

Questions and Answers

RFP No. 18-01: Statewide Federal Compliance Audit for Fiscal Years 2017-18, 2018-19, 2019-20

The question and answer period is now closed. All questions and answers are posted on this site. Questions were due by January 30, 2018. Similar or related questions may be reworded for clarity and responded to as one question.

General

- 1. Please clarify when the Proposal is due. The due date is February 27, 2018 on page 7 of 73 and February 9, 2018 on page 11 of 73 in section 7(f).**

Proposals are due at 9:00 a.m. on February 27, 2018.

- 2. On page 4 of 73, Section 3 Deliverables, it is mentioned that for the fiscal year ended June 30, 2018 the report should be provided to the State Auditor no later than March 15, 2018...for clarification purposes, should the date be March 15, 2019?**

The correct date is March 15, 2019.

- 3. Once the contract is awarded, how soon can the audit firm begin performing fieldwork, including obtaining an understanding of internal control over federal programs at the department/agency level?**

Contract work may begin on March 28, 2018. This date is on page 7 of 73 in the Key Action Dates table.

- 4. On page 11 of 73, Section 7 Submission of Proposals, it states that five copies of the proposal should be double-sided, for clarification is the Original Copy of the proposal required to be single or double-sided?**

The original proposal can be either single or double sided.

- 5. There are various references to the applicability of OMB Circular A-133, such as per page 1 of 73, Section I.A Background, the last sentence states "Following the guidance in OMB Circular A- 133..." and on page 3 of 73, Section 1 (k) (l), (o) and on page 4 of 73, Section 3(h). For clarification purposes, please confirm that all references should be to the Uniform Guidance instead of OMB Circular A-133.**

Yes, all references to OMB Circular A-133 in the Request for Proposal should be replaced with the Uniform Guidance.

- 6. On page 5 of 73, Section II.1(h), for the proof of financial solvency and stability requirement, if the contractor does not have audited financial statements, provide some examples of information that would be acceptable to satisfy the requirement?**

Examples of other documents that could demonstrate financial solvency include unaudited financial statements, tax returns, guarantee from parent or supporting firm, results of financial capability audit or analysis, financing arrangements, credit line information, or records showing business base and forecast.

- 7. Was the prior year auditor invited to bid?**

The Request for Proposal 18-01 was posted to [Cal eProcure](#), the California State Contracts Register, and to our [California State Auditor](#) website.

- 8. Are there significant changes to the scope of services referenced in the RFP over what has been provided in prior years?**

The scope of services is the same as in prior years. Except for the option found on page 3 of 73, paragraph 2, "The State Auditor may audit up to five federal programs based on the major federal programs identified by the contractor in the statewide audit planning documents."

- 9. Are there any special qualities or unique characteristics you are looking for in the firm you select?**

The Contractor and all personnel must have the qualifications and experience listed in Section II, Minimum Qualifications for Proposers found on page 5 of 73.

- 10. What do you like about the service provided by your current auditing firm? What don't you like?**

Evaluations of contractor performance are confidential by law. See Public Contract Code 10370 and Government Code Sections 6254(k) & 6255.

- 11. We understand most state entities are headquartered in Sacramento. On the average, what is the estimated number of State offices involved in the audit of each major program? For example, how many office locations are involved in the audit of the Medicaid Cluster?**

We do not analyze or compile this information. Proposers are encouraged to review the previous [single audit reports](#) available on our website to gain additional information.

12. How many major programs are being audited for the FY 2017 single audit? What are each of the major programs (Catalog of Federal Domestic Assistance/Cluster) for FY 2017?

The FY 2017 audit is currently in progress and we cannot share actual information until we release the audit report. Proposers are encouraged to review the previous [single audit reports](#) available on our website to gain additional information.

13. What was the fieldwork timeline and size of the team that completed the single audit? When did compliance testing commence?

As we have contracted this work out for a number of years, we do not have current insight into the size of the team necessary to complete the federal compliance portion of the single audit. In terms of timing, our experience was that this planning commenced in late spring, with compliance testing commencing in the summer (June or July).

14. Section 6c on page 11 notes that there may be limited travel to various State agencies located outside of Sacramento. May we have a listing of those agencies, location and the associated programs?

Most state entities are headquartered in Sacramento, California. The answer to this question is highly dependent on the contractor's selection of major federal programs, and the chosen methodology for reviewing those programs. As such, it is not possible for us to provide a list of locations to which the contractor may need to travel.

15. Does the State Auditor provide the firm with access to its working papers related to the State's financial reporting processes (payroll, budget, disbursements, etc.)? When are the working papers typically ready for the firm to review?

Although we collaborate with our selected contractor and share information as needed, we expect the selected contractor will conduct its own assessments of financial reporting processes.

Schedule of Expenditures of Federal Awards (SEFA)

16. When does the State have available the first estimate of the June 30 SEFA? Is a projected version for a fiscal year available before June 30? When is the final schedule provided?

The timing of our receipt of the draft and final SEFA is highly dependent on the Department of Finance. In general, the Department of Finance provides the draft SEFA to the auditors in September or October, and provides the final SEFA in December or January. However, we note that Contractors can begin their planning,

materiality analyses, and selection of major programs with the State Controller's Office draft expenditure report, which is typically ready in April. The final State Controller's Office expenditure report is typically ready in July.

17. In terms of testing completeness and accuracy of the SEFA, are internal controls in place which will facilitate testing the SEFA shortly after year end? If not, when is the SEFA ready for that completeness and accuracy testing?

For a description of the timing of the Department of Finance's completion of the SEFA see question 17. Although the draft SEFA is not available until September or October, testing on the completeness and accuracy of the SEFA can begin with the start of fieldwork for the various selected major programs. This work is done at the department level can eventually be used to verify amounts in the SEFA.

18. Based on availability of audit subject matter and the SEFA, what audit tasks are those that typically fall into the January through March timeframe, by design?

Common tasks that fall within this timeframe are finalizing the auditor's review of the SEFA, completing supervisor review of workpapers, writing and review of findings, exit conferences, obtaining agency perspective on findings, and obtaining the management representations letter.

19. How many adjustments were made to the State's SEFA after the schedule is provided to the auditor?

This information is not readily available.

Cost and Hours

20. For purposes of preparing a fee quote, how should the contractor factor into the total annual cost, the State Auditor's Office option to audit up to five major programs on an annual basis?

Contractors should prepare total annual cost estimates based on the assumption that they will perform the work for all audited programs. During the planning phase of the audit, the State Auditor's office will inform the selected contractor if we intend to perform any of this work ourselves.

21. What were your prior contract fees and hours for each of the past three years? Please provide a breakdown by year and by major program.

The following fees and hours are estimates from the previous winning proposal. We do not have the information by major program readily available.

2014-15 - \$1,803,300 for 14,420 hours.
2015-16 - \$1,644,500 for 12,784 hours.
2016-17 - \$1,661,000 for 12,784 hours.

22. Section 6b on page 11 identifies that the cost proposal should include expert testimony costs that may be required after the report is issued. Please clarify as to what types of services have been provided in the past.

Although we are not aware of an instance in which our contractor needed to provide these particular services, expert testimony can include legislative briefings and hearings, and litigation-related testimony. Further, although not necessarily considered expert testimony, our selected contractor's audit processes may be reviewed by cognizant federal entities. Contractor support for these types of reviews is included in the annual contract total.

23. Provide the number of weeks and auditors needed to complete last year's audit work for testing all the major programs? How many days of interim and year-end fieldwork? What percentage of total audit hours are incurred between April through December versus January through March?

We do not analyze or compile the number of weeks and number of auditors in the field.