



**STATE OF DELAWARE
EXECUTIVE DEPARTMENT
OFFICE OF MANAGEMENT AND BUDGET**

July 28, 2017

TO: ALL OFFERORS

FROM: David C. Craik
Pension Administrator

SUBJECT: **ADDENDUM TO REQUEST FOR PROPOSAL
CONTRACT NO. OMB 17001- Auditor
Delaware Public Employees' Retirement System, Internal Auditor**

ADDENDUM #1

This Addendum is issued to answer vendor questions and provide greater contract detail regarding the referenced Request for Proposal. All other terms and conditions remain the same.

Q1. *Can companies from Outside the USA can apply for this?*

Answer- Yes

Q2. *Does the vendor need to be present for meetings?*

Answer- Yes

Q3. *Can the vendor perform tasks (relating to the RFP) outside the USA?*

Answer- No

Q4. *Can the vendor submit the proposals via e-mail?*

Answer- Yes, please not section 2.4

Q5. *Can you provide copies of recent reports issued as part of the internal audit function?*

Answer- No, this is a first time engagement, thus no prior reports



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Q6. *Has the internal audit function been performed by an outside firm before? If so, what is the name of the firm that most recently performed the internal audit function and are they being invited to bid?*

Answer- No, this is a first time engagement, thus no prior firms have been involved

Q7. *Can you disclose the prior fee in performing these services?*

Answer- No, this is a first time engagement, thus no fee history

Q8. *How long (and how many) were the auditors in your offices last year to perform the internal audit function (as best you can remember)?*

Answer- This is a first time engagement, thus no history on the number of auditors on site or the hours

Q9. *What is your required and preferred timing for the internal audit?*

Answer- The final report should be issued by May 1, 2018. See section 6.5

Q10. *Is the scope of services requested in this RFP consistent with the internal audit services now being provided by the current firm?*

Answer- This is a first time engagement

Q11. *Were there any problems or disagreements with the prior auditors?*

Answer- No as this is a first time engagement

Q12. *What is the approximate percentage of work expected to take place on site?*

Answer- Given the scope of work as an Internal Auditor, it is expected that a majority of the work would take place in the Office of Pensions

Q13. *Why is OPen and DPERS going out for proposal?*

Answer- The Board of Pension Trustees (Board) has given direction to Open to establish and internal audit function.

Q14. *Is there a budgeted amount for this engagement?*

Answer- The Board will authorize the expenditure of funds for this engagement after review of the responses.

Q15. *Have there been any significant changes in key staff in the past year that would affect the 2017 audit?*

Answer- No

Q16. *What issues would be of concern to the OPen and DPERS for the first year audit?*

Answer- Initially it would be the development of an audit plan based on the scope of services and any additional items suggested by the vendor

Q17. Does OPen and DPERS expect these procedures to be verified once a year encompassing the full years' worth of data or to be performing test work throughout the year?

Answer- It is expected that the procedures would be verified once a year

Q18. Have there been any changes in policies or procedures from previous years?

Answer- No

Q19. Have there been any findings or issues with previous year CAFR audits regarding the areas covered in the RFP?

Answer- Yes, there have been some findings regarding the census data of an external employer in the County/Municipal plans

Q20. Are transactions between the various employers and DPERS performed electronically to reconcile contributions to cash submitted?

Answer- Yes, 100% of the contribution transactions are submitted electronically, and 100% of the transactions are reconciled electronically.

Q21. Is there an independent review of the IT system used at DPERS verifying controls within that system used to track census data?

Answer- Yes, as a segment of the annual financial audit part

Q22. Are distributions calculations performed manually or calculated by the system? Or a combination of both depending on the distribution type?

Answer- The distributions are calculated by the system, with some manual overrides if necessary

Q23. What is the estimated annual budget for the work done under this contract?

Answer- The Board will authorize the expenditure of funds for this engagement after review of the responses.

Q24. Is the scope of the audit work all internal to the DPERS operation, or does it include outside contractors and investment organizations?

Answer- The scope of work will only pertain to the DPERS internal operations

Q25. Has the audit plan already been established by DPERS; and if so can the audit plan be provided to provide a basis for scoping the proposal response? Or Is developing the audit plan part of the expected service provider's performance obligation?

Answer- The audit plan is expected to be developed by the vendor based on (but not limited to) the items in section 4.1

Q26. Has DPERS had any notable/significant recent or planned changes in business processes or supporting systems/technology? If so could you please elaborate?

Answer- No there has not been any significant changes to processes or systems

Q27. While it is clear that in provision 12.4.t that no offshore delivery activity is acceptable as part of the contact. The provision in 9.3.g precludes subcontracting work products, but 12.4.f indicates that the contractor is fully responsible for third party service providers. These provisions appear to conflict. Can a firm utilize on-shore third party sub-contractors for service delivery? Can a firm utilize third party contractors for back-office engagement support functions?

Answer- The vendor cannot subcontract the work to a third party service provider

Q28. In section 9.d you ask for confirmation of Firm's peer review under IIA requirements. Can you clarify this further? Our experience is that the Firms is not IIA certified as servicer providers that provide IA services for clients, instead the client is the entity that obtains IIA certification. We do have peer review under AICPA Standards as well as PCAOB, would this meet the requirement?

Answer- With reference to peer review requirements under IIA, the professional standards require that an internal audit function go through an external Quality Assessment (EQA) conducted by an independent team or validator once every five years. We equate the AICPA's peer review requirement to this and as such will accept a peer review report that meets the AICPA standards for this requirement.

Q29. Throughout the RFP there are references to AICPA standards associated with external audit service providers. In our experience, internal audit service providers are not required to abide by AICPA standards. We do align to the standards of the Institute of Internal Auditors (IIA)

- o Section 9.3, b**
- o Section 10.2, c, (9)**
- o Section 11.5, b, Member of GAQC**

Answer- All references to the AICPA standards should be in reference to the standards of the Institute of Internal Auditors (IIA)

Q30. In Section 10.2, d the RFP asks for two examples of work product. Can you please elaborate on what types of deliverables you are expecting? Is this audit plans, work programs, audit reports, audit committee presentations, etc?

Answer- Examples of work product could be audit plans, audit reports, or audit committee presentations. Also, any insight into the pass/fail matrix might be helpful.