

REQUEST FOR PROPOSAL
FOR AUDIT SERVICES
BY
MAINE HEALTH ACCESS FOUNDATION

May 2018

MEHAF
MAINE HEALTH ACCESS FOUNDATION

150 Capitol Street, Suite 4
Augusta, ME 04330

**MAINE HEALTH ACCESS FOUNDATION
REQUEST FOR PROPOSAL for an
INDEPENDENT AUDIT**

TABLE OF CONTENTS

I.	<u>Introduction</u> Organizational overview / Contact information	Page 1
II.	<u>Services to be Performed</u>	Page 2
III.	<u>Audit Specifications</u>	Page 3
IV.	<u>Audit Proposal Requirement, Timeline, & Format Specifications</u>	Page 3-5
V.	<u>Criteria for Evaluation and Selection of Audit Firm</u>	Page 5
VI.	<u>Expected Engagement Procedures</u>	Page 6
VII.	<u>Other General Information and Conditions</u>	Page 6-7
VIII.	<u>Proposal and Engagement Time Schedule</u>	Page 7
IX.	<u>Notice of Bidder Interest</u>	Page 8

The following information will be provided to firms submitting proposals:

- December 31, 2016 Audited Financial Statements
- December 31, 2017 Internal Financial Statements
- MeHAF Annual Report
- MeHAF Investment Structure & Managers Narrative

I. Introduction

Organizational Overview: Based in Augusta, Maine, the Maine Health Access Foundation (MeHAF) is the state's largest private health care foundation. MeHAF is a nonpartisan organization that uses its financial and human resources to advance its mission of *promoting access to quality health care, especially for those who are uninsured and underserved, and improving the health of everyone in Maine*. Annually, MeHAF provides about \$4.5 million in grants and program funding. Since its formation in 2000 following the sale of Blue Cross and Blue Shield of Maine to Anthem Insurance Companies, the foundation has awarded over \$68 million in grants and other program support to nonprofit, educational and governmental organizations across Maine to advance our mission. The foundation is deeply committed to advancing a broad understanding of issues affecting health and health care. Our grants and programs are designed to move critical issues forward, cultivate connections between grantees and policy leaders, and ensure that our initiatives achieve their intended impact.

As one of the larger staffed nonprofit philanthropic organizations in Maine, MeHAF also strives to provide sector leadership in public transparency and advancing best practices as a core element in building public trust for the stewardship of our resources. The foundation's audit, tax return (IRS Form 990-PF) and approved Board minutes are posted and freely accessible on our website.

The foundation has ten staff members and is governed by a fifteen-member statewide Board of Trustees. MeHAF's funding resources and operating funds are derived from our invested endowment. The Finance Committee is charged with oversight of the foundation's investments, under the guidance of a formal, Board-approved investment policy. Wells Fargo serves as the custodial bank for MeHAF's investments. Prime Buchholz LLC serves as MeHAF's independent consultant investment advisors. Each month, MeHAF receives an investment summary from Wells Fargo with the month-end statement and year-to-date activity for the investments. All monthly statements are reviewed independently by the CEO and Finance Manager. The MeHAF Finance Committee, which meets quarterly, is charged by the Board with overseeing the foundation's financial operations, investments, audit and filing of the IRS form 990-PF tax return.

Contact Information: Requests for additional information should be directed to:

Margo Beland
Finance Manager
Maine Health Access Foundation

Tel: (207) 620-8266 x 108

E-mail: mbeland@mehaf.org

II. Services to be Performed

The MeHAF Finance Committee for the Board of Trustees is soliciting the services of a certified public accounting firm to perform an audit of the foundation's statement of financial position and related statements of activities, cash flows, and functional expenses for the fiscal year ending December 31, 2018, in accordance with auditing standards generally accepted in the United States.

