



State of Delaware
Office of Auditor of Accounts

Request for Proposal

For

**Data Integrity over Financial Reporting and
SSAE-16 SOC 1-Type II Report over First State Financials (FSF) and Payroll
Human Resources Statewide Technology (PHRST)**

Professional Services

April 22, 2014

RFP 14-CPA-03

by

State of Delaware
Office of Auditor of Accounts
Townsend Building, Suite 1
401 Federal Street
Dover, Delaware 19901

Deadline to Respond: 3:00 p.m. (EST), May 22, 2014

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1. Introduction

- 1.1 In accordance with 29 Del. C. Chapter 69, Subchapter VI, *Professional Services*, the Office of Auditor of Accounts (AOA) is distributing this Request for Proposal (RFP) to, and requesting proposals from, qualified certified public accounting firms to perform an engagement in accordance with Section 4, for each of the fiscal years ended June 30, 2015, and June 30, 2016.
- 1.2 There is no expressed or implied obligation for AOA to reimburse firms for any costs or expenses incurred in preparing proposals in response to this request. AOA will **not** pay any costs or expenses incurred by any firm associated with any aspect of responding to this RFP, including proposal preparation, printing, delivery, or the negotiation process. Additionally, no indirect reimbursements (e.g., in the form of credits or reductions to any agreed upon compensation) will be made to any responding firm by AOA for any such costs or expenses.
- 1.3 Public notice has been provided in accordance with 29 Del. C. § 6981.

2. Proposal Process

- 2.1 All inquiries, **not** already included in the RFP, concerning this RFP must be submitted in writing and must be received by 4:00 p.m. EST on April 29, 2014, via e-mail directly to:

Kathleen Davies
Chief Administrative Auditor
302-857-3919
Kathleen.Davies@state.de.us

Inquiries that reflect a perspective proposer's **failure** to read the RFP in its entirety will **not** be addressed by AOA. Numerous questions resulting from inadequate review of the RFP will reflect poorly on a proposer's scoring. If a proposer is seeking clarification regarding a specific aspect of the RFP, the proposer must site the section and page number for reference. AOA will address questions that can be reasonably answered and do not require a significant investment of time. AOA will **not** address questions that are the firm's responsibility during engagement planning. Including items such as a contingency will improve a proposer's score. Please remember that lowest bid is not a deciding factor in awards. AOA's scoring process values all-inclusive, thoughtful, quality proposals. Any firm identifying contingencies will have their cost proposal adjusted in relation to others that do not include the contingency so that they are comparable from a cost perspective. Firm proposals that include sufficient details and ample hours for contingencies are much more likely to receive a higher score overall.

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- 2.2 **Direct contact with the State of Delaware or AOA employees** other than the above-referenced contacts **regarding this RFP is expressly prohibited without prior consent** from Kathleen Davies. Firms contacting the State of Delaware or AOA employees risk elimination of their proposal from further consideration.
- 2.3 To be considered, *Mandatory Requirements Section* and *Proprietary Section* of the proposal versus the *Cost Section* of the proposal **must** be submitted in **two separate emails** with “**Mandatory and Proprietary Sections**” and “**Cost Section**” clearly marked in each of the **two email subject lines** to AOAContracting@state.de.us on or before 3:00 p.m. on May 22, 2014. Further, each section **must** be a separate pdf searchable file.
- 2.4 AOA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. AOA reserves the right without prejudice to reject any or all proposals.
- 2.5 By submitting a proposal, each proposer must be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and exhibits hereto, and has fully informed itself as to all existing conditions and limitations.
- 2.6 This RFP is considered part of the contract and will be enforced as such. Further, the Firm is expected to ensure that all staff on the engagement understands the contract requirements as needed to ensure compliance. Failure of the firm to notify its staff as needed is considered contract non-compliance.
- 2.7 Once the selection of a firm is completed, all proposers will be notified and the executed contract will be completed reasonably thereafter.

3. Term of Engagement

- 3.1 The contract period is for two years, with the option to renew the contract at AOA’s request for two additional years subject to the satisfactory negotiation of terms (including a cost acceptable to both AOA and the selected firm) and the annual availability of an appropriation by the Legislature.

4. Nature of Services Required

- 4.1 Engagement Description and Cycle

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The proposer shall obtain data and perform data integrity procedures surrounding the DGL060 Daily Validity Report¹ and the financial reports included in the Division of Accounting's reconciliation process (see Appendix G for reconciliation procedures).

In addition, the proposer shall perform an SSAE-16 SOC 1-Type II audit which will include tests of the design and operating effectiveness of general and application controls over the State's accounting system, First State Financials (FSF), and the State's payroll system, Payroll Human Resource State Technology (PHRST), at the Statewide level². Both systems are instances of PeopleSoft version 9.1. The controls selected for this deliverable shall support the monthly reconciliation process and audit reliance on the DGL060 Daily Validity Report. For the purposes of this examination, AOA will work with the firm to select the appropriate controls; however, management is responsible for the controls.

During the engagement, the proposer must be willing to work with AOA to adopt an approach that ensures an efficient and reliable audit process, as the results from this engagement will serve many other audits across the State. In addition, the firm must coordinate audit work with the firm selected for RFP14-CPA-04.

4.2 Engagement Standards

- a. To meet the requirements of this RFP, the engagement must be performed in accordance with standards established by the American Institute of Certified Public Accountants and U.S. Government Accountability Office, *Government Auditing Standards*.
- b. Additionally, the proposer shall incorporate appropriate sections of the *Federal Information System Controls Audit Manual* (FISCAM) methodology into the development of its audit procedures, as the FISCAM reflects audit guidance and control criteria issued by the *National Institute of Standards and Technology* (NIST) and *Government Auditing Standards*. Appropriate reference to these standards shall be included in the SSAE-16 SOC 1-Type II report.

4.3 Deliverables

- I. Deliverable #1 - Data Integrity over Financial Reporting:

¹ The DGL060 Daily Validity Report is an integral report used in the Office of the State Treasurer Quarterly Bank Reconciliation Agreed-Upon Procedures Engagement to report the State's Available Cash Balance.

² Consideration should be given to additional systems at State agencies including, but not limited to, five systems at the Department of Health and Social Services, one system at Delaware Technical and Community College, and one system at the Department of Education that were reviewed as part of the FY 2013 CAFR and Circular A-133 audits. A separate SSAE-16 SOC 1-Type II report for the additional systems may be required. Please review the FY 2013 Single Audit Reporting Package for any findings related to these systems.

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- a. A detailed engagement plan and programs related to this deliverable **must** be submitted to the AOA Liaison for review and approval before work can start.
- b. Examine July 2014 opening DGL060 Daily Validity Report balances and determine if balances can be validated and relied upon³.
- c. Obtain an export of the July 2014 DGL060 Daily Validity Report data and evaluate the process/program used to compile the DGL060 Daily Validity Report and report any exceptions or weaknesses in the process.
- d. By department and appropriation, perform data integrity procedures to confirm accuracy of each appropriation's opening and roll-forward balances referred to as "AVAILABLE FUNDS", "REQUISITIONS", "ENCUMBERANCES", "CURR YR EXPEN", "PRIOR YR EXPEN", "REMAIN. SPEND. AUTH.", and related "REV" as recorded and collected in the fiscal year.
- e. Review report programming logic and test report footing and cross-footing.
- f. Describe the process used to record revenue by department and fund type. Ensure adequate explanation of federal revenues and revolving funds.
- g. As part of this process, perform data integrity procedures surrounding the other financial reports included in the Division of Accounting's monthly reconciliation process (see Appendix G).
- h. Repeat Deliverable #1 procedures as detailed above each month until a comprehensive fiscal year data file is constructed.
- i. Results obtained in this deliverable are to be included in the SSAE-16 SOC 1-Type II Audit detailed in Deliverable #2 below.

II. Deliverable #2 - SSAE-16 SOC 1-Type II:

- a. In addition to the inclusion of Deliverable #1 in the SSAE-16 SOC 1-Type II Report, the firm will evaluate and propose general and application controls for AOA's evaluation and approval⁴. The firm will also consider appropriate FISCAM methodology and references for this section.

³ Opening balances may need to be qualified.

⁴ This shall include an evaluation of budgetary controls, detailing whether controls are manual versus automated.

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- b. The rigors of this examination must be sufficient to allow for audit reliance on the controls identified throughout the SSAE-16 SOC 1-Type II Report at the smallest of agencies.

III. The following applies to both Deliverable #1 and #2:

- a. Each year, the firm will provide a list of all staff assigned to the engagement, including the last four digits of the social security number, the work phone number and email address, and whether each staff member needs auditor access to FSF or any other applicable systems, no later than July 1st.
- b. In the report, all findings must be reported unless they are clearly inconsequential, considering both qualitative and quantitative factors. Inconsequential findings must be presented in writing to AOA for review and approval prior to communicating them to the engagement entity. Once approved, the findings must be presented either verbally or in a separate, written document, depending on their significance. Evidence of the communication must be in the engagement documentation.
- c. Following the completion of the engagement, the firm must provide a written report in accordance with standards discussed above. AOA will distribute copies of the reports to the appropriate officials. The firm is **not** to distribute or issue any work products, reports, or findings without prior written consent from AOA.
- d. Irregularities and illegal acts: All situations or transactions that come to the firm's attention that could be indicative of fraud, abuse, illegal acts, material errors, defalcations, or other irregularities must be reported to AOA immediately. AOA will determine the appropriate course of action.

4.4 Retention and Access to Engagement Documentation

- a. All engagement documentation and reports must be retained, at the firm's expense, for a minimum of three years, unless the firm is notified in writing by AOA of the need to extend the retention period. The firm is required to make engagement documentation available, upon request, to the AOA or its designees.
- b. In addition, the firm must respond to the reasonable inquiries of successor firms upon AOA's written approval, via email, and allow the firms to review engagement documentation relating to matters of continuing engagement significance. This process must be completed in a timely manner to avoid delays.

