

04/24/2013

TO: ALL OFFERRS

FROM: Kathleen Davies
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP13-CPA-04, Municipal Grants Agreed-Upon Procedures Engagements

ADDENDUM #1

Please note: The attached sheets hereby become a part of the above mentioned RFP. The Office of Auditor of Accounts (AOA) received the following questions for clarification in response to its RFP posted on April 16, 2013.

1. The RFP requests an analysis of hours and a fee quote. Since you acknowledge in Question 1 of the Frequently Asked Questions section of the RFP that hours and fees are contingent upon the control environment at each municipality, how can any firm (other than possibly the firm that performed the procedures last year) properly estimate hours? We do not have enough information about the control environment at each municipality.
[Since this engagement does not require an assessment of internal controls, the control environment at each municipality should not play a factor in the hours and fees estimated at the onset of an engagement. If a municipality's control environment is such that it causes significant delays in the timeliness of completion, then the selected firm must comply with the Additional Services section of the RFP.](#)
2. Under IX. Contract Conditions, I – Confidentiality of Information, the RFP references a Certificate of Destruction. Is this a standard State form that we need to submit?
[There is no State form; however, the destruction of data shall be done in accordance with methods approved by the National Institute of Standards and Technology \(NIST\).](#)
3. Is AOA providing the list of 10 municipalities selected so that bidding firms can customize the price (i.e. some municipalities on the schedule show MSAF only, while others have MSAF, SALLE, and EIDE) or should we have a bid standard fee per municipality, breaking out a standard cost per MSAF, SALLE, and EIDE as subgroups in the Schedule of Professional Fees and Expenses?
[AOA will provide the list of 10 municipalities selected for review once the contract has been awarded. When preparing the cost proposal, include a standard fee for one municipality with a breakdown of the standard cost per MSAF, SALLE, and EIDE as subgroups in the Schedule of Professional Fees and Expenses.](#)
4. Our understanding is that one AUP report will be issued for each of the ten municipalities chosen by AOA, and will cover both Fiscal Year 2010 and 2011 in that one report. Is this correct?
[Yes, this is correct. There will also be an option to renew the contract for one additional two-year period.](#)

5. SALLE Fund AUP #4 states to review appropriate payroll records to determine if all police salaries paid during the two fiscal years under review were equal to or above the minimum required salary. Is it possible for AOA to provide us with an estimate of how many officers are within each municipality to aid us in determining the full scope of this procedure?
The number of police officers may vary between municipalities; however, this should not significantly affect the amount of time required to complete the procedure. Firms are encouraged to provide a range of anticipated costs based on the number of officers (i.e. 0-5: \$X, 6-10: \$X, 11-15: \$X).
6. In regard to the Municipal Street Aid Fund AUP #5, is it correct that the sample chosen will be 10% of the total quantity of cancelled checks without regard to their dollar amounts?
Yes, that is correct.
7. Are the records readily available at the municipalities for 2010 and 2011?
According to Section VI. B. of the RFP, the engagement records are expected to be available immediately for review. Please refer to response 1 for more information on significant delays encountered during an engagement.
8. Are the AUP procedures in Appendix E the only procedures to be performed?
Yes.
9. Certain procedures are the same for the SALLE and EIDE segments. Will it be acceptable to simultaneously test the same sample for both funds?
Simultaneous testing of procedures for both grants is acceptable when applicable. There are some samples that cannot be tested concurrently because they are specific to a particular grant.
10. Will the procedures need to be performed at the municipality site? Or can some of the procedures be done remotely?
AT 50.02 requires that the practitioner “obtain sufficient evidence to provide a reasonable basis for the conclusion that is expressed in the report.” It would be impossible to obtain and rely on sufficient evidence without testing original documentation, which is stored at the municipality.
11. There are certain municipalities that received minimal payments during the years under review. For example, Hartly received \$651 out of a total of \$4 million in MSAF funds for 2011. Is the intent to perform the agreed upon procedures over every municipality regardless of the amount of funds received? Will we be required to perform the agreed-upon procedures for MSAF, SALLE and EIDE?
The agreed-upon procedures should be performed, as applicable, to the list of ten municipalities provided by AOA. If a municipality did not receive a particular grant during the scope of the engagement, the corresponding agreed-upon procedures are not applicable to that municipality.
12. Who performed these engagements the last time they were out to bid? What were the fees for these engagements?
As mentioned in the Frequently Asked Questions, the engagement has never been completed using the procedures in Appendix E; therefore, the questions are irrelevant to the current year engagement.

13. On page 4 of the RFP it states the contract is for 6/30/10 and 6/30/11 with the option to extend for one two year period 6/30/12 and 6/30/13. However, on page 5 it states the contract is for one year with the option to renew for one additional two year period. Please clarify.
[Page 4 of the RFP did not make any reference to “6/30/12 and 6/30/13.” Refer to our response to question 4 of this Addendum for further information.](#)
14. What if a municipality turns out to be a mess that will require additional hours and fees from our original quote?
[Please refer to Section IX B. - Compensation and Section X. - Additional Services of the RFP.](#)
15. Who will prepare the required schedules necessary for the agreed-upon procedure engagement?
[The second bullet in Section IV. C – Deliverables of the RFP states that the schedules shown in Appendix F will be prepared by the municipalities.](#)