The scope of the audit should be sufficient to provide reasonable assurance the financial statements are fairly presented and free of material misstatement. The audit should include the following elements:

- Obtaining an understanding of MeHAF and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.
- Tests of the foundation's accounting records and other procedures considered necessary to enable the auditors to express an opinion about whether MeHAF's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting standards. Along with the report on the financial statements, the CPA firm will:
 - Issue an audit opinion, if applicable, along with any required communications.
 - Prepare a management letter containing comments and recommendations with respect to accounting, internal control, efficiencies and emerging issues.
- Tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions.
- Tests of documentary evidence related to the foundation's grantmaking, including delineation of related party transactions.
- Tests of the fair value of MeHAF's financial instruments and the disclosure of their fair value measurement in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification 820-10-20, Fair Value Measurements and Disclosures.

Audit firms interested in responding to this RFP will receive detailed organizational and financial information related to the foundation, including a copy of the most recent completed audited financial statements (fiscal year 2016).

Upon completion of the selection process, or if your firm decides not to propose, all information included with this request should be returned to MeHAF or securely destroyed.

III. Audit Specifications

This request is a solicitation to provide an audit of MeHAF's financial statements for the fiscal year beginning January 1, 2018, and ending December 31, 2018. The contract with the firm selected through this competitive process may be extended for up to four consecutive years at terms consistent with the audit firm's original proposal.

IV. Audit Proposal Requirements, Timeline, and Format Specifications

Proposal respondents must conform to the following:

- a) Each respondent expecting to submit a proposal shall acknowledge receipt of this RFP no later than Friday, June 1, 2018, by returning the accompanying Notice of Bidder Interest Form (on page 8).
- b) Questions and/or requests for clarification about this RFP or the selection process must be submitted in writing to Margo Beland via email (mbeland@mehaf.org) by June 15th. All inquiries and responses will be provided to all respondents who have returned a Notice of Bidder Interest Form indicating intent to submit a proposal. Names of inquirers will not be disclosed.
- c) Bidders will provide an Adobe PDF of the proposal. Proposals must be received by email at MeHAF no later than **5 pm (Eastern Time) on Monday, July 23, 2018**, in order to be considered.

To achieve a uniform process to evaluate proposals, the foundation is requesting that proposals be organized in the manner specified:

- a) Title page, including title, the proposing firm's name, contact person, telephone number, fax number, e-mail address, and date.
- b) Cover letter that includes:
 - Brief statement of your understanding of the work to be done and commitment that the work can be performed within the time frame specified in this request.
 - Statement that the signer(s) is (are) authorized to commit the firm to the proposal and to contract for the firm.
 - The title or position the signer(s) hold(s) in the proposing firm.
 - Statement to the effect that the proposal is a firm and irrevocable offer good for six months from the date of the letter.
 - Statement as to the availability of staff and other required resources for performing all services as described in this request for proposal and for services in addition to those requested, if offered or requested.
- c) Table of contents that clearly identifies the material by section and page number.
- d) General information about your firm, including:
 - Organizational structure, including service categories, staff level description; number of professional staff in the proposed office that will service MeHAF; and location of the firm's headquarters and contact information, if different from office which will provide audit service to MeHAF.

