community Health (MDCH) to manage the Medicaid Program, and Community Mental Health Service Providers (CMHSP) under contract with MDCH to manage the General Fund program are required to contract annually with a certified public accountant in the practice of public accounting to examine the PIHPs or CMHSPs compliance with specified requirements.

As a result of this RFP, each CMHSP in the CMHAMM expects to contract with a qualified certified public accountant firm to perform a compliance examination audit. Contracts will be between the vendor and each of the partners of the CMHAMM.

**II. Description of Organization**

The CMHAMM is comprised of the five affiliated CMHSPs listed above. Community Mental Health Authority Clinton Eaton Ingham (CMHA-CEI) serves as the Pre-Paid Inpatient Health Plan (PIHP) for the CMHAMM, and acts as the fiduciary for Medicaid funding from the State of Michigan. The Michigan Department of Community Health (MDCH) contracts with CMHA-CEI/PIHP for Medicaid dollars, and individually with each CMHSP for General Fund dollars.

The CMHAMM provides mental health and substance abuse services to their respective communities and regionally through contractual relationships with non-profit agencies. Each CMHSP in the CMHAMM has some direct operated mental health or substance abuse programs.

The CMHAMM has a fiscal year that runs from October 1<sup>st</sup> through September 30<sup>th</sup>.

The finance operations for each CMHSP are under the supervision of a Finance Director for that organization. Each CMHSP is responsible for managing the audit for their organization.

The contacts for each CMHSP are:

Community Mental Health Authority Clinton, Eaton Ingham - Pam Keyes  
Gratiot County Community Mental Health - Heather Betts  
Ionia County Community Mental Health - Dan Beckmann  
Manistee Benzie Community Mental Health – Donna Nieman  
Newaygo County Mental Health - Carol Mills

### III. Annual Audit Requirements

Financial Audit Services:

- A. A 3 year contract for audit services with CMH option to cancel or extend contract on a year to year basis.
- B. Time frame for completion of annual audit
  1. Initial Planning Meeting- Early October.
  2. Interim field work-Early November.
  3. Regular field work-beginning of December.
  4. Issuance of draft financial statements for Gratiot, Ionia, Newaygo, and Manistee-Benzie; review of CEI prepared draft financial statements; and issuance of draft management letter-beginning of February.
  5. Meeting with management staff to discuss financial statements and management letter-beginning of February.
  6. Issuance of final financial statements and management letter-late February.
  7. Presentation of final reports to the Finance Committee or Board of Directors at each CMH within the Affiliation -March.
- C. Required annual reports

1. General Purpose Financial Statement and Independent Auditor's Report stating whether the financial statements present fairly, in all material respects, the financial position of CMH, in conformity with generally accepted accounting principles.
  2. Compliance Audit of federal financial assistance-Single Audit
  3. Report to Board of Trustees (management letter)
  4. Reports must be in a format acceptable to CEI CMH.
- D. Audit Standards
1. Audit will be in accordance with generally accepted auditing standards.
  2. Audit of federal programs will be made in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and with the Michigan Department of Community Health Bureau of Substance Abuse Services (BSAS) audit guidelines.
- E. Compliance review of financial information provided in DCH cost report.

#### Compliance Examination Audit Services:

Please see Community Mental Health Compliance Examination Guidelines Michigan Department of Community Health, pages 5 and 6.

- IV. Items required in cost proposal (Please note that each CMH within the Affiliation will enter into contracts independently with selected audit firm(s). It is our intent to contract with one audit firm to perform all compliance audits. However, we may or may not select the same firm for financial audits.)

All written proposals must include the following information by CMH:

- A. Cost for financial audit services for:
1. FY 2010
  2. FY 2011
  3. FY 2012
  4. FY 2013 (at CMHAMM option to extend)

5. FY 2014 (at CMHAMM option to extend)
6. FY 2015 (at CMHAMM option to extend)
- B. Cost for compliance audit services for:
  1. FY 2010
  2. FY 2011
  3. FY 2012
  4. FY 2013 (at CMHAMM option to extend)
  5. FY 2014 (at CMHAMM option to extend)
  6. FY 2015 (at CMHAMM option to extend)
- C. Cost for combined financial and compliance audit services for:
  1. FY 2010
  2. FY 2011
  3. FY 2012
  4. FY 2013 (at CMHAMM option to extend)
  5. FY 2014 (at CMHAMM option to extend)
  6. FY 2015 (at CMHAMM option to extend)
- D. Background information on firm.
- E. Experience auditing governmental entities. Submit at least three (3) sets of audit statements, prepared by your firm and the partner/principal to be assigned to the project.
- F. Experience in auditing the behavioral and physical healthcare industry, including Medicaid fee-for-service and prepaid-capitated systems.
- G. List of at least 3 relevant audit references similar in size and scope of CMHAMM.
- H. Resumes of staff to be assigned to CMHAMM project for fiscal year 2010 including credentials and relevant experience. This must include the supervising partner/principal, the audit supervisor and audit staff. Note: staff assigned to the CMHAMM audit in ensuing years must have equal or better qualifications.
- I. State the percentage of the firm's 2009 revenues related to auditing.
- J. This information may be submitted in any format, however CMHAMM prefers that your response be as succinct as possible.

## **V. Selection Process**

The Committee will select firms for interviews on July 29<sup>th</sup>, 2010. Firm interviews will be held at CMHA-CEI 812 East Jolly Road, Lansing. If selected by the Committee for an interview, you will need to be available on August 18<sup>th</sup>, 2010 for an interview.