

IDAHO HEALTH INSURANCE EXCHANGE

REQUEST FOR PROPOSAL FOR AUDITING SERVICES

I. INFORMATION CONCERNING REQUEST ISSUANCE

A. PURPOSE OF REQUEST

This Request for Proposal (RFP) is issued for the Idaho Health Insurance Exchange dba Your Health Idaho (YHI) for separate annual audits of YHI for the periods July 1, 2018 to June 30, 2019 and July 1, 2019 to June 30, 2020 and July 1, 2020 to June 30, 2021. The audits are to be performed in accordance with *Government Auditing Standards* established by the General Accounting Office (GAO).

B. QUESTIONS RELATED TO PROPOSAL

Questions concerning this proposal should be directed to Layne Bell, CPA, YHI Controller (the "Controller"), PO Box 943, Boise, Idaho 83701. Office telephone: (208) 780-2687.

C. PAYMENTS

Payment for each audit will be made by YHI. The billing will be submitted to YHI after completion of each audit.

II. NATURE OF SERVICES DESIRED

A. GENERAL

This contract is for an examination of financial statements that shall be in accordance with the standards relating to financial compliance audits contained in *Government Auditing Standards* (2018 Revision), issued by the U.S. General Accounting Office.

The following is a partial list of documents and publications impacting compliance issues: YHI enabling legislation and policies as adopted by the YHI Board of Directors; compliance with accounting requirements specified in 45 CFR § 155.1200(a)(1), compliance with all subparts of 45 CFR Part 155, and all other financial and programmatic audit requirements issued by The Centers for Medicare & Medicaid Services.

The auditor will plan an exit conference with the Controller for discussion of a draft Audit Report (as defined below) at a time convenient to the parties.

B. SPECIFIC REQUIREMENTS

During the periods to be covered by audit, YHI's general ledger accounting system is QuickBooks Online. The audits are to cover all YHI funds. These funds include:

1. General Funds; and
2. Funds that may be established over time.

C. REPORTING REQUIREMENTS

The audit report shall, at a minimum, contain the following: Title Page, Table of Contents, Findings and Recommendations (if applicable), Agency Response (if applicable), Opinion on Financial Statements, Management’s Discussion and Analysis, Financial Statements and accompanying notes, Letter on Internal Control over Financial Reporting, and the Audit Findings Report for the CMS programmatic audit (collectively, the “Audit Report”).

Ten (10) hard copies of the Audit Report and an electronic PDF copy of the Audit Report shall be provided to the Controller for distribution to the YHI Board of Directors upon completion of the audit. The Audit Report will be addressed to:

Controller
Your Health Idaho
PO Box 943
Boise, Idaho 83701

1. SCOPE AND OPINION

The Audit Report must comply with generally accepted auditing standards (GAAS) and generally accepted *governmental auditing standards (GAGAS)*.

2. FINANCIAL STATEMENTS

The Audit Report shall contain financial statements in compliance with generally accepted accounting standards (GAAP) for all funds of YHI.

3. REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

The compliance letter must adhere to *Government Auditing Standards* published by the American Institute of Certified Public Accountants (AICPA).

4. REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM – PROGRAMMATIC AUDIT

The compliance letter must adhere to *Government Auditing Standards* published by the American Institute of Certified Public Accountants (AICPA).

5. FINDINGS AND RECOMMENDATIONS

If considered necessary after evaluation of internal control auditing results, compliance testing, and programmatic results the report will include a section containing findings and recommendations.

6. AGENCY RESPONSE

The report will contain the written agency response to each finding and recommendation as necessary.

III. BACKGROUND INFORMATION ON AUDIT ENTITY

YHI is an “Independent body corporate and politic”. The organization of the YHI includes:

- 19 member Board of Directors, appointed by the Governor (17 voting members); and
- YHI staff which encompass all operational aspects of the Exchange.

YHI was established by Idaho Code § 41-6101 *et seq.* YHI has audited financials for the past six fiscal years (fiscal year 2013 through fiscal year 2018).

IV. ASSISTANCE AVAILABLE TO SUCCESSFUL BIDDER

A. PREVIOUS AUDIT AND AUDITOR

Harris CPAs, located in Meridian, Idaho, performed the attestation services for the past six fiscal years (fiscal year 2013 through fiscal year 2018).