- Firm experience in providing auditing to private foundations, as well as foundations or nonprofit organizations of a comparable size to MeHAF.
 - Firm independence with respect to MeHAF.
 - Disclosure of any pending or threatening litigation against the firm as of the date of your response.
 - Commitments the firm makes to staff continuity, including your staff turnover experience in the last three years.
- e) Summary of the proposed team’s qualifications that identifies the partners, managers and in-charge accountants who will be assigned to our job if you are successful in your bid. Provide résumés for each of those persons specifying any recent experience and continuing education they have related to the type of services requested.
- f) Describe the audit approach, outlining how your firm will approach MeHAF’s audit, including the use of any association or affiliate member firm personnel and the areas that will receive primary emphasis.
- Outline the planned audit cycle and timetable, including timing of interim tests, field work, and delivery of reports.
 - Describe the methodology used to verify the December 31, 2018, value of MeHAF’s investment portfolio. NOTE: Applicants will receive a copy of MeHAF’s investment funds and managers. MeHAF’s audit typically begins in January but is completed in August due to delays in the receipt of various investment K-1s and audited financial statements that provide independent verification of MeHAF’s alternative investment revenues and values as of the year end cut-off date. Your proposed management process should outline how this issue will be addressed.
 - Outline your expectations of the MeHAF staff.
 - Describe how your firm would facilitate the transition from MeHAF’s current audit firm and minimize the impact of this change on MeHAF staff.
 - Include a discussion of the firm’s use of technology in the audit.
 - Describe your understanding of The Sarbanes–Oxley Act of 2002 as it relates to this engagement, labeling what types of non-audit services would prevent you from rendering an audit opinion of our financial statements caused by a conflict of interest as defined by this Act.
 - Include a discussion of the communication process used by the firm to discuss issues with management and the MeHAF Finance Committee.
- g) Describe your firm’s approach to ensure transparent coordination and communication with MeHAF’s tax professionals (Baker Newman & Noyes) in the audit process.
- h) Annual fee estimate that estimates your annual charges and maximum fee (including estimated out-of-pocket expenses) based on a five-year engagement. Specify the projected number of hours by staff level/category and your standard billing rates for each class of professional personnel for the last two years. Address your firm’s approach to cost savings in the auditing process (i.e. automated systems, reliance on internal controls, offsite/remote audit work, and other efforts to reduce audit staff time and MeHAF staff time).

- i) Client references that include a list of private foundations and nonprofit clients the firm has audited in the past three years. Please furnish the names and telephone numbers of three of these clients whom we may contact.
- j) Peer Review Reports: Provide a copy of the firm's latest peer review report, the related letter of comments, and the firm's response to the letter of comments.
- k) Provide a draft copy of the representation letter you will require from MeHAF management in conjunction with the audit of the financial statements.

V. Criteria for Evaluation and Selection of Audit Firm

MeHAF's criteria for evaluation and selection of an audit firm will include, but not be limited to, the following:

- a) Engagement partner and staff qualifications and experience in auditing investment portfolios and private foundations. Note that MeHAF has a diverse investment portfolio comprised of level 1, 2 and 3 investments (domestic and international equities, flexible capital (including hedge funds), fixed income, and inflation hedging investments).
- b) Engagement firm and audit team experience and understanding of private foundations, or other grantmaking philanthropic organizations.
- c) Engagement firm's depth of personnel, experience, and qualifications of the staff to be assigned to MeHAF.
- d) Understanding of and commitment to the scope of work to be performed, including responsiveness to the RFP, quality of written presentations, ability to meet stated deadlines and to meet unexpectedly arising needs.
- e) Fee structure that is reasonable and commensurate with expectations.
- f) Depth and array of other services offered by the firm.
- g) Client references.

Please note that late proposals will not be accepted, nor will faxed or mailed proposals be accepted even if received before the deadline.

MeHAF reserves the right to ask for modification of minor irregularities in the proposals, and to incorporate those modifications with the concurrence of the proposing firm. The foundation also reserves the right to adapt all or part of any proposal with the exception of matters covered by patent, copyright, or other legal limitations or obligation.

The Finance Committee has full and sole discretion to award the contract for audit services on behalf of the Board of Trustees. The contract is expected to be awarded on September 2nd or no later than September 28, 2018.

VI. Expected Engagement Procedures

The CPA Firm will be expected to conduct its audit under the following conditions.

