



North Central Health Care

Person centered. Outcome focused.

**North Central Health Care
1100 Lakeview Drive
Wausau, WI 54403
(715) 848-4600**

REQUEST FOR PROPOSALS Auditing Services

May 26, 2017

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A. Purpose of Request

North Central Health Care (NCHC) and the Retained County Authority Committee (RCA) of Marathon, Lantlode and Lincoln Counties is requesting proposals for the purpose of retaining a certified public accounting firm (Firm) to audit NCHC's financial records. The needs are outlined in subsequent sections of this request for proposal (RFP). The terms of the contract with the successful Firm shall commence on August 1, 2017 and shall go through June 30, 2020 with the option of extending up to another three year term. The contract will cover the three successive audits for the calendar years of 2017-2019.

B. Time Schedule

NCHC will use the following timetable, which should result in the selection of an auditing firm by July 21, 2017 and a contract in place by August 1, 2017.

May 26, 2017	Request for Proposal (RFP) released
June 2, 2017	Deadline for submission of questions from auditing firms
June 9, 2017	NCHC to mail response to auditing firm questions
June 30, 2017	Deadline for receipt of responses by NCHC. <u>No responses will be accepted after this date.</u>
July 10, 2017	Selection of finalists
July 17, 2017	Interview finalists (if needed)
July 27, 2017	Recommended finalist to RCA Committee
July 27, 2017	Select and notify selected Auditing Firm.
August 1, 2017	Contract effective date

C. Instructions to Auditing Firms

North Central Health Care will accept written questions from CPA Firms as long as the questions are received by the close of business on June 2, 2017. Questions should be addressed to the North Central Health Care CFO at the address shown above. The responses to the questions will be posted on the North Central Health Care website and emailed to the firms requesting clarification in addition to being sent to all interested firms known by NCHC.

All proposals must be received at the North Central Health Care Administration Office, as indicated below, no later than June 30, 2017, 4:30 p.m. **Proposals received after that time will be rejected.**

North Central Health Care
Attn: Brenda Glodowski, CFO
1100 Lakeview Drive
Wausau, WI 54403

Actual receipt by said time is required, and deposit in the mail is insufficient. All proposals must be in writing, must be in a sealed envelope and clearly marked in the lower left corner "RFP Response-Auditing Services". All responses will remain sealed until after the stated deadline but will not be opened publically.

One (1) original and (1) copy of the audit proposal must be provided. In addition, one (1) original and (1) copy of the cost proposal must be provided. The cost proposal should be separate from the audit proposal. In addition to the hard copies, please include a flash drive with the RFP so an electronic copy is also available.

Proposal shall remain firm once submitted and may not be withdrawn for a period of ninety (90) days, subject to provisions for correction and error in the proposal.

The North Central Health Care CFO will notify the CPA Firm selected by July 24, 2017. If interviews are required prior to selection, the CPA Firm will be notified by July 10, 2017. The interview date, if needed, is scheduled for July 17, 2017.

The RFP does not commit NCHC to award a contract, to pay any costs incurred in the preparation of a response to this request or to procure or contract for services. NCHC reserves the right to accept or reject any or all proposals received as a result of this request, to waive minor irregularities in the procedure, to negotiate with any qualified source, or to cancel in part or in its entirety this RFP, if it is in the best interest of NCHC to do so. NCHC may require the Firms selected to participate in negotiations, and to submit price, technical or other revisions in their proposal as may result from negotiations.

The evaluation team will consist of NCHC's CEO, CFO, Business Operations Director, and the RCA. No official or employee on the evaluation team shall have any financial interest in the contract. No official or employee of the evaluation team shall exercise any undue influence in the awarding of the contract.

Proposals may be withdrawn only in total, and by written request to NCHC.

D. Description of Entity

The North Central Community Services Program is a governmental organization established by the counties of Langlade, Lincoln and Marathon, and governed by a Board of Directors under Wisconsin State Statutes 51.42/.437, to provide for services to mentally ill, alcoholic, drug dependent and developmentally disabled persons. The Program operates North Central Health Care, with its main campus in Wausau, and offices located in Merrill, Tomahawk, and Antigo. NCHC offers outpatient, day hospital, community treatment and inpatient services for mental/emotional problems; outpatient, day programs, detoxification services for alcohol and drug dependency; and vocational, life skill training, early intervention, housing and care management services for the developmentally disabled. Skilled nursing facility services are offered at the main campus with a licensed capacity of 220. Included in the skilled nursing facility is a 25 bed vent unit. Persons requiring either short term or long term skilled nursing care because of complex physical needs, psychiatric and neurological diseases, and dementia or behavior problems are served.

North Central Health Care has an annual operating budget of approximately \$62,000,000. The organization employs around 750 employees. Major funding for the organization is through patient billing for services (this includes billing to third party payers such as Medicare, Medicaid, Family Care and insurance), Federal and State Grants, State Community Aids, and County tax levy.

E. Summary of Accounting Policies and Basis of Accounting

North Central Health Care (NCHC), a component unit of Marathon County, is a statutory mandated entity pursuant to Wisconsin statutes 51.42/.437 established under a contract between Langlade, Lincoln, and Marathon Counties as a quasi-political subdivision. The County Board of Supervisors from the three counties appoints board members to NCHC. The 14 member Board of Directors is made up of ten members from Marathon County and two members each from Lincoln and Langlade Counties. Annually each of the three counties fund an amount equal to expenses in excess of federal and state grants and net patient revenue as it relates to the respective county. The nursing home operation is a function of Marathon County. Capital facilities are the direct responsibility of each county. The budget must be approved by each county. There is a financial burden since NCHC cannot issue debt and each county takes responsibility for its share of debt for capital projects.