B. STATEMENT AND SCHEDULE PREPARATION

Financial statements to be audited will be provided by YHI. Documents selected by the independent auditor for testing will be made available by YHI.

C. ENTITY ASSISTANCE AND SITE VISITS

YHI will provide access to the YHI enabling legislation and to current copies of all YHI policies as well as federal laws, regulations, policy statements, or other documents providing regulatory or explanatory information, as applicable.

V. INFORMATION REQUESTED FROM BIDDER AND OTHER INFORMATION

A. BIDDERS' PROPOSALS

In order to be considered for selection, bidders (sometimes referred to herein as “Contractor”) must submit a complete response to this Request for Proposal using the format specified in this document. Each proposal must be submitted in PDF format to:

RFP@yourhealthidaho.org

In Care of:
Controller
Your Health Idaho
PO Box 943
Boise, Idaho 83701

No other distribution of the proposals will be made. Proposals will be clearly marked as "Proposal for Financial and Programmatic Audits of YHI." Each audit proposal should be a complete document independent of any other submissions by the bidder.

B. KEY DATES

	DATE
RFP Release	1/25/2019
Q&A deadline	2/1/2019
Q&A Call	2/8/2019
RFP Response Deadline	2/15/2019
Award Date	3/29/2019

D. AUDIT WORK AND DRAFT REPORT

Field work start dates are to be determined based on fiscal year ending on June 30th 2019, June 30th 2020 and June 30th 2021 in coordination with YHI staff, as soon as possible after each fiscal year end.

The final draft audit report is to be delivered to the YHI Controller and Executive Director by the Monday of the last full business week of August subsequent to the end of each fiscal year.

Awardee will provide its draft independent audit report in person to the YHI Finance Committee generally in the first week of each September, and in person to the Board of Directors in full, generally by the third week of each September.

E. FINAL REPORT

The final audit report must be submitted to YHI's Executive Director and Controller no later than the Monday of the last full business week of September subsequent to the end of each fiscal year in order for YHI management to submit audited financial statements to the Controller's Office of the State of Idaho in a timely manner.

F. INCURRING COSTS

YHI is not liable for any costs incurred by bidders prior to signing an agreement to perform the audit.

G. REJECTING PROPOSALS

As further set forth in Section VI herein, YHI reserves the right to reject any and all proposals and to negotiate separately with any firm in any manner necessary to serve the best interests of YHI. YHI does not intend necessarily to award a contract solely on the basis of cost. Non-compliance with the conditions for proposing may result in rejection of the proposal.

H. ACCEPTANCE OF PROPOSAL CONTENT

The contents of the successful proposal will become contractual obligations along with any other obligations included in the final contract. Failure of the successful bidder to accept those obligations in contractual provisions will result in cancellation of the award.

I. ECONOMY OF PREPARATION

Proposals should be prepared simply and economically, providing a straightforward, concise description of the vendor's capabilities to satisfy the requirements of this RFP. Special bindings, colored displays, promotional materials, etc. are not desired but may be included. Emphasis should be on completeness and clarity of content.

J. ORAL PRESENTATIONS

No oral presentations of audit proposals are anticipated. If two or more written proposals are evaluated as being equal or nearly equal, oral presentations may be received at a time and place designated by representatives of YHI.

K. QUALIFYING CONDITIONS AND REQUIRED INFORMATION

All bidders must provide all information requested in this RFP. Responses must be in the format specified and must include all the data specified. Significant deviation from format or incomplete responses may cause the proposal to be rejected.

L. FORMAT AND CONTENTS OF PROPOSAL

1. Title page specifying the document is a proposal for the annual audit of YHI for the periods July 1, 2018 to June 30, 2019 and July 1, 2019 to June 30, 2020 and July 1, 2020 to June 30, 2021 on behalf of YHI.
2. Table of Contents providing description headings and page numbers for all required sections and any additional discretionary sections.
3. A Transmittal Letter signed by a person authorized to bind the proposer and identifying:
 - (a) The firm or individual making the proposal.
 - (b) The specified fixed fee proposed.
 - (c) A brief explanation of the proposer's understanding of the work to be done.
 - (d) The name(s) of the person(s) who will be authorized to make representations for the proposer.
4. Audit Firm Profile and Qualifications

This section should designate the primary location of the proposing firm in Idaho and the location of any branch offices involved in the audit. Additionally, it should include a brief history of the firm; the experience of the firm in government auditing; the firm's process for continuing professional education; names of staff to be assigned to the engagement with description of each individual's experience. It should also include a copy of the firm's latest peer review report and any letter of comment.