- a) The contract is expected to be effective upon approval by the Finance Committee.
- b) The field work and due dates for various stages of the audit services are expected to be completed in accordance with the proposal and engagement time schedule attached hereto.
- c) The firm shall comply with all auditing standards generally accepted in the United States.
- d) The partner responsible for the audit engagement will primarily be responsible for broad audit planning, development of audit procedures, scheduling of work, coordinating with the audit staff, advance preparation of schedule requests, and appropriate tailoring of the financial statements.
- e) The scope of the audit work should be the minimum required consistent with rendering an unqualified opinion on MeHAF's financial statements. The target date for the final published financial statements is August 2019.
- f) The audit team will attend the August 2019 (and subsequent years) Finance Committee meeting to present the audit and meet in executive session to discuss any management issues.
- g) MeHAF will assign Margo Beland, Finance Manager, to serve as the key contact person during the audit.
- h) A list of all required audit schedules shall be sent to Ms. Beland for preparation two weeks prior to the start of the audit.
- i) Along with the report on the financial statements, the CPA firm will:
 - Issue an audit opinion, if applicable, along with any required communications.
 - Prepare a management letter containing comments and recommendations with respect to accounting, internal control, efficiencies and emerging issues.
- j) Provide access or copies of all work papers, information and any other tax documentation necessary for MeHAF's tax accountant to prepare the 2018 Form 990-PF.
- k) MeHAF will need 2 bound copies of the financial statement report as well as a secured Adobe PDF file of the final audit.

VII. Other General Information and Conditions

All parties who submit proposals should be aware of the following conditions of this RFP and the proposed audit services contract.

- a) MeHAF is not liable for any cost associated with the participation by any firm or individual in the proposal and selection process.
- b) All proposals and accompanying and related documentation will become the property of MeHAF and will not be returned.
- c) The submission of a proposal shall be *prima facie* evidence the firm submitting a proposal has full knowledge of the scope, nature, quantity and quality of work to be

performed; the detailed requirements of the specifications; and the conditions under which the work is to be performed.

- d) All proposals submitted to MeHAF will remain confidential until final evaluation and selection. After final approval of the contract, the selected proposal is presumptively available for public inspection. The proposals not selected will be securely destroyed.
- e) MeHAF retains the right to reject any or all proposals at any time and for any reason and, at MeHAF's sole discretion, solicit new proposals on the same or different terms.
- f) Subsequent to the deadline, MeHAF may modify or amend the specifications.
- g) The contract may be terminated without cause by either party, immediately by MeHAF, and with thirty (30) days written notice by the public accounting firm.

VIII. Proposal and Engagement Time Schedule

RFP available/distributed	May 23, 2018
Submission of notice of bidder interest (electronically only)	June 1, 2018
Deadline for questions from bidders	June 15, 2018
Deadline for responses to bidders' questions	June 22, 2018
Deadline for proposals (Firms may be contacted in the interim period to provide proposal clarification, if necessary)	July 23, 2018
Finance Committee reviews proposals	August 9, 2018
Audit Service Contract Awarded	September 2, 2018
Engagement Commencement	January 2, 2019
Draft of <u>unaudited</u> financial statements due for use in the MeHAF April annual report <i>(The foundation's by-laws specify that MeHAF conduct its annual business meeting in April. As part of the annual meeting, the foundation releases its annual report which includes a statement of financial position (noted as "unaudited") that is provided by the auditors for publication in the annual report.)</i>	March 4, 2019
Final Audited Financial Statements due date	the second week of August 2019 (exact date TBD).
<i>(Assuming all necessary audit documentation is available no later than July 19, 2019.)</i>	

Maine Health Access Foundation

NOTICE OF BIDDER INTEREST

Please check one:

_____ My firm **IS** interested in submitting a proposal for this project and will submit a proposal to be received by MeHAF no later than 5 pm on Monday, July 23, 2018.

_____ My firm **IS NOT** interested in submitting a proposal for this project. If not interested in submitting a proposal, we would appreciate your brief explanation:

Firm Name: _____

Address: _____

Telephone: _____

Fax: _____

Contact Person: _____

Signature: _____

Title for Contact Person: _____

E-mail Address for Contact Person: _____

Please return this form as soon as possible, but no later than June 1, 2018, to:

Margo Beland
Finance Manager
Maine Health Access Foundation

mbeland@mehaf.org