

REQUEST FOR PROPOSALS (RFP) FOR FINANCIAL AND PROGRAMMATIC AUDIT SERVICES
ADDENDUM NO. 1 – QUESTIONS AND ANSWERS
FEBRUARY 23, 2024

1. What is the reason(s) for requesting bid proposals? How long has Access Health worked with their current independent audit firm, and is the current provider able to propose on the engagement?

RESPONSE:

Access Health CT has used CliftonLarsonAllen LLP (formerly Blum, Shapiro & Co.) as its auditor since FY 2018. Access Health CT is a quasi-public agency created by the State of Connecticut pursuant to Public Act 11-53. Access Health CT is subject to Conn. Gen. Stat. § 1-127, which provides that a quasi-public agency cannot contract with the same firm to conduct audits of the agency for more than six (6) consecutive fiscal years.

2. What were the fees for services for the June 30, 2023, June 30, 2022 and June 30, 2021 services?

RESPONSE:

The fees for the fiscal year Financial, Programmatic, and Federal Single audits were as follows:

- 2021 = \$57,995 (Financial and Programmatic audits combined)
- 2022 = \$58,529 (Financial and Programmatic audits combined), plus \$8,000 for the Federal Single audit
- 2023 = \$59,470 (Financial and Programmatic audits combined)

3. Any other services the current CPA firm provides? Were there any additional billings from the auditor for the 2023, 2022 and 2021 audits and, if so, what was the amount?

RESPONSE:

Access Health CT's current audit firm provides ad-hoc accounting related consultative services as needed, which are included in the contracted amounts paid. Other services such as the Federal Single Audit were billed separately, as noted in the response to question #2 above.

4. How many hours did your current auditor budget (or spend) auditing the 2023 financial statements?

RESPONSE:

Access Health CT's current audit firm budgeted three-hundred sixty (360) hours for the FY 2023 audit period. The firm did not disclose how it apportioned those hours between the Financial and Programmatic audits.

5. Does Access Health CT anticipate any significant changes in operations within the period covered by the RFP? Are there any anticipated significant or unusual transactions anticipated that could impact the scope of work in 2024?

RESPONSE:

While Access Health CT does not anticipate any significant changes in its operations in the immediate future, changes in federal and/or state law, regulations, or policies could impact Access Health CT's operations. Access Health CT does not anticipate any significant or unusual transactions that could affect the scope of work in 2024. The selected auditor, however, should have the flexibility and expertise necessary to handle any unforeseen changes in the scope of work that may become necessary.

6. Was a management letter issued to management and/or the Audit Committee in the past 3 years and would you be able to provide a copy? Did the auditor prepare a SAS 114 letter and a management letter for Access Health for the year ended June 30, 2023? If so, did management agree with any management letter comments, internal control deficiencies and/or formal recommendations and were audit adjustments/changes made to address any such recommendations? Has there been a history of audit adjustments? If so, please provide quantity and dollar amounts. What was the approximate number of audit adjustments/entries made/proposed by the auditor?

RESPONSE:

Access Health CT's current audit firm has not issued any management letters or made or proposed any audit adjustments for the past six (6) fiscal years.

7. Are any of the accounting functions outsourced by another accounting firm? If so, what functions and which firm?

RESPONSE:

Access Health CT has not outsourced any accounting functions, nor is it planning to do so.

8. Does management prepare the draft financial statements and footnote disclosures or do the auditors prepare them?

RESPONSE:

The independent audit firm assists Access Health CT with the preparation of the financial statements and the footnote disclosures.

9. What accounting software is utilized for G/L, billing and any other financially significant systems? Are there any anticipated IT system changes or conversions to a new system in the near future?

RESPONSE:

Access Health CT utilizes NetSuite, DocuPeak, and FinQuery software for its General Ledger (G/L), billing and significant accounting systems. At this time, Access Health CT does not anticipate any Information Technology (IT) system changes or conversions to a new system for any of its financial systems.

10. How many auditors were on-site for fieldwork and for how long?

RESPONSE:

Access Health CT has not had any independent auditors on-site for fieldwork for either the Financial or Programmatic audits since the beginning of the Covid-19 pandemic. However, if an audit firm chooses to conduct on-site field work in the future, Access Health CT will make the necessary accommodations for this process. Prior to the Covid-19 pandemic, two to three (2-3) auditors have generally spent less than forty (40) hours on-site for interim audit work and final field work.

11. Does Access Health have an internal audit department and if so, do they provide support to the auditors? What is the staffing of the Finance Department? Are there any significant changes in the finance department from the prior year?

RESPONSE:

Access Health CT does not have an internal audit department. Access Health CT has a Finance Department made up of the Director of Finance, Controller, Head of Financial Planning & Analysis (FP&A), two (2) Senior staff members, two (2) additional staff members, and an intern. The current Director of Finance was hired in October of 2023 and the Controller position is currently under transition.

12. The 2023 audited financial statement noted all grants closed as of December 2016 and then AHCT received a federal grant in connection with the American Rescue Plan Act during fiscal year 2022. Any new grants awarded for FY 2024? Does the Exchange anticipate any significant changes (upward or downward) in its Federal grant expenditures in the near future as compared to Fiscal year 2023?