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5. Description of the Entity

5.1 Engagement Contact and Location

- a. The engagement entity's principal engagement contact will be as follows:
 - Mr. Kristopher Knight, Director, Department of Finance (DOF), Division of Accounting (DOA), or a designated representative, who will coordinate the assistance to the firm.
 - Ms. Joan Russo, IT Security Coordinator, Department of Technology & Information (DTI), or a designated representative, who will coordinate the assistance to the firm.
 - Mr. Kevin Sclesky, Director of Financial Integration, Office of Management and Budget (OMB), or a designated representative, who will coordinate the assistance to the firm.
 - The location of the audits will be at DOA, DTI, and OMB.

5.2 Background Information

- a. FSF is an integrated, automated accounting application for the financial processes of the State. FSF performs the processing of all financial transactions, including Accounts Payable and General Ledger transactions. FSF is the central record system for the State's financial transactions. The FSF Grant Management module provides functionality to create grant projects and activities, generate grant award billings, associate contracts and terms, add project budgets, and record all financial transactions directly to the General Ledger module of the system. Agencies⁵, school districts, charter schools, and higher education⁶ utilize all or some aspects of the FSF system. DOF is responsible for the daily management of FSF, under the direct purview of the Director of DOA.
- b. PHRST is an integrated application of the Human Resources, Benefits, Time and Labor, and Payroll functions for the State and serves as an internal information resource for State employees. PHRST falls under OMB and is under the direct purview of the Office of the Director.
- c. FSF and PHRST are both instances of PeopleSoft version 9.1. FSF is an integrated, automated accounting system. According to FSF literature, there are

⁵ Diamond State Port Corporation and Riverfront Development Corporation, both discretely presented component units in the State's CAFR, do not utilize FSF.

⁶ Higher Education includes Delaware State University and Delaware Technical and Community College; University of Delaware does not utilize FSF, as they are not a component unit of the State.

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|------------------------------------|----------------|
| a. Deadline for proposal questions | April 29, 2014 |
| b. Due date for proposals | May 22, 2014 |

6.2 Engagement Planning

- a. Relative to Deliverable #1, a detailed engagement plan and programs, detailing the general and application controls to be tested, must be submitted to the AOA Liaison no later than August 18th of each year. The AOA Liaison will review and provide comments, if necessary, within 10 business days.
- b. Testing relative to Deliverable #1 and the construction of a comprehensive fiscal year data file should be completed each month before the availability of the following month's data. The comprehensive fiscal year data file should be completed by August 1st of each year.
- c. Testing of general and application controls shall take place throughout the year with the SSAE-16 SOC 1-Type II Report finalized in May as detailed in Section 6.5 of this Request for Proposal.

6.3 Entrance Conference

- a. An entrance conference must be held with the engagement entity's key personnel each fiscal year. At the entrance conference, the firm must provide the engagement entity with a time schedule for the engagement and a listing of all information needed.
- b. The firm must make the AOA Liaison aware of the date and location of the entrance conference in case the AOA Liaison wishes to attend.

6.4 Progress Reporting and Exit Conference

- a. The firm must keep the engagement entity and AOA updated on the progress of the engagement. After the engagement has been completed, an exit conference must be held with the engagement entity's key personnel and the AOA Liaison, unless the AOA Liaison declines.

6.5 Reports

- a. Draft Reports – Prior to obtaining management's response, but after going through a supervisory and technical review, the draft report will be submitted via email to the AOA Liaison on or before the following dates. The AOA Liaison requires a minimum of 10 business days for review and to return any comments to the firm.

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Fiscal Year Ended June 30,	SSAE-16 SOC 1- Type II Report
2015	May 1, 2015
2016	May 2, 2016

The firm must provide an electronic version of the draft report to the engagement entity’s principal contact or designee for management response and approval. The engagement entity’s principal contact or designee must review the draft report as expeditiously as possible. During management review, the firm must be available to discuss the engagement report and resolve any issues. After all issues are resolved, an electronic version of the draft report must be forwarded to the AOA Liaison for final review by the following dates.

Fiscal Year Ended June 30,	SSAE-16 SOC 1- Type II Report
2015	May 18, 2015
2016	May 15, 2016

- b. Final Reports – Once the AOA Liaison approves the report for issuance, the final report must be emailed in an unsecured PDF format to the AOA Liaison by the following dates.

Fiscal Year Ended June 30,	SSAE-16 SOC 1- Type II Report
2015	May 22, 2015
2016	May 20, 2016

Report preparation and editing is the responsibility of the firm.

7. Cost Section

- 7.1 The cost section will include a transmittal letter with the name of the firm, a written certification that (1) the firm agrees to bill AOA only for actual work performed and out-of-pocket expense incurred during its performance of the engagement, (2) billings will be submitted in the format outlined in Section 11.4 b. of this RFP, and (3) the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with AOA.
- 7.2 The cost section must contain all detailed cost information relative to performing the engagement as described in this RFP **for each fiscal year presented in the schedule as outlined in Appendix A**. Appendix A is an example of a detailed cost schedule, and it should be amended as needed according to the deliverables of the RFP and specific steps within each deliverable. Out-of-pocket expenses for firm personnel (e.g., travel, lodging, and subsistence) will be reimbursed at the

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prevailing rates used by the State of Delaware for its employees. A statement that the firm will accept reimbursement for travel, lodging, and subsistence at the prevailing rate used by the State of Delaware for its employees **must** be included in the cost section.

- 7.3 If a firm determines additional items necessary for the completion of this engagement, including more detail to demonstrate their engagement process, the firm may include these in their proposals as separate line items. Any additional items will be considered individually and removed from the total cost when comparing the cost sections of proposals.

8. Mandatory Requirements Section

- 8.1 **No proposal will move forward for full technical review and scoring unless the mandatory items are fully addressed as requested in this section.**
- 8.2 There must be **no dollars or total costs** included in the Mandatory Requirements Section of the proposal. Inclusion of such information will result in disqualification of the proposal.
- 8.3 The Mandatory Requirements Section **must** address all the points outlined in the RFP in the following format:

a. Independence

The firm **must** provide an affirmative statement that it is independent of the engagement entity and AOA as defined by engagement standards in the U.S. Government Accountability Office's *Government Auditing Standards*.

The firm **must** also list and describe the firm's professional relationships involving the engagement entity for the past five years, together with a statement explaining why each relationship does not constitute a conflict of interest relative to performing the proposed engagement. If the firm has had no relationships within the last five years, the proposal **must** include a declarative statement.

In addition, the firm **must** give AOA immediate written notice and obtain approval from AOA of any professional relationships with the State of Delaware and its related entities before they are entered into during the contract period.

b. License to Practice in Delaware & Delaware Business License

The applicant **must** provide: (1) a copy of valid Delaware CPA licenses, a copy of valid CPA licenses from a jurisdiction with CPA licensure requirements that are substantially equivalent to those of the Uniform Accountancy Act, or authorization to practice in the State of Delaware from the National Association of State Boards of Accountancy (NASBA) for the engagement partner, manager,

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and supervisor in-charge, (2) a copy of a valid Delaware firm permit to practice, and (3) a copy of a current Delaware State business license for the firm.

c. Firm Qualifications and Experience

The proposer **must** state the size of the firm, the size of the firm's governmental staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium **must** be separately identified and the firm that is to serve as the principal auditor must be noted, if applicable.

d. Peer Review

The proposer **must** submit a copy of the most current peer review and a statement whether the quality control review included a government engagement. A proposer must be in compliance with generally accepted government auditing standards (GAGAS) peer review requirements.

e. Suspension and Debarment

The firm **must** certify that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any government agency or Board. In addition, the firm must certify that it has not been the subject of any disciplinary action⁸ or inquiry in any jurisdiction or terminated from a public (Federal, State or local) contract for cause or default during the past three years.

Any firm ineligible to conduct business in the State of Delaware for any reason is ineligible to respond to the RFP.

f. Insurance

The firm, as an independent contractor to the State, **must** provide a copy of insurance for claims under the Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Contract. The firm's copy of insurance **must** demonstrate that it currently carries insurance of minimum limits as follows:

Commercial General Liability

\$1 million per claim/

⁸ Disciplinary action includes conviction or a civil judgment rendered for (a) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction, (b) violation of Federal or State antitrust statutes, or (c) commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

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\$3 million aggregate

Professional Liability	\$1 million per claim/ \$5 million aggregate
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g. Partner, Supervisor, and Staff Qualifications and Experience

The firm **must** identify the engagement team: engagement partners, managers, supervisors, staff auditors, and specialists. For each person, the firm must indicate whether the person is registered or licensed to practice as a Certified Public Accountant in the State of Delaware; provide information on the person's government auditing experience, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this engagement; and discuss whether or not that person, within the past three years, has been the subject of any disciplinary action or inquiry in any jurisdiction.

The firm must identify the extent to which staff to be assigned to the engagement reflect the State of Delaware's commitment to Affirmative Action.

Engagement partners, managers, supervisors, and staff auditors may be changed if those personnel leave the firm, are promoted, are assigned to another office, or for other reasons with the express prior written permission of AOA. However, in either case, AOA retains the right to approve or reject replacements and the replacements must have substantially the same or better qualifications or experience.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of AOA, which retains the right to approve or reject replacements.

h. Statement on Subcontracting & Third Party Service Providers

The firm must include a statement that the work will not be subcontracted and that none of the work products will be subjected to a third party service provider.

i. Non-Collusion Statement

The form, located at Appendix B, must be completed and signed by an authorized representative of the firm.

