



MORC Holding Company
Request for Proposals
Auditing Services

MORC Holding Company (“MORC”) is requesting proposals from qualified Certified Public Accounting firm to provide independent audit services of its combined financial statements. Services will include, but are not limited to:

- Planning and performing the audit
- Performing tests of documentary evidence
- Evaluation of Internal Controls
- Management Letter(s) per Financial Report
- Presentation of findings before the MORC Board of Directors
- Technical Assistance throughout fiscal year-costs included in yearly fee
- 403B and Money Purchase Plan Audit
- 990 Preparation and Filing

1.0 INTRODUCTION

MORC Holding Company (“MORC”) herein referred to as the (“Company”) is requesting proposals from qualified Certified Public Accounting firms ("Firm(s)") to provide independent audit services of its combined statutory-basis financial statements for the fiscal year October 1, 2019 through September 30, 2020.

Firms will be competing against each other for selection to provide the audit services set forth herein ("Services"). The submissions of all firms shall be compared and evaluated pursuant to the evaluation criteria set forth in this RFP, and a single proposal for the requested Services shall be selected. The process is being administered by management of the Company, with the ultimate decision on which firm to engage approved by the Finance Committee of the Company’s Board of Directors.

2.0 TERM OF ENGAGEMENT

The term of the agreement shall be for a period of three (3) years with the option to extend the agreement for two (2) additional one-year terms. The Company reserves the right to terminate the agreement at the end of each annual period, or as otherwise provided by the underlying executed agreement.

3.0 DESCRIPTION OF THE COMPANY

The Company Holding Company is comprised of three subsidiaries and one affiliate. The Company, Inc., MORC Homecare, and Metropolitan Real Estate are the subsidiaries. The Futures Foundation is the affiliate organization.

MORC, Inc. is a human services organization that coordinates long-term supports for individuals with physical and developmental disabilities and the elderly in Southeast Michigan. We coordinate primarily Medicaid funded services that give support in all areas of life including living arrangements, daily life skills, education, employment and community integration. The goal of our services is to empower people to maximize their potential. The Company serves over 6,000 individuals a year throughout our network.

MORC Homecare offers services to help seniors and those with disabilities to remain in their own home instead of the nursing home through the MI Choice Waiver and Nursing Facility Transition programs.

Metropolitan Real Estate's purpose is for the investment and holding of real estate properties.

The Futures Foundation, an entity with common board members of the Holding Company is an affiliate organization. The shared mission is to help children and adults with developmental disabilities live a quality life, by fulfilling basic needs not covered by other funding sources. Functions include accepting, holding, investing, fundraising, and administering any gifts, donations, legacies, bequests, property, and the income or principal thereof.

3.1 Description of Financial Records

The Company is required to undergo an annual independent audit and submit the Audit Report to funders. The Company maintains its books in accordance with Generally Accepted Accounting Principles (GAAP). The company is fund based and uses a fund based Accounting system. The

Core Production Systems:

Three core production systems form the basis for all production and transactional data and are 3rd party systems as follows:

- Accounting – (“*Abila*”)
- EHR and Claims Administration - (“*Avatar*”)
- Payroll - (“*Paycom*”)

Accounting Cycle:

The books are closed monthly and interim financial statements are generated and reported internally. All general ledger accounts are reconciled on a monthly basis. Quarterly and annual statutory financial statements are completed and filed with applicable external entities.

5.0 ELIGIBILITY

A Firm must meet the following minimum qualifications to be considered by the selection committee. Failure to meet the minimum required qualifications of this RFP will result in the rejection of a proposal:

1. As of January 1, 2020, Firm must be a Certified Public Accountant (CPA), licensed to practice in the State of Michigan.
2. As of January 1, 2020, Firm must be providing audit services in a significant capacity to multiple non-profit entities.
3. The Firm must maintain an errors and omissions insurance policy providing a prudent amount of coverage for negligent acts or omissions and that such coverage would be applicable to the Firm's actions under this RFP and Agreement.
4. The Firm must have completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by a government or other regulatory bodies; including but not limited to the Public Company Accounting Oversight Board (PCAOB) for acts contemplated by this RFP and agreement.

