

YHI

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, 2015 to June 30, 2016 and July 1, 2016 to June 30, 2017 and July 1, 2017 to June 30, 2018. The audit is 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 Trent Cummins, YHI Controller, 1010 W Jefferson Street, Suite 200, Boise, Idaho 83702, (208) 991-3925.

C. PAYMENTS

Payment for audit will made be by YHI. The billing will be submitted to YHI after completion of the 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* (2011 Revision), issued by the U.S. General Accounting Office.

The following is a partial list of publications containing compliance issues: state laws relating to appropriations, budgets, receipts, disbursements, etc.; state regulations, such as travel, moving expenses, rotary funds, etc.; and agency laws and regulations; federal laws and regulations related to OMB Circular A-133 Compliance Requirements; 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 officials from YHI for discussion of a draft audit report at a time convenient to the parties.

B. SPECIFIC REQUIREMENTS

During the period to be covered by audit, YHI’s accounting system is Quickbooks. The audit is to cover all of YHI funds. These funds include:

1. General Fund and funds that may be established over time; and
2. Federal Grant funds as awarded.

YHI relies on federal financial assistance during the period under audit.

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 Letter on Internal Control over Financial Reporting and on Compliance in Accordance with OMB Circular A-133, Single Audit requirements including an opinion on the SEFA and Other Matters, and the Audit Findings Report for the CMS programmatic audit.

Ten (10) hard copies of the report and a PDF copy of the report shall be provided to the Legislative Council upon completion of the audit. The report will be addressed to:

Controller
Your Health Idaho
1010 West Jefferson Street, Suite 200
Boise, Idaho 83702

1. SCOPE AND OPINION

The report on the examination of financial statements must comply with generally accepted auditing standards (GAAS) and generally accepted *governmental auditing standards (GAGAS)*.

2. FINANCIAL STATEMENTS

The report shall contain 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

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

5. REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

6. 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.

5. AGENCY RESPONSE

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

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 encompasses all operational aspects of the Exchange.

YHI was established by Idaho Code § 41-6101 *et seq.* The Exchange has audited financials for the past three fiscal years (fiscal year 2013, fiscal year 2014, and fiscal year 2015).

IV. ASSISTANCE AVAILABLE TO SUCCESSFUL BIDDER

A. PREVIOUS AUDIT AND AUDITOR

Harris & Company, PLLC, located in Meridian, Idaho, performed the attestation services for the past three fiscal years (fiscal year 2013, fiscal year 2014, and fiscal year 2015).

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. AGENCY ASSISTANCE AND SITE VISITS

The audited agency will provide access to a current set of the *Idaho Code* and to current copies of all other necessary state or 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 must submit a complete response to this Request for Proposal using the format specified in this document. Each proposal must be submitted in three (3) copies to:

Controller
YHI
1010 W. Jefferson Street, Suite 200
Boise, Idaho 83702

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

B. RESPONSE DATE

In order to be considered for selection, proposals must be received by the Controller in care of the YHI no later than Friday February 5, 2016. Late proposals will not be considered.

C. AWARD DATE

The contract will be awarded not later than March 31, 2016.

D. AUDIT WORK AND DRAFT REPORT

Field work start date is to be determined based on fiscal year ending on June 30th and YHI staff availability.

Draft audit report expected to enable submission of draft financial statements to the State Controller's Office by September 2016.

E. FINAL REPORT

The final audit report must be submitted to the Idaho Health Exchange Executive Director and Controller no later than November 1, 2016

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

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 the 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, 2015 to June 30, 2016 and July 1, 2016 to June 30, 2017 and July 1, 2017 to June 30, 2018 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 and that the firm meets the independence standards of the GAO *Government Auditing Standards* (2011 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. The total of all costs must be shown as a firm fixed fee bid.

7. Audit Time Table

This section will specify the estimated start date and estimated end date.

8. Audit Plan

This section should contain response in at least four areas:

(a) Financial Audit

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

(b) Compliance Audit

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

(c) Internal Control Review

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

(d) 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 service provided will be for the audit period only. No subsequent consecutive audit 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 will be additionally granted to representatives of the following organizations:

- (a) U.S. General Accounting Office.
- (b) Any federal or state agency providing financing to the audited agency.
- (c) Representatives of any Certified Public Accounting firm selected for submitting proposals for subsequent audits of the agency.

R. COSTS

Charges for any copies of audit documentation will be at cost payable by requestor.

S. RETENTION OF AUDIT DOCUMENTATION

Audit documentation pertaining to this audit must be retained for not less than five (5) years following presentation of the audit report or for a period ending not later than five (5) years after completion of any litigation resulting from the audit, whichever period is longer.

T. 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. The Contractor will maintain any applicable workman's compensation insurance and will provide certificate of same, if requested. YHI does not assume liability as an employer.

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.