9. Proprietary Section

9.1 The Proprietary Section **must** address all the points outlined in the RFP in the following format:

a. Prior Engagements with AOA

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All engagements performed for AOA within the last three years must be listed in the proposal. These engagements must be ranked on the basis of total staff hours and by type of engagement (i.e., audit, management advisory services, other). The scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact must also be detailed.

b. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the engagement, the firm must list the most significant engagements (maximum of 5) performed in the last three years that are similar to the engagement described in this RFP. Firm and staff specific experience with *Federal Information System Controls Audit Manual* (FISCAM) audits should be detailed, including who the audit was performed for. These engagements must be ranked on the basis of total staff hours and must indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

c. Specific Engagement Approach

The firm should demonstrate why the firm is uniquely qualified to perform the engagement on behalf of AOA. Information presented in this section should include, but is not limited to, innovative engagement approach, approach to identifying and testing effective controls, unique methods for utilizing software and preparing engagement documentation, and example report templates. In an effort to prevent substandard engagements and to provide the highest quality service to Delaware taxpayers, we will award a higher score to firms who provide an innovative engagement approach. Any additional procedures that generate additional costs should be separately stated in the Cost Section.

The Proprietary Section must set forth a work plan including, but not limited to, the following, as applicable:

- (1) Proposed segmentation, phases, and/or milestones of the engagement.
- (2) Level of staff and number of hours assigned to each area proposed in (1) **without dollars.**
- (3) Sample methodology to the extent which sampling is to be or planned to be used.
- (4) Processes for evaluating and testing internal controls including plans for adequate coverage of information technology infrastructure and data integrity.
- (5) Extent of software to be used in the engagement.
- (6) Type of audit workpaper documentation utilized by the firm. For example, specify the firm's use of paper or electronic workpapers. If electronic workpapers are utilized, indicate the software product (i.e., TeamMate, AutoAudit, Galileo, etc.) utilized.

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- (7) Process for project management, including (a) how milestones and delays are monitored and communicated and how adjustments to deliverable dates based on client delays are communicated to AOA and the engagement entity and (b) how staff resources are committed to meet AOA deadlines.
- (8) Processes to ensure the quality of the engagement.
- (9) Firms that were members of the AICPA's Government Audit Quality Center (GAQC) during peer review must disclose such information. If a firm has joined since the last peer review, they must disclose the membership date.
- (10) Explanation of how the firm manages the audit difference schedule during engagements, including what form the audit difference schedule takes. (not applicable for all engagements)

d. Examples of GAGAS findings

The firm must include 2-3 examples of findings issued under a GAGAS engagement. AOA will evaluate the quality of the findings including whether the findings are clear, concise, and easily understood by the public and management. This will account for five points in the technical score.

e. Other work product examples

Firms are encouraged to include examples of prior engagement plans, audit programs, and draft reports for AOA review during the evaluation process.

10. Evaluation Process

- 10.1 During the evaluation process, AOA reserves the right to request additional information or clarification from proposers, or to allow corrections of errors or omissions. Additionally, AOA may request the firm or firms to make oral presentations as part of the evaluation process. Not all firms may be asked to make such oral presentations. All costs associated with participation in oral presentations conducted for the State of Delaware are the firm's responsibility.
- 10.2 The Evaluation Committee may negotiate with one or more of the qualified firms during the same period and may, at its sole discretion, terminate negotiations with any and all firms at any time.

a. Review of Proposals

Proposals that do not meet or comply with the instructions of this RFP may be considered non-conforming, deemed non-responsive, and be subject to disqualification at the sole discretion of the Evaluation Committee.

The Evaluation Committee will use a point formula during the review process to score the proprietary sections of proposals. All assignments of points must be at the sole discretion of the Evaluation Committee. Each member of the

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Evaluation Committee will first score each proprietary section of the proposals by each of the criteria described in Section 9. The Evaluation Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at an average technical score for each firm. At any point a firm may be eliminated from further consideration for unacceptably low technical scores.

b. Evaluation Criteria

Only firms meeting the mandatory requirements and all the must requirements of the RFP will have their proposals evaluated and scored for both technical qualifications and cost.

1. Technical Qualifications: (Maximum Points: 90)

Technical criteria will include, but are not limited to, staffing qualification, prior experience, AOA's prior experiences with the firm, use of specialist, engagement approach and innovation, and realistic time estimates.

2. Cost: (Maximum Points: 10)

Cost **will not** be the primary factor in the selection of any firm.

c. Reservation of Rights

The Evaluation Committee reserves the right to:

- Select for contract or for negotiations a proposal other than that with the lowest costs.
- Reject any and all proposals or portions of the proposals received in response to this RFP, or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposal from any or all contractors during the review and negotiation.
- Negotiate any aspect of the proposal with any firm and negotiate with more than one firm at the same time.

The Evaluation Committee reserves the right to reject any proposal as represented throughout this document and from a firm who:

- Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;

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- Has been convicted under State or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offenses indicating lack of business integrity or business honesty that currently and seriously affects responsibility as a State contractor;
- Has been convicted or has had a civil judgment entered for a violation under State or federal antitrust statutes;
- Has violated contract provisions such as:
 - Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract;
 - Failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
 - Has violated ethical standards set out in law or regulation;
 - Any other cause listed in regulations of the State of Delaware determined to be serious and compelling as to affect responsibility as a State contractor, including debarment by another government entity for cause listed in the regulations.

d. Confidentiality of Documents

All documents submitted as part of the firm’s proposal will be deemed confidential during the evaluation process. Proposals will not be available for review by anyone other than AOA and the Evaluation Committee or its designated agents. There must be no disclosure of any firm’s information to a competing firm prior to award of the contract.

The State of Delaware is a public agency as defined by State law, and as such, it is subject to the Delaware Freedom of Information Act, 29 Del. C., c. 100. Under the law, all the State of Delaware’s records are public records, unless otherwise declared by law to be confidential, and are subject to inspection and reproduction by any person. Vendors are advised that once a proposal is received by the State of Delaware and a decision on contract award is made, its contents will become public record and nothing contained in the proposal will be deemed to be confidential except proprietary information.

11. Contract Conditions

- 11.1 The firm awarded the contract will be required to enter into a written agreement with AOA. AOA reserves the right to incorporate standard State of Delaware contractual provisions into any contract negotiated as a result of a proposal submitted in response to an RFP. Any proposed modifications to the terms and conditions of the standard contract are subject to review and approval by AOA. The firm must be referred to as “Contractor” in the agreement.

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- 11.2 The selected firm will be expected to enter negotiations with AOA, which will result in a formal agreement between the parties. Procurement will be in accordance with the subsequent contracted agreement. This RFP and the selected firm's response to this RFP will be incorporated as part of any formal agreement.
- 11.3 If the firm to whom the contract is awarded fails to enter in the agreement as herein provided, the award will be annulled and an award may be made to another firm. Such firm must fulfill every stipulation embraced therein as if they were the party to whom the first award was made.
- 11.4 The selected firm under this RFP must be subject to contractual provisions, in a form substantially similar to the following, as well as those agreed to by the parties and not specifically described herein.

a. Term

The term of the contract between the successful firm and AOA must be determined by AOA. The agreement may be terminated by AOA at any time by giving written notice to the Contractor of such termination. Upon such termination, the Contractor will be paid for the hours of work actually completed.

In the event the successful firm materially breaches any obligation under this Agreement, the Contractor must not be relieved of any liability to the State of Delaware for damages suffered by it by virtue of any such breach. AOA may withhold any payments to Contractor for the purpose of set off for such damages.

b. Compensation

AOA agrees to pay Contractor compensation calculated solely on the amount of engagement work performed by firm's staff, based on actual hours billed and hourly rates as set forth in Appendix A herein, as well as approved out-of-pocket expenses.

Contractor agrees to bill AOA only for actual work performed and out-of-pocket expenses incurred during its performance of the engagement. Contractor **must** submit all invoices in electronic format for AOA approval. Any additional work outside the contract or for additional fees related to the contract is not permitted without the AOA Liaison's knowledge and approval. Invoices must include the name of the person who performed the work, the nature of work performed, the date(s) work was performed, the number of hours worked, and the corresponding hourly rate, in addition to the amounts, descriptions, and dates of all out-of-pocket expenses for which reimbursement is requested. If approved, AOA will forward the invoice to the engagement entity for payment or pay the invoice itself, depending on the type of engagement.

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If the deliverables are not submitted on the due dates as enumerated in the Request for Proposal due to the fault of the Contractor or an advance written request for extension has not been received and approved by AOA in writing per the terms of this contract, the Contractor is thus in default and may be subject to a late penalty. The penalty shall amount to zero point one percent (0.1%) of the total contract price for each day following the deliverable date specified in the Contract up to ten percent (10%) of the total price. This provision does not preclude damages for breach of contract for substandard work or damages as enumerated herein.

c. Non-Appropriation

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or in part, the agreement must be terminated, as to any obligation of the State of Delaware requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

d. Debarment

AOA reserves the right to debar the Contractor from doing business with AOA. Debarment shall be used only in the public interest and for the State of Delaware's protection, not for purposes of punishment. Although this is not an exhaustive list, AOA may debar the Contractor for any of the following reasons:

1. Offering additional services to the engagement entity without AOA's prior consent.
2. Directly billing the engagement entity outside of the terms of the contract.
3. Failing to perform in accordance with the contract terms and conditions.
4. Refusing to provide information or documents required by a contract.
5. Failing to respond to requests for information regarding performance or accumulating repetitive, substantiated complaints regarding performance of a contract.
6. Demonstrating a lack of integrity from the proposing firm partner or principal within the last three years, which could jeopardize AOA's interest. Factors may include, but are not limited to, any of the following:
 - a. A conviction of a criminal offense related to the performance of a contract or subcontract with AOA or any State of Delaware agency, board, or authority.
 - b. A criminal conviction which negatively reflects on the vendor's business integrity, including but not limited to, embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, negligent misrepresentation, price-fixing, bid-rigging, or a violation of state or federal anti-trust statutes.