5. Mandatory Criteria

The bidder must affirm that the firm is licensed to practice as Certified Public Accountants (CPAs) in the State of Idaho, is compliant with all Idaho State Board of Accountancy promulgated requirements and Idaho Code requirements for practice as CPAs in the State of Idaho and that the firm meets the independence standards of the GAO *Government Auditing Standards* (2018 revision).

6. Audit Cost Schedule and Fixed Fee Bid

This schedule is to include costs attributed to each staff level identifying the number of individuals at each level, total hours, and total cost for each audit for the fiscal years ended June 30, 2019, June 30, 2020 and June 30, 2021. The total of all costs must be shown as a firm fixed fee bid and YHI shall not be responsible for costs incurred by Contractor outside of said bid.

7. Audit Time Table

This section will specify the estimated start date and estimated end date for each audit listed in item #6.

8. Audit Plan

This section should contain a response in at least three areas:

(a) Financial Audit

Expected time and cost by level of employee to complete this portion of the required work.

(b) Internal Control Review

Expected time and cost by level of employee to complete this portion of the required work.

(c) Programmatic Audit

Expected time and cost by level of employee to complete this portion of the required work.

The approach to testing in each area should be identified, including materiality methodology and risk assessment. Any special or unusual procedures or techniques should be shown in the proposal, including any related to the detection of fraudulent use or waste of resources.

M. AUDITOR SELECTION PROCEDURES AND CRITERIA

Selection of the successful bidder will be based upon an evaluation of the proposed plans and procedures for completing and reporting the various portions of the audit identified above and the fixed fee bid.

The contract award, if any, will be based upon the evaluation of responses by representatives of YHI.

N. FUTURE AUDITS

Audit services provided will be for the identified audit periods only. No subsequent consecutive audit(s) of the agency by the auditor is contemplated.

O. PRIME CONTRACTOR RESPONSIBILITIES

The successful bidder will be required to assume total responsibility for performance of services, including support service, requested herein.

P. ASSIGNMENTS

No contract or any interest therein shall be transferred by the Contractor to any other party without the written approval of YHI. Transfer of a contract without approval shall cause the annulment of the contract so transferred at the option of the YHI. All rights of action, however, for any breach of such contract by the contracting parties shall be reserved to YHI. No member of the Legislature or any officer or employee of any branch of state government shall directly or indirectly benefit from any contract agreement.

Q. AUDIT DOCUMENTATION

1. DURING THE AUDIT

During the audit and until release of the audit report, access to the Contractor's audit documentation will be granted solely to the Executive Director or assigned employees for review, comment, and copying at times mutually convenient to the contracting parties. Audit documentation is confidential as to all other individuals or parties.

2. AFTER RELEASE OF AUDIT

After the release of the audit, access to audit documentation may be additionally granted to representatives of the following organizations:

- (a) U.S. General Accounting Office.
- (b) Representatives of any Certified Public Accounting firm selected for submitting proposals for subsequent audits of the agency.

R. RETENTION OF AUDIT DOCUMENTATION

Audit documentation pertaining to these audits must be retained for not less than ten (10) years following presentation of the audit reports or for a period ending not later than ten (10) years after completion of any litigation resulting from the audits, whichever period is longer pursuant to CMS requirements under the Minimum Accepted Risk Standards for Exchanges (MARS-E).

S. SAVE HARMLESS

Contractor shall protect, indemnify, defend, and save YHI and the State of Idaho harmless from and against any damage, cost, or liability, including reasonable attorney fees for any or all injuries to persons of, property arising from actions or omissions of vendors, his employees, or subcontractors, howsoever caused.