6.0 NATURE OF SERVICES REQUESTED

6.1 Scope of Work to be Performed

The Company seeks to engage an accounting firm to conduct an audit of its *Consolidated Financial Statements as of and for the Years Ended September 30, 2020* for its three subsidiary companies and one affiliate company. The audit will include the combined financial statements including: *Combined Statement of Financial Position, Consolidated Statement of Activities and Changes in Net Assets, and Consolidated Statement of Cash Flows* and all related notes and an additional set

of statements for MORC, Inc. The Firm will be asked to express an opinion on the fair representation of the Company's *Combined Financial Statements* prepared using the accounting practices prescribed or permitted by the appropriate governing bodies, which is a basis of accounting other than the accounting principles generally accepted in the United States of America. As part of the engagement, the Firm will be required to present the financial statements to Board of Directors. The Firm will also be expected to communicate findings of any significant deficiencies and material weaknesses in internal controls in a *Management Letter*.

6.2 Auditing Standards to be Followed

The Firm will provide independent, professional and objective auditing services in accordance with generally accepted auditing standards and testing methodology prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the General Accounting Office (GAO).

6.3 Report Requirements

Following the completion of the audit, the auditor shall furnish deliverables consisting of an electronic (PDF format) copy and 20 printed and bound copies of the audited annual financial report. Report preparation, editing, and printing shall be the responsibility of the auditor.

Reports to be Issued at Minimum

- a. All Required Auditor Communications and Commentary
- b. Independent Auditor's Report
- c. Consolidated Financial Statements
 - Statements of Financial Position;
 - Statements of Activities and Changes in Net Assets;
 - Statements of Cash Flows;
 - Notes to Consolidated Financial Statements.
- d. Supplemental Schedules
 - Combining Schedule- Consolidating Statement of Financial Position;
 - Combining Schedule- Consolidating Statement of Activities and Changes in Net Assets;
 - Combining Schedule- Statement of Functional Expenses;
 - Individual Subsidiary Statement of Functional Expenses;
- e. MORC Inc. Financial Statements
 - Statements of Financial Position;
 - Statements of Activities and Changes in Net Assets;

- Statements of Cash Flows;
- Notes to Consolidated Financial Statements

6.4 Working Papers

The Firm shall be responsible for maintaining a complete project library and master files of all services rendered under contract, deliverables, work papers and reports. All working papers and reports must be retained at the Firm's expense for a minimum of ten (10) years, unless the Firm is notified in writing by Company of the need to extend retention period. The Firm shall also grant Company, or other stakeholder with access to such records upon request for third party examination purposes.

6.5 Irregularities and Illegal Acts

Auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indication of illegal acts of which they come aware to the following parties: Chair of the Finance Committee, Chief Financial Officer (CFO), Corporate Compliance Officer (CCO), and Chief Executive Officer (CEO).

7.0 TIME REQUIREMENTS

7.1 RFP Solicitations Schedule

February 10	RFP Distributed to candidate firms
February 17	Question/Clarification Deadline
February 20	Response to questions emailed to firms
February 24	Written proposals due to Company
Week of March 16	Oral Presentations
May 8	Management selection recommendation
May 14	Approval by Board

7.2 Audit Schedule

Company anticipates it will close its books by November 30, 2020 and be ready for final fieldwork by December 7, 2020. Documentation of systems of internal control and transaction testing should commence at a mutually agreeable time period prior to year-end. The Firm and the Chief Financial Officer shall agree on a detailed audit schedule. The Firm shall provide a list of worksheets and schedules it requires from the Company, along with a time table for completion of such schedules, at least two weeks in advance of all requests.

7.3 Date Reports Are Due

The auditing Firm should be available for any meetings that may be necessary to discuss the draft audit reports. Once the reports are completed, the audited financial statements and other reports shall be delivered to the Company's CFO by January 7th.

7.4 Entrance and Exit Conference Schedule

Entrance Conference: The purpose of this meetings will be to advise the Company of the work to be performed. This meeting will also be used to establish overall liaisons and other needs of the auditor.

Exit Conference: The purpose of this meeting will be to summarize the results of the field work and to review significant findings in the written reports.

7.5 Assistance to be Provided

The Company's accounting staff will be available during the audit to assist the Firm by providing information, documentation, and explanations. The Company will provide the auditor with reasonable workspace and equipment.

8.0 SUBMISSION OF PROPOSALS

One (1) electronic copy (.docx or .pdf format) of the Firm's proposal addressing the Proposal Requirements in Section 11.0 should be submitted to Amber Brantley ("Contact") no later than 5:00 PM (MST) on February 24, 2020. Submissions can be made via electronic mail, fax, or mail.