RESPONSE:

Access Health CT has not received any new Federal grants for FY 2024. Access Health CT does not anticipate any significant changes (upward or downward) in its Federal grant expenditures in the near future as compared to FY 2023.

13. The 2023 audit opinion is dated October 30, 2023 and the RFP indicates the final audit report is due no later than 11/1/24. Is there a presentation of the audit to the board or audit committee and when is that typically held?

RESPONSE:

There is a presentation of the audit to the Audit Committee of the Access Health CT Board of Directors in early November followed by another presentation to the Access Health CT Board of Directors approximately one week thereafter.

14. When does interim and year-end fieldwork typically run?

RESPONSE:

For the past three (3) years, interim work has begun in May and year-end field work has begun in mid-August.

15. Balance Sheet – What types of costs are being included in the Accrued Liabilities?

RESPONSE:

This line item is made up of payroll and related taxes, employee benefits and Paid Time Off (PTO), as well as regular vendor invoices and monthly operating costs due.

16. Income statement – What types of costs are included in the Consultants Expense?

RESPONSE:

This line item is primarily made up of IT, marketing, training, temporary staffing and call center vendor expenses.

17. It appears there was a restatement during the 2023 audit for GASB 96 and the 2022 and 2021 financials were restated due to the adoption of this new principle. Was that the only reason for the restatement of 2022 and 2021?

RESPONSE:

Yes, the restatement referred to in this question and further detailed in footnote #10 of Access Health CT's audited FY 2023 Financial Statements is the only restatement made in recent years.

18. Please provide approximately how many Insurers are in the Exchange.

RESPONSE:

Three (3) insurers currently offer Individual and/or Small Business (SHOP) health and/or dental plans on the Exchange: Anthem Blue Cross Blue Shield, ConnectiCare Benefits, Inc. (CBI), and ConnectiCare Insurance Company Inc. (CICI).

19. Any disagreements with the auditors on presentation or GAAP?

RESPONSE:

There have been no disagreements with the auditors on presentation or Generally Accepted Accounting Principles (GAAP) or any other accounting matters.

20. What are the three key decision factors you are considering and how are each key decision factors weighted?

RESPONSE:

The Proposals will be evaluated based on each Respondent's qualifications/experience, audit approach/methodology, and pricing.

21. Are there any specific improvements the Exchange would like to see in the audit process?

RESPONSE:

Not specifically, however Access Health CT will consider any innovative approaches to improving the efficiency of the audit process.

22. Does your current audit firm utilize an Information Technology *specialist* (i.e., professionally certified in IT) to perform inquiries and tests specific to the Exchange's IT networks, servers and accounting information software programs? If yes, please provide any written recommendations your audit firm has provided in the last 3 years that relates to suggested improvements to Information Technology (example – any Management Letter comments, etc.).

RESPONSE:

Access Health CT's current audit firm does utilize an IT Specialist to perform some testing during the audit. No written recommendations have been provided regarding this in the past three (3) years.

23. Is the Exchange, or has the Exchange, been subjected to the State of Connecticut's "Single Audit" requirements for State Grants? If so, please provide the Exchange's most recent State Single Audit report.

RESPONSE:

Access Health CT has not received any State Grants.

24. Page 4 of the RFP states that the FY24 programmatic audit should address topics included in 45 CFR 155 Subparts C, D, and E. However, the previous year's CMS audit report (2023 Audit Findings Report) indicates that the audit covered the entire subparts included in 45 CFR 155, including B, C, D, E, F, G, H, K, M, N, and O. Could you please clarify the scope of the programmatic audit?

RESPONSE:

The scope of the Programmatic audit includes all ACA requirements that are current at the time of the audits, including all applicable requirements under 45 CFR 155. (Please refer to all CMS audits on the Access Health CT website at <https://agency.accesshealthct.com/reports-audits#two>.)

25. There are several forms in the RFP for which clarification is needed as to whether they need to be included in the proposal submission. Please confirm if any of the following must be included with the proposal submission: Appendix A – Independent Contractor Agreement, Schedule I – Engagement Letter, Appendix A – Required Ethics and Nondiscrimination Certifications, Appendix B – Ethics Form 1 – Gift and Campaign Contribution Certification.

RESPONSE:

As set forth in Section 4 of the RFP (“Instructions to Respondents”), a Respondent’s Proposal must include an executed Ethics Form 1 – Campaign Contribution Certification, attached to the RFP as Appendix B. In addition, a Respondent’s Proposal must include a response to question 7 in subsection IV (“Responses Required in the Proposal”) of Section 4 of the RFP (“Instructions to Respondents”). Question 7 asks: “If you find any term or provision of the proposed draft Contract in **Appendix A** unacceptable, identify the term, explain why it is unacceptable, and state whether failure to modify this term would result in your firm’s failure to execute a Contract for this engagement. If possible, please provide alternate language for any such term(s).” The draft Contract, as well as Schedule I and Appendix A to the draft Contract, are for informational purposes only. However, upon Access Health CT’s selection of a Respondent, the Respondent must enter into a contract with Access Health CT substantially in the form of the draft Contract. The selected Respondent and Access Health CT will also execute engagement letters, as contemplated in the draft Contract.