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- c. Suspension or loss of license from the AICPA or respective State Board of Accountancy for reasons that are relevant to the contract.
- d. A loss or suspension of a business license or the right to do business in the State of Delaware.
- e. Notice of Termination
Any notice to AOA required under this Agreement must be in writing and sent by regular mail and registered mail to:

Attention: Kathleen A. Davies
Chief Administrative Auditor
Townsend Building, Suite 1
401 Federal Street
Dover, DE 19901
- f. Formal Contract and Purchase Order
The successful firm must promptly execute an agreement incorporating the terms of this RFP within twenty business days after the award of the contract. When purchase orders are applicable, no bidder is to begin any service prior to receipt of a State of Delaware purchase order signed by two authorized representatives of the agency requesting service, properly processed through the State of Delaware Division of Accounting and the engagement entity, where applicable. The purchase order must serve as the authorization to proceed in accordance with the bid specifications and the special instructions, once it is received by the successful firm.
- g. Indemnification
By submitting a proposal, the proposing firm agrees that in the event it is awarded a contract, the Contractor must defend, indemnify and save harmless the State from and against all liability, damages, costs or expenses, causes of actions, suites, judgments, losses, and claims including reasonable attorney's fees, brought against the State arising out of or resulting from the performance of the auditing services by Contractor under the Agreement resulting from this RFP to the extent caused by Contractor's negligence or arising from any breach or default Contractor under such Agreement. The foregoing obligation of Contractor to defend, indemnify and hold harmless the State must not extend or apply to any claim alleging that the State's financial statements are inaccurate or incomplete or were not prepared in accordance with generally accepted accounting principles. Further, in no event will Contractor indemnify and hold harmless the State from any claims or liabilities resulting from the acts of the State.
- h. Compliance

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In performance of the contract the firm is required to comply with all applicable federal, state and local laws and regulations of the jurisdiction in which the Agreement is performed, as well as all applicable professional conduct rules and guidelines. Contractor will also comply with any policies, guidelines and requirements of the jurisdiction in which the Agreement is performed, provided that such policies, guidelines, and requirements are identified to the Contractor by the jurisdiction and the Contractor states, in writing, that it can comply. The cost of permits and other relevant costs required in the performance of the contract must be borne by the successful firm. The firm **must** be properly licensed and authorized to transact business in the State of Delaware as provided in 30 Del. C. §2502 and other applicable statutes and regulations.

AOA reserves the right to audit conformance to the contract terms and may perform this audit with a third party at its discretion. Contractor shall be under no obligation to permit an audit to the extent that such audit would violate applicable professional standards or undermine the integrity of the audit.

i. Non-Disclosure and Data⁹ Security Agreement

At no point will any information obtained for the purposes of this engagement be used in any transaction that does not include AOA. Additional precautions must be taken if a Contractor uses cloud computing¹⁰ to perform the services of this Contract. If awarded the Contract, the Contractor must agree to the terms specified in Appendices C and E prior to the commencement of the engagement. The Contractor and its employees are forbidden from signing any agreements related to this engagement (e.g. non-disclosure agreements, data usage agreements, etc.) that are not presented directly by AOA.

j. Confidentiality of Information

Any reports, information, data, etc. given to, prepared, or assembled by the Contractor under this Contract shall not be released or made available to any individual or organization by the Contractor without the prior written approval of AOA. All information must be properly secured to prevent unauthorized access in accordance with Internal Revenue Service (IRS) Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, the Privacy Act of 1974 (as amended by the Computer Matching and Privacy Protection Act of 1988), the Federal Information Security management Act of 2002, the Social Security Administration's "Information System Security

⁹ For the purposes of the Contract (including the Non-Disclosure and Data Security Agreement and Biggs Data Center Non-Disclosure Agreement, if applicable), "data" does not include audit documentation required by the auditing standards.

¹⁰ The National Institute of Standards and Technology (NIST) defines cloud computing as a "model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort..."

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Guidelines for Federal, State, and Local Agencies Receiving Electronic Information from the Social Security Administration,” and related National Institute of Standards and Technology (NIST) guidelines. Notwithstanding the forgoing, the Contractor is authorized to disclose any information related to this Contract when required to by law, legal process, or applicable professional standards.

All Contractor staff working on this engagement are required to have a criminal background check completed through a process approved by AOA at the Contractor’s expense. Prior to staff commencing any work on any part of this engagement, each staff member must sign the form at Appendix D of this RFP and submit to AOA directly as part of the contract documentation and a successful criminal background check must be received by AOA. If AOA determines that, due to criminal convictions reported on the background check, a staff member cannot work on the engagement, the Contractor shall remove such staff from the engagement at the request of AOA.

Audit working papers, summaries, and similar records must be retained electronically for at least three years after the completion of the engagement in accordance with the Delaware Public Archives Local Government General Records Retention Schedule.

At the end of the engagement all non-working papers (documents provided by the State of Delaware to Contractor) must be destroyed in all forms (e.g. disk, CD, DVD, paper) except those items required for audit documentation purposes.

k. Use of Work Product

All reports developed under this Contract are the sole and exclusive property of the State, and the State has the exclusive right to their use.

l. Insurance

The firm recognizes that it is operating as an independent contractor, and not an employee of the State of Delaware, and that it is liable for any and all losses, penalties, damages, expenses, attorney’s fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the contractor’s negligent performance under this contract, and particularly without limiting the forgoing, caused by, resulting from, or arising out of any act of omission on the part of the contractor in their negligent performance under this contract.

The firm **must** certify that it must maintain such insurance as will protect against claims under Worker’s Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations

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under the Agreement. The firm is an independent contractor and is not an employee of the State of Delaware.

The firm **must**, at its expense, carry insurance of minimum limits as follows:

Commercial General Liability	\$1 million per claim/ \$3 million aggregate
Professional Liability	\$1 million per claim/ \$5 million aggregate

The firm **must** provide a certificate of insurance as proof that the firm has the required insurance.

m. Non-Discrimination

In performing the services subject to this RFP, the firm agrees that it will not discriminate against any employee or applicant for employment because of race, creed, age, marital status, religion, color, sex, genetic information, national origin, or disability. The successful firm must comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of contract.

n. Covenant Against Contingent Fees

The successful firm warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the bidder for the purpose of securing business. For breach or violation of this warranty, AOA must have the right to annul the contract without liability or at its discretion to deduct from the contract cost or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

o. Contract Documents

The RFP, the Purchase Order and the executed Agreement between AOA and the successful firm must constitute the Contract between AOA and the firm. In the event there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Agreement, Purchase Order, and RFP. No other documents must be considered. These documents contain the entire agreement between AOA and the firm. The firm agrees to be bound by the terms of this RFP pending final execution of the Agreement by the parties.

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p. Applicable Law

The laws of the State of Delaware must apply, except where Federal law has precedence. The successful firm consents to exclusive jurisdiction in the State of Delaware and agrees that any litigation relating to this Agreement must be filed and litigated in a court in the State of Delaware.

q. Scope of Agreement

If the scope of any provision of this Agreement is too broad in any respect whatsoever to permit enforcement to its full extent, then such provision must be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement must not thereby fail, but the scope of such provisions must be curtailed only to the extent necessary to conform to the law.

12. Additional Services

12.1 If, during the course of the engagement, the firm suspects that there will be significant delays in the timing of the work due to the actions of the engagement entity, such as not providing requested items in a timely manner or not adhering to the agreed-upon time schedule discussed at the entrance conference, the firm must notify AOA immediately. AOA and the firm will discuss the issues and develop a solution for completing the engagement.

12.2 If it must become necessary for AOA to request the firm to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work must be performed only if set forth in an addendum to the Agreement between AOA and the firm. Any such additional work agreed to between AOA and the firm must be performed at the same rates set forth in the schedule of fees and expenses included in the cost section of the proposal. Further, if these delays cause the firm to perform additional work, the AOA liaison must approve any additional hours **before** they are incurred.

13. Manner of Payment Notice

13.1 Progress payments may be made no more frequently than 30, 60, 90, and 100 percent of completion based on the hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost section of the proposal and not less than a calendar month.

13.2 The invoice must include the following: (1) name of engagement entity/engagement; (2) amount and if it is a progress or final invoice; and (3) a breakdown of staff and hours for each. Ten percent of the contract amount will be

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retained until the Exit Conference has been held and the final reports have been reviewed and accepted by AOA.

- 13.3 Contractor must be responsible for following up on outstanding invoices with the engagement entity, when applicable.**

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Appendix B – Non-Collusion Statement

This is to certify that the undersigned Vendor has not, directly nor indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with this proposal. The undersigned Vendor further certifies that it is not a subcontractor to another vendor who also submitted a proposal as a primary vendor in response to this solicitation.

Signature of the authorized representative **MUST** be of an individual who legally may enter his/her organization into a formal contract with the State of Delaware, Office of Auditor of Accounts.

Company Name: _____

Check One: Corporation Partnership Individual

Company Classifications: [This information is used for statistical purposes only.]