Email – rfp@morcinc.org

Fax – 586-416-6386

Mail – 15600 19 Mile Road, Clinton Township, MI 48038

9.0 INFORMATION/ QUESTIONS

Specific questions should be addressed in writing via electronic mail addressed only to the Contact. All questions must be submitted no later than 5:00 PM (MST) on February 17, 2020. The Company will not respond to any questions after the deadline.

Thank you for your interest in this process. We look forward to the opportunity to consider your proposal for the provision of audit services to the Company.

Please do not contact other representatives of the company prior to the submission of your proposal. Any such contact is grounds for disqualification.

10.0 EVALUATION PROCESS

The Company's management will evaluate all acceptable proposals received and may request, in its discretion, an oral presentation of certain firm's proposal. The written proposal and, if applicable, any oral presentation, will be the basis for determining firm selection. Responses should be complete and specific in every detail.

The following are the primary criteria that will be used in the evaluation process:

1. Qualifications, experience and capabilities;
2. Accessibility of the partner and/or manager;
3. Client references;
4. Overall responsiveness of the proposal in clearly stating an understanding of the Company's needs and compatibility with company culture;
5. Estimated engagement cost.

11.0 PROPOSAL FORMAT AND REQUIRED INFORMATION

The proposal should identify the Firm, provide the name of the principal contact and be signed by an officer of the firm. Proposals must include responses to all sections in Appendices A and requested supporting documentation. In order to simplify the evaluation process and obtain maximum comparability, the Company requires that all responses to the RFP be organized in the manner described in this section. Any deviation from this format without adequate justification may result in disqualification of the proposal. The proposal should include a clear identification of the material by section and, if applicable, correlating question number.

- Cover Page
- Table of Contents
- Brief Overview (Optional)
- Response to Appendix A Proposal Requirements
 - Capabilities and Qualifications
 - Client References
 - Audit Engagement
 - Engagement Costs
 - Additional Information

12.0 FINALIST ORAL PRESENTATION

After a review of the written proposals, the Company may at its discretion request an oral presentation by selected finalists. If you are identified as a finalist, the Company will contact you to schedule an oral presentation. In order to evaluate the oral presentations, the following criteria has been established, and must be used by all finalists:

A. Each finalist will be allowed a maximum of one (1) hour for presentation and 15-30 minutes for questions and answers.

B. If you require audio-visual equipment for your presentation, you must notify the Contact at least two (2) business days prior to your presentation.

C. The presentation should focus on the service capabilities of your firm to meet the Company's objectives.

D. Questions regarding the oral presentation should be directed to the Contact via electronic mail.

13.0 LOBBYING PROHIBITED

Your firm, and any accountant and/or representatives and/or sub-consultants, must not initiate any communications to promote or advertise your proposal to any member of the Company's Board of Directors, officers or employees, except in the course of Company-sponsored inquiries, briefings, interviews or presentations. Failure to do adhere to this requirement will result in disqualification.

14.0 CONFIDENTIALITY STATEMENT

The information provided to you in conjunction with this RFP is strictly confidential and not intended for public use or for the use other than for the process specified in this RFP by the respondent. In order to participate in this RFP, your firm will be required to sign the Non-Disclosure and Confidentiality Agreement.

15.0 OTHER REQUIREMENTS

15.1 This RFP does not commit the Company to negotiate a contract or enter into any agreement to provide Services. This RFP also does not obligate the Company to pay for any costs incurred in the preparation or submission of any proposal or in anticipation of a contract or agreement. The Company reserves the right to contract and/or agree to do business with any one or more of the firms responding to the RFP based solely on our judgment of qualifications and capabilities of the firm.

15.2 The Firm will be required to demonstrate evidence of coverage for commercial general liability and property damage insurance in an amount sufficient to cover any damages caused by the firm. The Firm must also maintain insurance to protect itself from claims arising out of the performance of professional services caused by any errors, omissions or negligent acts. The Firm shall provide copies of such policies before commencing any portion of the work. If policies are unavailable, the respondent shall provide a certificate of insurance *including an additional insured endorsement*. The Firm must provide an exact copy of such policies in the event that the Company intends to submit a claim under the policies.

15.3 The Firm will be required to indemnify the Company against any damages caused by the actions of the firm.

15.4 Any engagement between the Firm and the Company shall be governed by the laws of the State of Michigan. Any disputes related to the agreement shall be brought in any court of competent jurisdiction located in the City of Clinton Township, the County of Macomb, and the country of The United States of America.