NCHC uses the accrual basis of accounting. NCHC follows generally accepted accounting principles, and applies all applicable standards issued by the Financial Accounting Standards Board (FASB). NCHC uses estimates in the valuation of accounts receivables that include contractual allowances and provision for doubtful accounts. Estimates are also used for cost report settlements, reserves for losses and expenses related to self funded health insurance and dental insurance, and allocation of allowable direct and indirect costs for grant reporting.

F. Scope of the Audit

The audit shall cover the entire financial operation of North Central Health Care and must be conducted in accordance with generally accepted and government auditing standards and under A-133 audit requirements.

It will be the responsibility of NCHC to prepare the financial statements, schedules and associated footnotes. The audit shall include an annual examination of NCHC’s financial statements for the years ending December 31 2017, 2018, and 2019, with the option to extend up to another three year period. An opinion will be expressed based on the audit. The Firm will prepare an annual single audit report and express an opinion for the years indicated as required by the U.S. Office of Management, the Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations and the State of Wisconsin Single Audit Guidelines, issued by the State of Wisconsin Department of Administration. The Firm will also prepare a communication for the NCHC Board of Directors on the audit and the findings, as well as the required communications document.

The CPA Firm will present a summary of the audit and the findings to a joint meeting of the North Central Community Services Program (NCCSP) Board, Finance Committee and Retained County Authority Committee at the March NCCSP Board meeting. The engagement will also include preparation of the federal data collection form.

The number of provided reports is as follows:

Required Communication Letter	35
Combined Financial Statements and Additional Information	60
Combined Financial Statements and Additional Information (including A-133)	15
Board of Director’s Presentation	35

The Firm will also be available at other times during the year for questions or consultation, if needed. NCHC will pay for any additional services at an agreed upon rate.

G. Assistance Available

North Central Health Care staff will prepare all audit workpapers and have them ready for the audit team on the scheduled date. The NCHC Business Operations Director and the CFO are the primary contacts for the audit team. Other staff will be available to provide information and answer questions as needed. North Central Health Care’s Fiscal Year ends on December 31, and has a completed audit in March. Adequate office space, telephone, and photocopying are available for the audit team at no cost to the auditing firm.

The prior year’s audit report will be available for review.

H. Exit Conferences

An exit conference will be conducted at the end of the audit. This conference will include the Partner and Manager from the CPA Firm, the CFO, Business Operations Director and CEO from North Central Health Care. The Audit Partner and CFO will meet periodically, or as needed, during the course of the audit.

I. Terms and Conditions

The selected firm will provide a certificate of insurance which will evidence compliance with insurance requirements. The Firm will at all times during the terms of the agreement maintain required insurance policies. The contract may not be subcontracted without the written consent of NCHC. The contract may only be modified by a written amendment to the contract, signed by both parties. The Firm agrees that it is an Independent Contractor with respect to the services provided. The contract period is for three years. The contract may be terminated by either party with a thirty day (30) written notice. The Firm agrees to indemnify, hold harmless and defend NCHC, its officers, agents and employees from any and all liability where liability is a result of an act of the Firm.

The audit working papers must be retained by the Firm for at least seven years from the close of an audit, and made available for examination by authorized representatives of state and federal audit agencies and NCHC authorized staff.

J. Technical Proposal Requirements and Proposal Format

Each proposal should be bound, include a table of contents and be separated and labeled by section. The proposal should clear, concise, and straightforward. In order to adequately compare proposals, please submit in the following format.

Title Page: The proposal should identify the subject, name of the firm, address, telephone number, email address and name and title of contact person. The date of submission should also be included, and should indicate how long the proposal is effective for.

Table of Contents: Each section of the proposal should be clearly identified by page and section number.

Letter of Transmittal: The letter of transmittal should summarize an understanding of the services to be performed and the names of the persons authorized to represent the Firm. If these names are different than the contact on the title page, their contact information should be indicated.

Certification of License to Practice in Wisconsin: The Firm must affirm that they are licensed to practice as Certified Public Accountants in the State of Wisconsin, and must affirm they do not have a history of substandard work.

Certificate of Independence: Firms must certify that the firm, partners, and all staff members assigned to the engagement are free from impairments to independence with respect to North Central Health Care, as defined by generally accepted auditing standards. Firm must commit to maintaining an independent attitude and appearance through the full term of the engagement.

Profile of the Firm: This section should include type of organization and size of firm, location of the office from which the work is to be performed, and the length of time the firm has been in existence and performing audits for health care organizations.

Firm's Qualifications: This section should include résumé's of key staff members assigned to the engagement. Also, indicate time commitments of key staff members. The Firm will not replace key staff members without notice and approval of NCHC. This section should also contain the firm's experience with health care organizations. References should be provided. The information here should include information regarding the Firm's participation in associations. The Firm should also include if there has been any action taken or pending against the firm within the last five years.

Firm's Approach to the Examination: NCHC's audit generally consists of two segments-the financial audit and the state compliance audit. The Firm should outline their approach for performing the audit. This should also include a tentative schedule, with the audit completion being the 3rd Wednesday of March. An outline of estimated hours for each segment of the audit by discipline (Partner, Managers, and Staff) should be included.

K. Cost Proposal

The cost proposal should be provided as a separate document from the technical proposal.

L. Award of Contract

Factors consider in the selection of the Firm will include:

Firm's ability to meet all the needs indicated in the RFP	50%
Firm's past experience in working with similar organizations	20%
Overall costs	20%
Quality and content of proposal including assigned audit team	10%

M. Contract

If your proposal is accepted and a contract issued, information from the RFP and documents submitted will be incorporated into the contract. The submission of a proposal shall be considered as a representation that the Firm has knowledge of scope, nature and quality of work. Acceptance of this proposal will take place only upon award by North central Health Care and awarding of a contract.