(circle one)

Women Business Enterprise (WBE)	Yes	No
Minority Business Enterprise (MBE)	Yes	No
Disadvantaged Business Enterprise (DBE)	Yes	No

Authorized Representative and Title: _____

Address: _____

Phone Number: _____ Email address: _____

Signature: _____ Date: _____

SWORN TO AND SUBSCRIBED BEFORE ME this ____ day of _____, 20 ____

Notary Public: _____ Commission Expires: _____

City of _____ County of _____ State of _____

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Appendix C – Non-Disclosure & Data Security Agreement for Contracted CPA Firms

We, _____ (the “Contractor”) agree to perform auditing services under our contract with the State of Delaware (“State”) ¹¹ through the Office of the Auditor of Accounts (“AOA”) captioned as AOA Original Contract Number [Contract Number] (the “Contract”) to perform and complete the State’s financial statement audit for, *inter alia*, the fiscal years ending June 30, 2015 and June 30, 2016 and to complete and perform the Statewide Office of Management and Budget (OMB) Circular A-133 audit (collectively the “Audits”). In that capacity, and in the performance of our Audit- related duties, we acknowledge and understand the following:

1. The State shall at all times own all right, title and interest in data and information, regardless of format, as set forth in the Contract. We shall not access State user accounts or State data, except as required by the express terms of the Contract. We acknowledge and agree that we shall have no right, title, or interest in such data and information.
2. We shall protect confidential information ¹² and proprietary information ¹³ to ensure that there is no inappropriate or unauthorized use or disclosure of State information at any time. To this end, we shall safeguard the confidentiality, integrity, and availability of confidential information and proprietary information and comply with the following conditions:
 - a) Personally identifiable information (PII) ¹⁴ obtained by us is and shall remain property of the State.
 - b) At no time shall any data or processes which either belongs to or are intended for the use of the State or its officers, agents, or employees, be copied, disclosed, or retained by us for subsequent use in any transaction that does not include the State.
 - c) No use shall be made of any information collected in connection with the services provided under the Contract except as necessary to fulfill the auditing services required under the Contract.
 - d) PII, confidential information, and proprietary information shall be safeguarded from loss, theft, or inadvertent disclosure at all times.

¹¹ “State” as used here (and hereinafter) shall mean the State of Delaware and any agency or instrumentality of the State of Delaware, including, but without limitation, the Delaware Department of Transportation, the Department’s Transportation Trust Fund, and any other fund administered by the Department.

¹² “Confidential Information” includes, without limitation, tax returns and related information, driver performance records, financial data, claimant or employer names and addresses, and social security and tax identification numbers.

¹³ “Proprietary Information” includes, without limitation, cost or pricing data, government spending plan data, contractor technical qualifications data, independent government cost estimates, negotiation strategies and contractor data presented in negotiations, contracting plans, statements of work, together with information about the design and configuration of system, application, network and access information.

¹⁴ Personally identifiable information is defined in [6 Del. C. § 12B-101\(4\)](#), and includes a resident’s name in combination with the resident’s Social Security Number, Driver’s License number, Delaware Identification Card number or bank account or credit or debit card numbers.

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- e) Desktop computers, laptops, tablets, cell phones and all other portable electronic devices/media containing PII and/or confidential information and/or proprietary information shall be encrypted and/or password protected.
 - f) The disclosure of information and details relating to a PII loss shall be limited to those who need to know for purposes contemplated under the Contract.
 - g) All State, non-public data in transit via Secure FTP shall be encrypted, including data that resides on mobile devices.
 - h) Management of our firm (up to and including the engagement partner) is responsible for clarifying what may represent PII or sensitive data/information and how to ensure adequate safeguards are in place to protect such information.
3. State data shall not be stored or transferred outside of the United States except to the extent permitted in the Contract. This includes backup data and data stored at disaster recovery locations.
4. We shall account for all copies of State data that we obtain during the course of the audit engagement, and we shall not disclose such data to any person or entity except to the extent the Contractor is permitted to disclose information as provided in the Contract.
5. We understand our responsibilities under 6 *Del. C.* Ch. 12B (“Computer Security Breach”) and the importance of compliance with the notification provisions of that chapter in the event that a data breach occurs. We further acknowledge that we have read 6 *Del. C.* § 12B-104 that sets forth the enforcement procedures available to the Attorney General in the event of a violation of chapter 12B.
6. Within 24 hours of the discovery of any security breach or suspicious intrusion involving State data, we shall disclose to AOA, in writing, the occurrence of such breach or intrusion and the assets that might have been breached or disclosed.
7. It is understood we are bound by and must comply with all applicable State and Federal laws relating to confidentiality, privacy and non-disclosure. We further understand that the State may seek any remedy available to it to enforce this agreement, including, but not limited to, application for a Court order prohibiting disclosure of information in breach of this agreement. Nothing in this agreement shall affect the applicability or enforcement of the Delaware Return Secrecy Statute (30 *Del. C.* § 368) or corresponding provisions of Federal law (26 U.S.C. §6103(i)(1)); Delaware Bank Franchise Tax Return secrecy statute (5 *Del. C.* §1113); Delaware Department of Labor confidentiality statute (19 *Del. C.* § 3125); Delaware Department of Technology and Information Internal Policy on Confidentiality (Non-disclosure) and Integrity of Data dated 1/3/06 (Doc. Ref. No. DTI-0065); Delaware Department of Transportation confidentiality statute regarding the release of motor vehicle driving history and license records (21 *Del.C.* § 305); HIPAA and the accompanying implementing Administrative Simplification regulations (45 C.F.R. parts 142, 160, 162, and 164) to the extent those laws, regulations, and policies apply to the information covered by this agreement.

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8. We understand that Federal tax information received from the IRS and the SSA may be accessed by agency personnel only. This includes file transfers. We understand that unauthorized inspection and use of Federal tax information, such as fax transmittals that are not addressed to Contractor engagement staff or the extraction of Federal tax information that is outside the scope of the engagement can result in civil and criminal penalties under the Internal Revenue Service Code §§ 7213, 7213(A) and 7431 for unauthorized inspection. These penalties include fines, not to exceed \$5,000 and/or five (5) years imprisonment, plus any cost of prosecution.
9. Without limitation of additional legal bases, pursuant to the State of Delaware Constitution of 1897 at Art. VIII, §§ 3 and 6, and 29 *Del.C.* § 6519(a) the State of Delaware is not at all permitted to agree to any limitation on liability.
10. We understand that we shall promptly contact AOA, in writing, unless prohibited by law from providing such notice, upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to, State data. Further, we shall not respond to subpoenas, service of process, and other legal requests related to the State without first notifying AOA, in writing, unless prohibited by law from providing such notice.
11. We understand that our staff may be subject to clearance through the State's Security Clearance Program prior to the review of any State data.
12. We agree to safeguard any password or security codes provided to us during the course of this engagement.
13. We agree to follow the Contractor's security procedures and ensure that all data and information relative to this engagement is properly stored, encrypted on portable devices, and password protected at all times.
14. We understand our liability for any losses experienced by the State or any remediation costs associated with a breach and that the State will pursue whatever legal means necessary to recover all such losses and costs, as well as any appropriate equitable relief to prevent unauthorized disclosures.
15. We understand that data shall be permanently deleted in accordance with the terms of the Contract and shall not be recoverable, according to the National Institute of Standards and Technology (NIST) approved methods except for copies retained in work paper files or records, anything that may be stored in back up media or other electronic data storage systems, latent data and metadata. Certificates of destruction must be provided to the AOA.
16. We understand that we are expected to comply with sections 4.40 through 4.44 of the Generally Accepted Government Auditing Standards as to reporting confidential and sensitive information.

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17. We understand nothing in this agreement shall be interpreted in such a way as to relieve the Contractor from its duty to comply with auditing standards, including AICPA ET Section 301.
18. The obligations imposed herein do not extend to information or data which:
- a) is in the public domain at the time of receipt or which comes into the public domain thereafter through no fault of the Contractor;
 - b) is disclosed with the prior written approval of the designated Contracting Officer of the applicable State entity;
 - c) is determined to have been developed by the Contractor independently of disclosures made hereunder; or
 - d) is disclosed pursuant to Court order after prior notification to the designated Contracting Officer of the applicable State entity.
19. If cloud or offsite hosting is used, we agree to the following terms and conditions:
- a) We will perform an independent audit of our data centers at least annually and provide a redacted version of the audit report upon request. We may remove our proprietary information from the redacted version. For example, a Service Organization Control (SOC) 2 audit report would be sufficient.
 - b) We will provide advance notice to AOA of any major upgrades or system changes that we will be performing. AOA reserves the right to defer these changes if desired.
 - c) We will disclose our non-proprietary security processes and technical limitations to AOA such that adequate protection and flexibility can be attained between AOA and our firm. For example, we will work with AOA to understand each other's roles and responsibilities in areas such as virus checking and port sniffing.

Our signature below represents our agreement with the items above for the duration of the Contract and until engagement work papers are properly destroyed under the terms of the Contract. The signature of the authorized representative is of an individual who legally may enter his/her organization into a formal contract with the State of Delaware, Office of Auditor of Accounts.

Contractor:

[NOT TO BE COMPLETED UNTIL A FIRM HAS BEEN AWARDED THE CONTRACT]

Print Name	Title	Signature	Date
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Appendix D – Non-Disclosure & Data Security Agreement for Individual Audit Staff

I, _____, am a(n) _____ performing certain auditing services on behalf of [Name of Firm] (the “Contractor”) under its contract with the State of Delaware (“State”)¹⁵ through the Office of the Auditor of Accounts (“AOA”) captioned as AOA Original Contract Number [Contract Number] (the “Contract”) to perform and complete the [Description of Engagement] for, *inter alia*, the fiscal years ending [Engagement Period] (the “Audit”). In that capacity, and in the performance of my Audit- related duties, I acknowledge and understand the following:

1. The State shall at all times own all right, title and interest in data and information, regardless of format, as set forth in the Contract. I shall not access State user accounts or State data, except as required by the express terms of the Contract. I acknowledge and agree that I shall have no right, title, or interest in such data and information.
2. I shall protect confidential information¹⁶ and proprietary information¹⁷ to ensure that there is no inappropriate or unauthorized use or disclosure of State information at any time. To this end, I shall safeguard the confidentiality, integrity, and availability of confidential information and proprietary information and comply with the following conditions:
 - a) Personally identifiable information (PII)¹⁸ obtained by me is and shall remain property of the State.
 - b) At no time shall any data or processes which either belongs to or are intended for the use of the State or its officers, agents, or employees, be copied, disclosed, or retained by me for subsequent use in any transaction that does not include the State.
 - c) No use shall be made of any information collected in connection with the services provided under the Contract except as necessary to fulfill the auditing services required under the Contract.

