

## RFP 18-01 (Financial Audit) Questions and Answers

- Why is KCMHSAS seeking proposals? **KCMHSAS is required, per policy, to bid out services from time to time.**
- Have there been any professional disagreements with the CPA firm conducting the audit in the past three years? **KCMHSAS and our CPA firm have not had any professional disagreements.**
- What were the audit fees incurred for the last three years? **Decline to answer.**
- Are there any new federal awards or major programs? **Possibly. Application has been submitted to SAMHSA and not yet awarded.**
- Are there any significant changes to members of management or the finance department? **No**
- Are there any changes to the type of funding received by KCMHSAS? **No**
- Does management prepare the Schedule of Expenditures of Federal awards, or is assistance provided by the auditors? **Management prepares.**
- Have there been any changes to the retirement plans or retiree benefits? **No**
- How many audit entries were posted in the prior year? **None**
- How many auditors were on site during fieldwork? **Three**
- How many days were auditors there for fieldwork and preliminary fieldwork? **10 days**
- What is the makeup of accounting staff positions? **Deputy Director, Director, Manager, Lead Financial Analyst, 3 Financial Analysts, Payroll/Purchasing position, Accounts Payable position**
- What is the experience of the top two finance positions (education, years with the agency, etc.)? **Bachelor Degree, 3 years with KCMHSAS and over 25 years of CFO experience in mental health and substance use disorder not for profit organizations in Grand Rapids and Kalamazoo areas. Bachelor Degree, 26 years**
- Was there any part of your former audit process or auditor that you would change? **No**

- Is cost the major issue? How much did you pay for the last audit? **Although cost is a consideration, also important to KCMHSAS is the experience of the audit firm in conducting audits of similar funding structures and similar types of organizations.**
- Do you write the financial report or supplemental schedules? **No**
- The RFP states the time frame should take 10 business days for final fieldwork, but how many auditors are onsite during that period? Were any interim procedures performed by your current auditor? **Three auditors onsite. No interim procedures performed.**
- What areas of the audit have been historically more difficult than others? **None**
- Please provide a description of the overall IT environment within the Organization (i.e. financial system applications, platform and operating systems, and data center locations). Were there any reported deficiencies in the IT area from your auditors. If yes, can we obtain a copy of those comments? **KCMHSAS uses Microsoft Dynamics GP 2015 for its general ledger. We use FastPath to integrate Active directory security with Dynamics GP security. The servers are all virtualized using VMWare ESX 5.1 and hosted in a HIPAA compliant data center (Secant Technologies). The server operating systems are all windows 2008r2 or newer. SQL Server version 2012. Backups of servers are taken twice daily. All client computers are Microsoft windows 7 or 10 with McAfee Enterprise Anti -Malware. We use Microsoft Office 365 mostly with E3 license levels. We use Microsoft windows software update service to automatically push critical updates to servers and computers. McAfee also pushes windows update to servers and clients. There have not been any reported deficiencies.**
- Describe the process for the preparation of the audited financial statements and how much involvement management has in preparing schedules and footnotes for the audit firm so they can properly prepare the Organization's final audited statements. **The audit firm prepares all schedules and footnotes.**
- Was there a management letter issued that contains any other internal control observations? **No** What is management and the audit committee's expectation for receiving such comments? **KCMHSAS would expect auditors to identify areas of internal contract that could be enhanced and to have discussion with staff on those areas. If significant, we would expect the auditors to also discussion those concerns with the audit committee.**
- How many board or audit committee meetings do the auditors typically attend? What is management's and the board's expectation for interaction with the auditors and the nature of the materials presented at meetings? **Three meetings total. One with the CEO, the Finance/Audit Committee and the full Board meeting. These meetings are to present an overview of the audit and to answer any questions the Board may have about the audit.**

What is working well in your current relationship with Rehmann and what might you be hoping to gain or improve upon in the event you would decide to change audit firms? **We are satisfied with our current relationship with Rehmann. Our expectations for the selected audit firm is to develop and solid relationship for review of our annual financial statements and audit plus the availability to converse and obtain advice on issues that arise throughout the year.**

- What advice would you give us in how we should position ourselves to gain the confidence of management and board in our ability to do the work and more importantly, to win the business? **The audit firm that we work with should have a good reputation and experience in auditing similar organizations. We will contact references to obtain knowledge of other organizations experience in working with the audit firm. We are looking for a mutually beneficial and collaborative relationship with our audit firm.**
- Are there any anticipated operational changes during the 2018 fiscal year that would not be reflected in the 2017 audited financial statements that we received? **No** Is the Schedule of Federal Awards also expected to remain comparable? **It should remain comparable or there may be an increase.**
- What medical records, medical billing system and general ledger package is being used? **Streamline is our EMR (Electronic Medical Record) system and Great Plains is our general ledger.** Are they integrated? **No**
- Are all records at one facility or will the audit teams be traveling to multiple sites as the audit is performed? **Accounting records are at one facility. Depending on the program chosen for the Single Audit, some local travel may be necessary.**
- How many audit entries are typically proposed by the audit firm? **None**
- What were the audit fees for each year of the current contract? **Decline to answer.**
- Were there any additional billings? If so, please describe. **No**
- Describe any significant construction projects or other capital expenditures planned in 2018 and beyond. **None planned currently.**
- Describe any new major programs, changes to government funding or investments in other entities in 2018 or planned for future years. **No major changes planned currently.**
- Please describe any other significant changes in your financial statements, internal controls, or operations that have occurred or you expect to occur over the next few years that you believe could assist us in scoping the financial statement audit. Such as:
  - a. Planned system implementations or conversions? **None**
  - b. Involved in any new significant litigation? **None**
  - c. Significant changes in investment portfolio? **None**
  - d. New investments in affiliates? **None**

While we have not planned changes in any of these areas, we are always looking for improved methods and funding to serve our consumers. If there are any significant changes, we would be open to discussion about how they impact the scope of the audit, timeline, and cost.

- In the past 2-3 years has the entity had to repay back any federal or state grants? **No**
- Please confirm whether a separately issued Compliance Audit is required. **No, a separately issued Compliance Audit is not required.**
- In the Request for Proposal, under Item D – Other Communication Requirements, are you referring to a ‘No Material Weakness’ letter? **Yes**
- Do you have the dates for the presentation of the 9/30/2018 Financial Statements to the Finance Committee and the Board? **Tentatively, March 22 to the Finance Committee and March 25 to the Board**
- What is the driving factor for the Request for Proposal? **The number of years since the audit was last bid out.**
- Is the predecessor auditor included in the Request for Proposal? If the predecessor auditor is not include, what is the reasoning for not including them? **Yes**
- Are you able to provide prior year fees by services performed? **No**