

Request for Proposal for Audit Services State Bar of Michigan

Dear CPA Firm,

The State Bar of Michigan is seeking bid proposals from qualified CPA firms for audit services beginning with the audit for the fiscal year ended September 30, 2018. Although the State Bar is not required to change audit firms, it is interested in considering proposals from all qualified firms.

The State Bar is a unified bar operating under the supervision of the Supreme Court of the State of Michigan. It is organized as a public body corporate and is located in downtown Lansing, Michigan. The State Bar has over 45,000 attorney members and a budget of over \$10 million annually. For financial reporting purposes, the State Bar of Michigan is a component unit of the State of Michigan, is included within the State of Michigan's Comprehensive Annual Financial Report, and follows GASB accounting standards. The State Bar has a fiscal year end of September 30. For further information, the State Bar's website is located at www.michbar.org.

Scope of Services Requested

The scope of the audit will include the State Bar's Administrative Fund, Client Protection Fund, the 42 Sections of the State Bar, and the State Bar of Michigan Retiree Health Care Trust. The most recent audited annual financial report (FY 2017) is located at the State Bar's website at www.michbar.org/generalinfo. The audit will also include the Attorney Discipline System (ADS), a related entity located in Detroit consisting of the Attorney Discipline Board and Attorney Grievance Commission. Their websites are located at www.adbmich.org and www.agcmi.com. The State Bar provides financial services, including financial reporting and accounting to the Attorney Discipline System. The Attorney Discipline System is an enterprise fund of the State of Michigan and also follows GASB accounting standards. The ADS audited annual financial report is similar in scope to the State Bar of Michigan's report.

Proposal Requirements

Your proposal should be in the form of an audit engagement letter, and should address the following basic requirements:

- 1) The audit must be completed so that a draft of the reports and crosswalk are ready for review by the Audit Committee by November 15 of each year, and so that a final annual report can be issued to the Supreme Court by December 31 of each year.

- 2) Electronic copies of the State Bar of Michigan audited financial report, the related crosswalk for the State of Michigan, and the Attorney Discipline System financial report will be provided, based on the information provided by the State Bar staff. The State Bar staff will handle printing and distribution of the reports, as necessary.

3) A meeting with the Audit Committee shall be held in December, as well as a meeting with the Finance Committee and Board of Commissioners in January. A conference call with the Attorney Discipline System representatives shall also be held in December.

4) A “management letter”, if any, shall be provided to the Audit Committee and Board of Commissioners of the SBM, and to the Boards of the Attorney Discipline Board and Attorney Grievance Commission, outlining any issues with the audit or internal accounting controls. Required communications with the entity boards can be sent via PDF to the State Bar, and we will distribute the auditor letters via e-mail. For reference, there are currently no management letter issues.

5) Information to be supplied with your proposal shall include: a) an overview of your firm; b) your firm’s qualifications, including specific experience with GASB, governmental units and not-for-profit entities; c) biographical sketches of the partner(s) and staff who would be assigned to this engagement; d) an estimate of the hours required for the engagement; e) the proposed audit fee (including any additional costs not part of the audit fee if any); f) payment provisions requested; g) client references; h) other services your firm provides; i) proof of liability insurance and amount; and j) agreement to indemnify the State Bar of Michigan from any liability resulting from the auditor’s work on this engagement.

6) The State Bar does not expect to seek audit proposals for another three years after acceptance of the requested proposal. Therefore, the proposed audit service fees included in your proposal should address each of the next three years.

Pre-Bid Conference

A pre-bid conference call will be held on Thursday, February 8, 2018 from 2:00 PM to 3:00 PM. While attendance is not mandatory, any questions submitted after that time must be provided in writing. If you are interested in attending this conference call, please contact us at jhorsch@michbar.org and we will provide the conference call number and passcode.

Successful Proposal - Selection Criteria

The criteria for selection of the successful proposal will include general experience, qualifications, reputation, experience with GASB, experience with similar organizations, and the audit fee. Although the audit fee will be an important factor, it will not be the only factor considered.

Due Date for Proposals

Proposals must be received by 5:00 PM on Wednesday, March 7, 2018. The proposal shall be submitted via e-mail in secure PDF format, marked to the attention of James C. Horsch, Director of Finance & Administration, at jhorsch@michbar.org. Proposals received after that time and date will not be considered. The State Bar of Michigan reserves the right to accept or reject any and all submitted proposals.

Notification of Successful Proposal and Questions

The State Bar of Michigan expects to notify the firm submitting the successful proposal on April 20, 2018. Selection will be made by the Audit Committee of the State Bar of Michigan with approval by the State Bar of Michigan Board of Commissioners. Questions regarding this proposal can be addressed during the pre-bid conference.

We look forward to receiving your proposal and discussing this further with you at the pre-bid conference.

Sincerely,

James C. Horsch, CAE, CMA, CFM
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