APPENDIX A
PROPOSAL REQUIREMENTS

CAPABILITIES AND QUALIFICATIONS

1. Describe your overall company and the number of staff dedicated to insurance services clients. Include the number of partners and managers who have expertise in property casualty insurance. Specify the location of the staff performing the audit work and the tax work. Discuss whether subcontracting will be used and to what extent.
2. Identify the principal supervisory, management staff and other supervisors/specialists who will work on the engagement. Provide a biographical description or resume for each member showing relevant past experience, education, training, etc.
3. Describe your firm's policy for rotating partners and managers.
4. Describe your staff turnover for the past three years, especially concentrating on the insurance services practice. Describe the steps you take internally to maintain audit team continuity.
5. Detail the steps you take to ensure that your staff is educated in statutory accounting; include any relevant continuing professional education.
6. Describe any resources you can offer in terms of ongoing education and support (e.g., reports, white papers, industry updates, newsletters) on a regular basis at no cost to the Company.
7. Describe and explain any legal or disciplinary actions instituted or proposed against the firm during the last 3 years. Describe any pending disciplinary matters of which the firm is aware of.
8. Disclose any known or perceived actual or potential conflicts of interest with the Company.
9. Describe the type and amount of assistance you will require from the Company in order to perform the services contained in this RFP.
10. Describe your customer service philosophy. Discuss how your firm would approach the situation if the Company should experience consistently unresolved performance issues from assigned personnel; include names of contacts.
11. Include, as an appendix, a copy of the firm's latest peer review report.

CLIENT REFERENCES

12. Include a partial list of your current clients. Indicate the name, address and telephone number of the principal client contact.
13. List the most significant engagements (maximum of 5) with other non-profit organizations performed in the last five (5) years that are similar to the engagement described in this RFP. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. These engagements should be ranked on the basis of total staff hours.
14. List the five (5) largest clients your firm (or office) has lost in the past three (3) years explaining the circumstances as appropriate. Discuss, if any, any instance in which the loss of the client was due to an unresolved auditing or accounting matter, explain the process of attempting to resolve the issue(s).

AUDIT AND ENGAGEMENT

15. Describe the process for informing clients of new accounting issues and the resolution of such issues.
16. Describe the proposed management of the engagement as detailed as possible including the identification of the partner or manager directly responsible for the overall management of the account. Discuss the firm's policy on notification of changes in key personnel and existing quality control system to ensure the audit is adequately performed.
17. Describe your audit process from a planning standpoint to field implementation; include a proposed audit time schedule. The description should include your expected audit approach and how you get to know new clients and their operation in an efficient and cost effective manner.
18. Describe your communication plan with the Company's management; include your approach for facilitating ongoing interactions that ensure concerns are addressed throughout the year in an effort to avoid unforeseen accounting issues at year end.
19. Describe your communication plan with the Finance Committee and Board; include your approach for facilitating interactions with the governing body to ensure that they are fully apprised of all work planned, all work completed, outcomes, deficiencies and weaknesses identified.

20. Describe your plan for leveraging the Company's internal auditor's work to the extent possible. The description should include your plan for coordination and/or collaboration with internal auditors to avoid duplication of services and maintain fees at a minimum.

ENGAGEMENT COSTS

21. Provide your fee proposal for the 2020 audit(s); include a fee schedule for two (2) additional years after initial term. The proposal should include all costs for services described one page one. The proposal should specify the estimated hours for each phase of the audit, key milestones and approximate times for completion of the various phases of the audit. The total all-inclusive maximum price bid is to contain all direct costs. Be specific on the types of recurring services included in the basic fee, such as responding to technical questions periodically or throughout the year.
22. Provide an estimate of the out-of-pocket expenses, if any, by type (i.e. travel, meals, etc.).
23. Indicate the impact on the Company for the transition to a new audit firm, such as the approach to be taken, any first-time costs, additional time required in the first year, etc.
24. Explain the firm's policy for distinguishing between additional billable consulting services and services included in the audit engagement fee. Provide a fee schedule that would apply for such services.

ADDITIONAL INFORMATION

The preceding sections shall contain only the information requested. If the Firm desires to present additional information, it should be presented in this section of the RFP. If there is no additional information to present, indicate, "There is no additional information to present."

APPENDIX B

SUBMITTAL CHECKLIST

This checklist is for your convenience only. It does not need to be submitted with your proposal. The checklist summarizes what is required to complete and submit your proposal package to Company.

Required
1. Proposal (See Section 11.0 and Appendix A)
2. Latest Peer Review Report (See Appendix A, Question 10)
3. Non-Disclosure and Confidentiality Agreement (See Section 14.0)
4. Evidence of your Errors and Omissions Coverage (See Section 15.2)