¹⁵ “State” as used here (and hereinafter) shall mean the State of Delaware and any agency or instrumentality of the State of Delaware, including, but without limitation, the Delaware Department of Transportation, the Department’s Transportation Trust Fund, and any other fund administered by the Department.

¹⁶ “Confidential Information” includes, without limitation, tax returns and related information, driver performance records, financial data, claimant or employer names and addresses, and social security and tax identification numbers.

¹⁷ “Proprietary Information” includes, without limitation, cost or pricing data, government spending plan data, contractor technical proposal data, independent government cost estimates, negotiation strategies and contractor data presented in negotiations, contracting plans, statements of work, together with information about the design and configuration of system, application, network and access information.

¹⁸ Personally identifiable information is defined in [6 Del. C. § 12B-101\(4\)](#), and includes a resident’s name in combination with the resident’s Social Security Number, Driver’s License number, Delaware Identification Card number or bank account or credit or debit card numbers.

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- d) PII, confidential information, and proprietary information shall be safeguarded from loss, theft, or inadvertent disclosure at all times.
 - e) Desktop computers, laptops, tablets, cell phones and all other portable electronic devices/media containing PII and/or confidential information and/or proprietary information shall be encrypted and/or password protected.
 - f) The disclosure of information and details relating to a PII loss shall be limited to those who need to know for purposes contemplated under the Contract.
 - g) All State, non-public data in transit via Secure FTP shall be encrypted, including data that resides on mobile devices.
 - h) Clarification shall be obtained from the Contractor's management (up to and including the engagement partner) on what may represent PII or sensitive data/information and how to ensure adequate safeguards are in place to protect such information.
3. State data shall not be stored or transferred outside of the United States except to the extent permitted in the Contract. This includes backup data and data stored at disaster recovery locations.
4. I shall account for all copies of State data that I obtain during the course of the audit engagement, and I shall not disclose such data to any person or entity except to the extent the Contractor is permitted to disclose information as provided in the Contract.
5. I understand my responsibilities under 6 *Del. C.* Ch. 12B ("Computer Security Breach") and the importance of compliance with the notification provisions of that chapter in the event that a data breach occurs. I further acknowledge that I have read 6 *Del. C.* § 12B-104 that sets forth the enforcement procedures available to the Attorney General in the event of a violation of chapter 12B.
6. Within 24 hours of the discovery of any security breach or suspicious intrusion involving State data, I shall disclose to the Contractor engagement partner and to AOA, in writing, the occurrence of such breach or intrusion and the assets that might have been breached or disclosed.
7. It is understood I am bound by and must comply with all applicable State and Federal laws relating to confidentiality, privacy and non-disclosure. I further understand that the State may seek any remedy available to it to enforce this agreement, including, but not limited to, application for a Court order prohibiting disclosure of information in breach of this agreement. Nothing in this agreement shall affect the applicability or enforcement of the Delaware Return Secrecy Statute (30 *Del. C.* § 368) or corresponding provisions of Federal law (26 U.S.C. §6103(i)(1)); Delaware Bank Franchise Tax Return secrecy statute (5 *Del. C.* §1113); Delaware Department of Labor confidentiality statute (19 *Del. C.* § 3125); Delaware Department of Technology and Information Internal Policy on Confidentiality (Non-disclosure) and

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Integrity of Data dated 1/3/06 (Doc. Ref. No. DTI-0065); Delaware Department of Transportation confidentiality statute regarding the release of motor vehicle driving history and license records (21 *Del.C.* § 305); HIPAA and the accompanying implementing Administrative Simplification regulations (45 C.F.R. parts 142, 160, 162, and 164) to the extent those laws, regulations, and policies apply to the information covered by this agreement.

8. I understand that Federal tax information received from the IRS and the SSA may be accessed by agency personnel only. This includes file transfers. I understand that unauthorized inspection and use of Federal tax information, such as fax transmittals that are not addressed to [Name of Firm] engagement staff or the extraction of Federal tax information that is outside the scope of the engagement can result in civil and criminal penalties under the Internal Revenue Service Code §§ 7213, 7213(A) and 7431 for unauthorized inspection. These penalties include fines, not to exceed \$5,000 and/or five (5) years imprisonment, plus any cost of prosecution.

9. Without limitation of additional legal bases, pursuant to the State of Delaware Constitution of 1897 at Art. VIII, §§ 3 and 6, and 29 *Del.C.* § 6519(a) the State of Delaware is not at all permitted to agree to any limitation on liability.

10. I understand that I shall promptly contact the Contractor engagement partner and AOA, in writing, unless prohibited by law from providing such notice, upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to, State data. Further, I shall not respond to subpoenas, service of process, and other legal requests related to the State without first notifying the Contractor engagement partner and AOA, in writing, unless prohibited by law from providing such notice.

11. I understand that I may be subject to clearance through the State's Security Clearance Program prior to the review of any State data.

12. I agree to safeguard any password or security codes provided to me during the course of this engagement.

13. I agree to follow the Contractor's security procedures and ensure that all data and information relative to this engagement is properly stored, encrypted on portable devices, and password protected at all times.

14. I understand my personal liability for any losses experienced by the State or any remediation costs associated with a breach and that the State will pursue whatever legal means necessary to recover all such losses and costs, as well as any appropriate equitable relief to prevent unauthorized disclosures.

15. I understand that data shall be permanently deleted in accordance with the terms of the Contract and shall not be recoverable, according to the National Institute of Standards and Technology (NIST) approved methods except for copies retained in work paper files or records, anything that may be stored in back up

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media or other electronic data storage systems, latent data and metadata. Certificates of destruction must be provided to the AOA.

16. I understand that I am expected to comply with sections 4.40 through 4.44 of the Generally Accepted Government Auditing Standards as to reporting confidential and sensitive information.

17. I understand nothing in this agreement shall be interpreted in such a way as to relieve the Contractor from its duty to comply with auditing standards, including AICPA ET Section 301.

18. The obligations imposed herein do not extend to information or data which:

- a) is in the public domain at the time of receipt or which comes into the public domain thereafter through no fault of the Contractor;
- b) is disclosed with the prior written approval of the designated Contracting Officer of the applicable State entity;
- c) is determined to have been developed by the Contractor independently of disclosures made hereunder; or
- d) is disclosed pursuant to Court order after prior notification to the designated Contracting Officer of the applicable State entity.

My signature below represents my agreement with the items above for the duration of my assignment and until engagement work papers are properly destroyed under the terms of the Contract.

Printed Name: _____

Position: _____

Signature & Date: _____

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Appendix E – Biggs Data Center Non-Disclosure Agreement



Delaware Health and Social Services
Division of Management Services
Information Resource Management
Biggs Data Center
1901 N. DuPont Highway
New Castle, DE 19720
(302) 255-9150 Fax (302) 681-7213

**Biggs Data Center
Non-Disclosure Agreement**

Important: Please read all sections below. If you have any questions regarding this Agreement, please discuss them with your supervisor or security administrator before signing. You should make a copy of this Agreement for your own records.

As a condition of receiving access to DHSS and other State of Delaware information systems, I hereby agree to the following:

1. I understand and agree that this Agreement will continue in force even after the end of my term.
2. I understand and support the Department's firm commitment to avoid unauthorized disclosure of confidential information. This applies even though I do not take any direct part in or furnish the services performed for these clients.
3. I understand that, in addition to confidential client information, any information I have access to, is also confidential, including but not limited to personnel information.
4. I agree not to disclose confidential information unless authorized.
5. I agree not to permit any person to examine or make or retain copies of any confidential material, including reports or documents that have in any way to do with the clients or individuals for whom the Department has information. I agree to consult with the DHSS Chief Security Officer prior to disclosure if there is any question concerning the authority to release specific confidential information. The only exception is for an auditor, who may retain copies for audit purposes only and excluding Federal Tax Information (FTI), which cannot be viewed, copied or retained for any reason by the auditor.
6. I agree to safeguard from disclosure any passwords or security codes assigned to me.
7. I understand and agree that all confidential material received in the course of my work with DHSS is government property, and that I will not retain copies and will relinquish such material to the Department upon my termination.
8. I understand that violation of this Agreement or violation of the privacy rights of individuals through unauthorized discussion or disclosure of confidential information can give rise to irreparable injury to the person or to the owner of such information, and that accordingly, makes me subject to civil and/or criminal penalties, as well as disciplinary action, if appropriate.
9. I agree to comply at all times with all security regulations, applicable federal and state laws, DHSS policies and procedures, and any professional ethical standards.
10. I understand that the FTI received from the IRS and Social Security Administration can be accessed only by authorized DHSS personnel. This includes File Transfers, Email, FAX, and Scanned Information. Any vendor or contracted personnel accessing this information would be subject to the civil and criminal penalties of the Internal Revenue Service Code sections 7213, 7213(A) and 7431 for unauthorized inspection. These penalties include fines, not to exceed \$5000 and/or five (5) years imprisonment, plus any cost of prosecution.

I have read all of the above sections of this Agreement and I understand them. I agree with the above provisions.