T. INSURANCE

For the duration of the engagement and for a period of 3 years thereafter, Contractor will procure and maintain, at its sole cost and expense, at least the following types and amounts of insurance coverage:

1. Commercial general liability with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, including bodily injury and property damage and products and completed operations and advertising liability. The commercial general liability coverage will also include contractual liability coverage insuring the activities of Contractor, including without limitation Contractor's indemnification obligations.
2. Worker's compensation with (i) limits no less than the minimum amount required by law and (ii) a waiver of any subrogation right of the insurers against YHI or YHI's board members, employees, volunteers, or other agents.
3. Errors and omissions with limits no less than \$1,000,000 per occurrence and \$5,000,000 in the aggregate.
4. Data breach and cyber liability with limits no less than \$1,000,000 per occurrence and \$5,000,000 in the aggregate.
5. Umbrella follow-form coverage for the coverages listed above with limits of no less than \$10,000,000.

Each insurance policy of the Contractor will:

- Except to the extent the insurer refuses to do so, name YHI and its board members, officers, employees, contractors, volunteers, and other agents, including, in each case, all successors and permitted assigns, as additional insureds;
- Provide that the policy is primary insurance and any similar insurance in the name of or for the benefit of YHI or its board members, officers, employees, contractors, volunteers, or other agents will be excess and non-contributory;

- Be issued by insurance companies with a Best's Rating of no less than A-.

The Contractor hereby waives all rights of subrogation against YHI and its board members, officers, employees, contractors, volunteers, and other agents, including, in each case, all successors and permitted assigns, including, in each case, all successors and permitted assigns, and the insurers of each.

Certifications of Coverage. Contractor will provide YHI with copies of the certificates of insurance and policy endorsements for all insurance coverage required hereunder, and will not do anything to invalidate such insurance. This provision will not be construed in any manner as waiving, restricting or limiting the liability of the Contractor party for any obligations imposed on Contractor, including without limitation obligations of indemnification.

U. OSHA REGULATIONS

Contractor guarantees that all work will meet or exceed those requirements and guidelines established by the Occupational Safety and Health Act.

V. ANTI-DISCRIMINATION

Acceptance of this contract binds the recipient to the terms and conditions of Section 601, Title VI, *Civil Rights Act of 1964* in that "No person in the United States shall, on grounds of race, color, national origins, sex or age, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving federal financial assistance." In addition, "No otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from the participation in, be denied benefits of, or be subject to discrimination under, any program or activity receiving federal financial assistance."

W. NEWS RELEASES

During the period commencing with the issuance of this RFP and ending with presentation of the audit report, news releases pertaining to this project will not be made without prior written approval of representatives of YHI.

X. PUBLIC INFORMATION

All the information requested in this proposal is considered public information and will be open to public inspection after contract award.

Y. FRAUD OR ILLEGAL ACTS

In the event that the auditor finds circumstances indicating the existence of activity subject to either civil or criminal prosecution, YHI will be notified promptly in full detail. YHI will provide additional direction and make other necessary notifications as provided by law.

VI. RESERVATION OF RIGHTS BY YHI

The issuance of this RFP does not constitute an assurance by YHI that any contract will actually be entered into by YHI and YHI expressly reserves the right to:

- Waive any immaterial defect or informality in any proposal or proposal procedure.
- Reject any and all proposals.
- Request additional information and data from any or all respondents.
- Supplement, amend, or otherwise modify the RFP or cancel this request with or without the substitution of another RFP.
- Disqualify any respondent who fails to provide information or data requested herein or who provides inaccurate or misleading information or data.
- Disqualify any respondent on the basis of any real or apparent collusion or conflict of interest.
- Disqualify any respondent on the basis of past performance on other projects, or being in arrears on existing contracts with the State of Idaho or having defaulted on a previous contract with the State of Idaho.
- Prior to the response time, YHI may meet with and consult with some or all of the potential respondents to this request.
- YHI may negotiate with any respondent to this RFP and shall have the sole discretion to choose the best combination of qualifications and price for the project and services.
- YHI shall have the sole discretion to select one, none or several different respondents to provide the services, or portions thereof, as described in this RFP.

By responding to this RFP, each respondent agrees that any finding by YHI regarding any fact in dispute as to this RFP or the proposals shall be final and conclusive except as provided herein.