26. Do employees participate in any State pension plans?

RESPONSE:

Access Health CT employees do not participate in any State pension plans.

27. Does the Exchange participate in any OPEB (Other Post-Employment Benefit) plans?

RESPONSE:

Access Health CT does not participate in any Other Post-Employment Benefit (OPEB) plans.

28. Are you able to share the proposed budget for this engagement? Does it differ from the current contracted total price per audit year? If so, what is the current contracted audit price?

RESPONSE:

Please see response to question #2 above. The budget for audit services is always equal to the contracted amount.

29. Is there an incumbent contractor? Are they allowed to propose?

RESPONSE:

Please see response to question #1 above.

30. What is the ideal timing of the fieldwork for the financial and programmatic audits?

RESPONSE:

Please see response to question #14 above.

31. Does Access Health CT intend for Subpart K to be included in the scope as well as C, D, and E?

RESPONSE:

Please see response to question #24 above.

32. Does Access Health CT require on-site work for the audit? If so, for which parts?

RESPONSE:

Please see response to question #10 above.

33. Do you maintain your financial records in accordance with U.S. GAAP? Are the financial records of Access Health CT distinct from the records of other departments and agencies?

RESPONSE:

Access Health CT maintains its financial records in accordance with GAAP. The financial records of Access Health CT are distinct from the records of other State of Connecticut departments and agencies.

34. Are there any significant changes (operationally, financially, or with key personnel involved in the audit) or significant/unusual transactions expected to impact the financial statements?

RESPONSE:

Please see responses to questions #5 and #11 above.

35. Please provide a copy of the management letter provided by the auditor as of and for the year ended June 30, 2023.

RESPONSE:

Please see response to question #6 above.

36. What were the hours for the audit from the previous year, broken out by financial and programmatic?

RESPONSE:

Please see response to question #4 above.

37. Does Access Health CT maintain bank/cash accounts distinct from other State departments and agencies?

RESPONSE:

Access Health CT maintains all of its bank/cash accounts distinct from other State of Connecticut departments and agencies.

38. Who drafts the financial statements?

RESPONSE:

Please see response to question #8 above.

39. Have there been any reviews by federal oversight agencies?

RESPONSE:

Yes, CMS requires Access Health CT to annually complete a State-based Marketplace Annual Reporting Tool (SMART) audit. The most recent SMART audit was completed for the 2022 calendar year and CMS reviewed and approved it in September 2023. The IRS also conducts an annual compliance review of Access Health CT.

40. Does Access Health CT collect premiums or are premiums billed directly by carriers?

RESPONSE:

For individual market enrollees, Access Health CT does not collect health or dental insurance premiums; insurance carriers bill and collect premiums. For small group (SHOP) enrollees, Access Health CT does collect health insurance premiums on behalf of its carriers.

41. Does management prepare the draft financial statements and footnote disclosures or do the auditors prepare them? I assume that the auditors will type the financial statements, but I wasn't sure if Access Health will provide the numbers for the base financial statements and footnotes or whether the auditors are expected to generate the numbers from the general ledger and draft the footnotes.

RESPONSE:

Please see response to question #8 above.

42. Did CLA provide any assistance closing the books?

RESPONSE:

No, CliftonLarsonAllen LLP (CLA) did not provide any assistance to Access Health CT in closing the books.

43. Were there any significant recorded or unrecorded audit differences identified in the 2023 audit?

RESPONSE:

There were no significant recorded or unrecorded audit differences identified in the 2023 audit.

44. Can you please provide most recent management letter issued by CLA.

RESPONSE:

Please see response to question #6 above.

45. Have there been any significant deficiencies or material weaknesses in internal controls identified in the most recent financial statement audit?

RESPONSE:

No, there have not been any significant deficiencies or material weaknesses in internal controls identified in the most recent Financial Statement audit.

46. Are you able to provide the approximate number of hours that CLA worked on the 2023 audit?

RESPONSE:

Please see response to question #4 above.

47. Can you please provide the total fees charged by CLA for the 2023 audit?

RESPONSE:

Please see response to question #2 above.

48. When will Access Health be ready to begin the year-end audit procedures?

RESPONSE:

Please see response to question #14 above.

49. Have there been any disputes or issues related to accounting matters with CliftonLarsonAllen LLP?

RESPONSE:

Please see response to question #19 above.

50. Does Access Health have an internal audit department and if so, do they provide support to the auditors?

RESPONSE:

Please see response to question #11 above.

51. Were any audits of Access Health performed by the State of CT Auditors of Public Accounts in the last 2 years?

RESPONSE:

In the past two (2) years, the State of CT Auditors of Public Accounts has performed audits for FY 2018 to FY 2021, inclusive.

52. Are there any anticipated significant or unusual transactions anticipated that could impact the scope of work in 2024?

RESPONSE:

Please see response to question #5 above.