User Signature _____

User Name (printed) _____ Date _____

I agree to notify the DHSS Chief Security Officer of any change in this individual's privileges or employment status. I further agree to notify the DHSS Chief Security Officer of any violation by the User of this NDA. The email address for notifications to the DHSS Chief Security Officer is DHSS.IT.CSO@state.de.us.

Supervisor _____ Date _____

Revised March 7, 2013

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Appendix F – Frequently Asked Questions

1. What were the prior year audit fees?

Prior year audit fees would not be applicable given that this is a new approach.

2. How many hours did the most recent audit take?

The most recent audit and related hours would not be applicable given the new approach.

3. Is there a prior report?

The prior reports would not be applicable given the new approach.

4. Were there any difficulties in completing the prior period audit?

There were delays in the issuance of the prior period report. Firms interested in this audit will need to demonstrate a strong project management approach in order to succeed in the timely completion of the audit's objectives.

5. Can a firm opt to provide proof of insurance upon request or contract award?

Absolutely not. Please refer to all elements considered mandatory requirements. They are mandatory and must be provided as part of the proposal or the proposal is disqualified.

6. Section 8.3.b. of the RFP asks for authorization from NASBA. Since Delaware is a State that is part of the Portability Act, can we just say that we meet the requirements of the Act and provide a copy of our firm's State license and a copy of the State licenses for the Partner, Manager, and Supervisor in the proposal?

Yes, that is acceptable. Copies of the firm and the partner, manager, and supervisor-in-charge CPA licenses must be provided. Please keep in mind that a copy of a valid State of Delaware business license is also required.

7. For Section 8.3.g. of the RFP, what do you want to see in the proposal pertaining to Affirmative Action? We have a policy, so can we simply say that we have an Affirmative Action Policy?

Yes, you may state that you have an Affirmative Action Policy. Per the RFP: "The firm must identify the extent to which staff to be assigned to the engagement reflect the State of Delaware's commitment to Affirmation Action."

8. Can we include an insurance binder showing our limits to satisfy the proof of Insurance requirement? Can the insurance certificate have an expired date?

Yes, however AOA will require the selected firm to provide evidence of actual insurance prior to the contract being signed. The insurance certificate or binder will not be accepted if the certificate is not current as of the date the proposals are submitted.

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9. Can you share with us the information given to other bidders in response to their inquiries?

Answers to all questions received are posted at bids.delaware.gov.

10. Is this RFP for a fixed price contract?

No, our contracts are not fixed in price. As described in Section IX B. of the RFP, the Contractor agrees to bill AOA only for actual work performed and out-of-pocket expenses incurred during its performance of the engagement. Therefore, if a firm's work is less than the estimated hours in its proposal, the firm should only bill for actual hours. Any additional work outside the contract or for additional fees related to the contract is not permitted without the AOA Liaison's prior knowledge and approval.

11. Is the proposing partner required to submit clarifying questions to AOA?

Questions may be submitted by any representative deemed appropriate by the firm; however, the proposing partner should sufficiently participate in the proposal process to eliminate unnecessary questions and to ensure the firm's proposal meets all RFP requirements.

12. Does the quality of past engagement work and reports play a role in firm's technical proposal score?

Yes. AOA looks for high quality audit work, including quality writing in both findings and reports. When auditors perform quality audit work in accordance with GAGAS, it can lead to improved government management, better decision making and oversight, effective and efficient operations, and accountability and transparency for resources and results. (GAGAS 1.05) Audit reports are used to effectively communicate necessary information to both government officials and the public. Therefore, sufficient time should be budgeted and spent on writing user-friendly findings that allow these readers to understand the issues found and their impact. When evaluating a firm on previous work experience, the Evaluation Committee will consider whether previously submitted engagement reports were complete, accurate, objective, convincing, clear, and concise (GAGAS A7.02) and whether sufficient time has been allocated in the current proposal for performing these tasks.

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Appendix G – Division of Accounting’s Monthly Reconciliation Procedures

Reconciliation Steps

General Ledger and Commitment Control

Review Appropriation Budget and Budget Balance:

- Use DGL018 to review the monthly Budget Journal or Budget Transfer Journal transactions to ensure the accuracy of Budgets.
- User DGL018 to review the month end Appropriation Available Budget balances to ensure no negative budge balances occurred.
 - If there is a negative APPR budget balance, please review the monthly payroll journals to determine whether to make a Budget Transfer to adjust APPR Budget or process PFA to correct payroll expenses.

Ensure that transactions (vouchers and AR deposits) are posted in a timely manner.

- **For Vouchers:** Review and compare the “Expenditure” column in DGL123 Monthly Budgetary Actuals Report to the “Expense” column in DGL018 Monthly Budgetary Activity Report for each appropriation. Transactions on the DGL123 Actuals Report represent fully-approved, posted transactions.
 - If there is a difference between the transactions/amounts in these columns, you have transactions that are budget-checked but stuck and have not posted. Proceed to the Accounts Payable Section to identify the transactions that have not posted.
- **For AR deposits:** Review and compare the “Collected Revenue” column in DGL123 Monthly Budgetary Actuals Report to the “Available Funds” column in DGL018 Monthly Budgetary Activity Report.
 - In general Collected Revenue transactions in DGL123 should tie to revenue transactions reported on DGL018 in the “Available Fund” column in KK Revenue ledger group except there are the transactions budget checked not posted (most likely will be IV or IVT transactions).
 - AR transactions on the DGL123 Actuals Report are posted based on the accounting period (month) the transaction budget-checked/posted regardless of the bank deposit (accounting) date. DGL018 Activity Report reflects transactions with a bank deposit (accounting) date posted within the same accounting period (month).

PFA/Payroll

Review payroll expenditures for the month to determine if funding is correct, negative balances are clear and the Unfunded Payroll Appropriation, 00100, balance is zero.

- If funding corrections are necessary, complete PFAs to recode expenses and change Combo Codes in PHRST as necessary.

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- Reconciliation of payroll outstanding items includes clearing all balances in the Unfunded Payroll Appropriation and negative balances in all Ledger Groups except PC_TK_SUM and PC_TK_WBUD.

Review, identify and correct Unfunded Payroll APPR 00100

- Unfunded Payroll Appropriation, 00100, must be cleared through PFA.
- Payroll charges are recoded to 00100 for two reasons, the Chartfield String has reached its end date (expired) or no budget exists for the Chartfield String.

1. Review DGL101 Unfunded Payroll Approp Report to identify payroll charges that were coded to an invalid chartfield string or an expired appropriation/grant and recoded to 00100. (Run nightly – Document Direct Report)

IMPORTANT NOTE: Organizations must check the report above after each payroll to determine if there are unfunded payroll charges that need to be corrected. If there is a balance in 00100 proceed with the following steps:

1. Run DEU_GL_EXP_APPROP_QUERY to review payroll charges to expired chartfield strings. Navigation: Reporting Tools > Query > Query Viewer (Run adhoc/online)
2. Review DGL109 Payroll Journal Corrections to identify payroll charges that were modified directly in the payroll journal in order to allow the State payroll journal to post to the General Ledger. (Run biweekly – Document Direct Report)

Note: Charges that appear on the EXP_APPROP_QUERY and the DGL109 must be cleared from the Unfunded Payroll Appropriation through PFA.

3. Ensure corrections are made in PHRST for future pay periods if necessary to avoid additional work.
4. Process PFAs to clear charges to 00100 as balances appear on the DGL101.

Review, identify and correct negative balances in appropriations.

- Payroll directly from PHRST is the only process that will allow appropriations to go negative.
- Negative balances may be cleared through PFA, additional revenue, journal vouchers to reduce expenditures other than payroll or budget transfers. The method for reducing negative balances depends on the type of appropriation and the circumstances.
- Use the reports listed below to assist in identifying negative balances.

- 1 DGL073 PFA Negative Approp Summary Report – Identifies appropriations that are in a negative available balance condition. (Run nightly. Document Direct Report)

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2. DGL072 Payroll Funding Report – Will assist in clearing negative balances by identifying employees charged to appropriations that are in a negative available balance condition. (Run ad hoc/online)

Enter parameters as follows:

- Department ID
- Check Date
- Appropriation that is negative

Note: Make changes in PHRST before clearing negative balances to avoid additional work.

Accounts Payable

Outstanding Vouchers

1. Run **DEU_AP_VCHR_DTL_ST_INCOMPLETE** query. This query can be run for a date range covering 30 days at one time. Review any vouchers reflected on the query to determine the appropriate action to be taken to get the vouchers through valid budget-check, approval and posting.
2. Run **DEU_AP_VCHR_DTL_STATUS_NOTPAID** query to view regular vouchers that are posted, but not paid. This query has been updated to filter out deleted vouchers and other transactions that posted but do not generate check or ACH payments (e.g. JVs) which were showing up in previous versions. This query can now be run for a date range covering up to 30 days at one time. This query will also contain regular vouchers also found in the INCOMPLETE query above.

Check this query for regular vouchers that have **posted** but do not have a reference number. This means that payment has not been sent. Research any posted vouchers to determine why payment not sent and address accordingly.

Outstanding IV's

Review the DAP059, Outstanding IVs by Deptid, report. Note statuses of IVs and IV Vouchers.

