



STATE OF DELAWARE
EXECUTIVE DEPARTMENT
OFFICE OF MANAGEMENT AND BUDGET

May 9, 2019

TO: ALL OFFERORS

FROM: ROXANN M. PARKER, CPPB
STATE CONTRACT PROCUREMENT SUPERVISOR

SUBJECT: ADDENDUM TO REQUEST FOR PROPOSAL NO.: GSS19581-CONTR-AUDIT

ADDENDUM # 2

This addendum is issued to answer questions about the Request for Proposals that were submitted by potential offerors.

Q1. Would there be any issues is most of the work under the contract would be performed at a location outside of Delaware state? And as such would vendor have access through secure VPN network to the credit card database and other relevant data (outside the DE database system) to perform work under the contract?

A1. The state will consider offers from any business regardless of State. As per Appendix B – Scope of Work and Technical Requirements A.2. The awarded vendor will not have direct access to the State's database.

Q2. If for example, vendor is deemed not capable of performing the contract due to resources constraints but can show relevant funding or resources can be acquired before award, would that be considered as disqualifying event for that particular vendor?

A2. All offers will be reviewed to determine Responsiveness and Responsibility of the offeror. Offerors should provide any documentation they feel is necessary to support the requirements for the contract as per, or above and beyond, what is contained in Appendix A – Minimum Mandatory Submission Requirements of the RFP.

Q3. If subcontractor is a CPA firm, would that firm need to be registered with Delaware for a permit to practice?

A3. Addendum #1 to the RFP removed the requirement for a CPA for this contract. An offeror may choose to use a CPA subcontractor for the performance of the contract, however the Awarded vendor is responsible for the performance of the subcontractor as per # t. Vendor Responsibility, of the RFP.

Q4. Must the scope of work include an accounts payable review and an identification of "unapplied credits"? In our experience, in this day and age with automated systems, A/P errors are much less likely than in the past. Moreover, in our view, such an A/P review is quite detailed and time consuming, but does not yield much in overpayment recoveries. We did not perform A/P reviews when we provided contract compliance reviews for Delaware in the past.

A4. The Scope of Work Section A.2. includes an Accounts Payable element to identify duplicate payments, billing errors, overpayment and arrearages. However, the State will consider any offer. If a bidder seeks to use different methodology to accomplish the contract requirements, they may take exception on Attachment 3, and provide an alternative for the state to consider.

Q5. Can you clarify that a review of invoices and vendor usage reports provided by the State may include a review of vendor usage reports provided by vendors upon request by the awarded contractor and/or Delaware?

A5. We are not sure we understand this question. The vendor usage reports that the State will supply, are the vendor usage reports that are required to be submitted to the State by all awarded vendors. Invoices that the State will provide are those that were sent to buyers from the vendors. If there is something else the potential offeror is seeking, please include the reference to the section from the RFP and take exception using Attachment 3 in your proposal so your concern can be addressed.

Q6. Can you revise the requirement that the review be conducted in accordance with "Generally Accepted Accounting Principles" (GAAP)? GAAP are rules unique to accounting. Since this is not a formal accounting audit or completed by a CPA, in our view, GAAP would not apply. In addition, it would not be professionally appropriate for our firm to represent that it acts in accordance with GAAP when our firm is not an accounting firm.

A6. It has been determined that the contract audit would not be appropriate to do in accordance with GAAP. Interested offerors should take exception to the GAAP requirement, using Attachment 3, and propose their methodology for consideration as part of their proposal.

Q7. Government Contracts often contain references to other pricing arrangements such as a "most favored customer" clause or "prevailing wage" clause. In many instances, the existence and degree of noncompliance will not be self-evident from a review of the contract and invoices alone – to what extent will the successful bidder be able to request/compel disclosure of additional information from the vendors to ascertain compliance with such clauses?

A7. The State does not use a "most favored customer" clause in our contracts. Each contract contains terms specific to that procurement, i.e.: prevailing wage does not apply to Office Supplies, Bottled Water, etc. or the majority of contracts that GSS manages. If a boilerplate term does not apply it may be Reserved. The awarded vendor will be given the RFP and Contract that is applicable to the audit that the State requests. The awarded vendor may seek further information from the supplier through the contract officer managing the specific contract.

Q8. Regarding subcontracting; will it be permissible to subcontract with other entities that are not CPA firms so long as the prime vendor is a CPA firm?

A8. As per Addendum #1, the requirement for a CPA has been removed.

Q9. Part of the Scope of Services on page two will require successful bidder to "work in cooperation with the State to actively pursue refunds or credits from the vendors" Identifying potential noncompliance and collecting on the breach are often two very different things and may involve legal action and remedies other than refunds and credits. Beyond initial identification or noncompliance, to what extent will the successful bidder be required to

independently pursue collections and settlements? Or will the successful bidder identify and document noncompliance and then leave it to the State to collect?

A9. The State and Awarded Vendor will work together through the entire process, including pursuing collections.

Q10. On page 14, the RFP states: “this contract shall be accessible to any School District, Political Subdivision, Municipality, Volunteer Fire Company or higher education entity receiving state funds. Furthermore, this contract shall be accessible to all other entities as identified by Del. Code, Chapter 69, Title 29, Sec. 6910.” This appears to be very broad in scope potentially including many smaller 501(c)(3) organizations in the State of Delaware. Clearly it will not be cost effective on a contingent fee basis to audit many of the contractual arrangements of these entities. Will the successful bidder be able to offer these services on a separate fee schedule rather than be bound to the terms of the RFP?

A10. No. all entities identified by Delaware Code must receive the same pricing as provided for on the contract. The intent of this contract is to audit Central Contracts which would include purchases made by Agencies, School Districts, and those smaller entities. It is unlikely that a using entity such as a Volunteer Fire Company would have a contract that they would want audited. If you are opposed to this requirement you should take exception, on Attachment 3, and proposal an alternative for consideration.

All other terms and conditions remain the same.

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