1. Verify Seller has completed process
2. Verify Buyer has coded the transaction and marks it complete
3. Verify voucher build has occurred (overnight process)
4. Verify Budget Check has occurred
5. Verify Business Manager has approved
6. Verify all IV Vouchers have a Posted Status of “Posted” and a Budget Status of “Valid”. (See also DEU_AP_VCHR_DTL_STATUS_PYMTDT query for status in AP module once vouchers is built)

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Requisitions and Purchase Orders

For Organizations using Requisitions – Review un-sourced Requisitions

1. Run Report DPO017 Requisition Budgetary Activity and compare to DPO002 Schedule of Encumbrances. You can also sort req's from the Manage Requisitions page to determine what status the Requisitions are in.
2. If the Requisition has not yet been sourced to a PO (sourced/dispatched POs are on the DPO002 Schedule of Encumbrances, determine action(s) needed to have the Requisition source to a PO (valid budget-check, obtain all approvals, dispatch).
3. If the Requisition is no longer needed, close the Requisition. Closing the Requisition will release the funds back to the budget after the nightly budget checking process runs in Cybermation. Keep in mind that if unneeded Requisitions were sourced to a PO, the PO must be closed first.

Purchase Orders (PO) – Review all Open PO's

1. Obtain Report DPO002 Schedule of Encumbrances from Mobius.
2. Verify funds allocated to the PO are still needed for outstanding invoices.
3. Make Adjustments to PO by:
 - a. Use a Change Order to increase/decrease PO as necessary. Remember: PO's sourced from a Requisition where you decrease a line amount or quantity, will not make the funds available until the PO AND the Requisition are Reconciled.
 - b. Close any PO's that are no longer needed. Prior to closing a PO, BE SURE there are no outstanding Un-posted Vouchers against those PO's. Also, verify that there are no Reconciled PCard transactions using these PO's. If a PO is used on a PCard transaction and that PO is closed before the PCA Voucher builds, it will get stuck in the voucher build process and require centralized intervention to correct it.
4. Run DPO016 PO Budgetary Activity Report and compare to DPO002 Schedule of Encumbrances.
5. If a PO is not dispatched (is not reflected on DPO002 Schedule of Encumbrance) and it is still needed, Review the PO page in FSF to verify Budget Check Status and Dispatch Status.
 - a. If „E“ Budget Check Status: determine reason for error and make corrections to achieve a Valid Budget Status
 - b. If the PO has not received all required approvals or been dispatched, determine at what level PO is “stuck” and work with the approver(s) to get the PO fully approved so it can be dispatched.

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Accounts Receivable/Billing

Reconcile Miscellaneous Cash Deposits – review, identify and correct.

1. Run DEU_AR_INCOMPLETE_ALL_DEPOSITS (includes all deposits not completed).
2. Validate deposit amounts in FSF against deposit documentation (deposit slip, credit card batch slip, etc.).
3. Process deposit by creating accounting entries for miscellaneous cash receipts, complete and budget check.
4. Ensure deposits budget check = valid and that they posted by running query DEU_AR_MISC_DEP_NO_BDGT_CHECK (includes deposits in Budget Error Status, note some corrections will need FSF support).
5. If error occurs, go to Modify Accounting Entries to remove Complete flag then navigate back to Accounting Entries and click Delete box to remove GL Cash Lines to open deposit up for corrections.
6. Repeat steps to complete deposit.

Grant and Cost Share Expenditure Reductions

Review and correct any AR Misc Deposit coded to a Grant and /or Cost share appropriation, PCBU, Project and Activity.

1. **Run DEU_AR_INCOR_PROJ_EXP_REDCTNS** (enter the current fiscal year beginning date and Business Unit). The query **should not** bring back any results. This means there are no corrections required.
2. If the query returns results, review the lines of coding in query results to see if a ZBCR has been created to reverse the coding.

TIP # 1: If a ZBCR has been created, the total amount of all lines for specific transaction should add up to 0.00

TIP # 2: The negative amount is the original deposit and the positive amount is a ZBCR to reverse the original coding
3. If the amount does not equal 0.00 a ZBCR is required to reverse the coding on Payment Sequence 1. Reference the AR110 Misc. Receipts Job Aid to create the ZBCR. For Payment Sequence 2 reference the Grant and /or Cost Share Expenditure Reduction Job Aid. (Default APPR 49899 is required on Sequence 2.)
4. Run query again to validate the amount on the query adds up to \$0.00.

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Reconcile Customer Payments Deposits

Review, identify and correct any Customer Payments that can be applied for reconciliation. All Converted AR Pending Items from DFMS must be closed.

1. Run DEU_AR_INCOMPLETE_CUST_PYMT (includes all Customer Payments in Worksheet status or Unidentified) Note: These deposits are also included in the DEU_AR_INCOMPLETE_ALL_DEPOSITS query.
2. Validate deposit amounts.

Billing and AR Pending Items - Review and identify and correct.

1. Run DEU_AR_ITEMS_BY_BU or DEU_AR_ITEMS_BY_CUSTOMER (includes Original Amount, Remaining Balance and Accounting Date (date Billed).

Note: DEU_AR_ITEMS_BY_CUSTOMER or _BU – depending which chosen, provides AR Items by customer or Business Unit. Includes all Open AR items and contains Original Amount, Remaining Balance and Accounting Date Item created (billed).

2. Identify AR Items that need to be paid in accordance with Federal Guidelines.
3. Identify the Contract Number and remember to process any adjustments before making a draw because this will adjust the total amount due by processing a negative Bill/AR Pending Item (Note: both negative and positive AR Pending Items have to be Closed).
4. Create/Update Worksheet to post the AR Payment (deposit) to the AR Pending Items (if a Worksheet has been created you may have to delete the worksheet and start over to get it to post).
5. Select “Post Now” on the Worksheet Action page to process payment immediately.
6. Re-run queries to ensure the deposit posted.
7. Validate the AR Pending Items are now closed by viewing Customer Account.

Grants

Ledger and Project validation:

- Validate totals at the GR_GROUP ledger against the total Grant Award. This should also include the validation of start and end dates.
- Validate GR_DETAIL ledger for the department(s) you have access to, along with the start and end dates. If you have pass-through’s you should validate the totals on the Award Profile funding tab to ensure you haven’t exceed the GR_GROUP totals.
- Validate the creation of GR_G_REV ledger, along with the start and end dates.

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- Validate that no funds have been loaded at the GR_G_REV ledger. This ledger should only support recognized and collected revenue.
- Validate the grant total against the PROJECT ledger and ensure that ledgers PC_TK_SUM or PC_TKWBUD do not exceed GR_DETAIL or GR_GROUP, along with the start and dates for each budget line created.
- Validate that the Billing Limit within the Contract matches the total at the PROJECT ledger level. This total should reflect the total amount of the Grant Award.

OLT

The FSF Grants team has been providing OLT Notifications to Organizations since November. It is important to review Grant balances to:

- Identify and correct Over Limit Transactions (OLTs).
- Identify charges causing appropriations to go negative or post to the unfunded payroll appropriation (00100).
- Ensure that any ADVANCE_DRAW activity budgets are charged for grants converted from DFMS. These budgets must have a 0 balance before charging other activities within the grant or OLT transactions will occur.
- Ensure all transactions have posted (PVs, JVs, IVs, Payroll, etc. and POs dispatched), including all Pool-related transactions.

For closing Grants organizations should close all open requisitions and Purchase order prior to grant end date this will reverse the funds back to budgets.

Over Limit Transactions (OLTs) – review, identify and correct.

1. Run DEU_GM_OLT_CHECK – Returns Grants (by PCBU, Project Activity and Contract) that have charges that exceed the grant amount, aka “Over The Limit Transactions” (OLTs).

PO Open Encumbrances

1. Review to ensure PO is not referenced to a closed grant.
2. See section titled Purchase Orders (PO) – Review all Open PO’s for steps on page 2 of this document.

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Project Costing

DelDOT-Specific

OLT

The FSF PC team provides OLT Notifications to DelDOT Finance when Over The Limit Transactions (OLT) are created.

However, users in the agency with the proper security can execute the DEU_PC_DOT_OLT_CHECK query. This Returns Projects and associated Customer Contracts (by PCBU, Project Activity and Contract) that have charges that exceed the customer contract billing limit. The agency can then follow module job aids that instruct how to correct these transactions and convert them from OLT to BIL for entry into Billing.

OLTs can be prevented by checking Customer Contract billing limits and adjusting when necessary as project budget adjustments are made.

Payroll

The Available Budgets of Projects can go negative if payroll charges are made against them and insufficient budgets have been allotted.

Users with the proper security can use report DPC016, Commitment Control Budget Overview, and/or query DEU_PC_DOT_PROJ_SAL_EXP to evaluate negative project balances.

Make corresponding project budget adjustments to correct this condition.

All Agencies

Keeping Ledger Groups in Sync

Compare PROJ_CHLD ledger group totals with higher level appropriation ledger group totals for the appropriations coded to the projects to ensure that the project budgets do not exceed the appropriation budgets.

PCard

Un-reconciled PCard Transactions

1. Reconcilers review and code PCard transactions, move transactions from “Staged” to “Verified”.

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2. PCard Approver review and Approve PCard transactions, move transactions from “Verified” to “Approved”.
3. Once PCard transactions are in an “approved” status a PCard Voucher is built during the overnight process. (DEU_PO_PCARD_TRANS_PRCSSD – Query provides status of PCard Voucher build and transaction ID to assist end user in finding transaction by Voucher ID).
4. Users may use the DEU_PO_PCARD_TRANS_BY_EMPLID query to match backup documentation in support of the PCard Voucher built/to be review by the BM.

PCA Voucher Approved through BM Workflow

1. Business Manager will need to approve the PCard Vouchers after they are Matched and Budget Checked Valid.
2. Run DEU_AP_VCHER_DTL_STATUS_PAYMTDT or DEU_AP_VCHR_DTL_STATUS_NOTPAID queries and sort on Origin field for PCA to view PCA voucher status.
3. Review FSF daily to verify PCard vouchers have a Post Status of “Posted”. Note: The Invoice date on the PCA voucher will be the date of the end of the PCard Billing Period. Therefore PCA vouchers created prior to the end of their billing period will not Post until that date.