



## Questions and Answers

### **RFP No. 21-02: Statewide Federal Compliance Audit for Fiscal Years 2020-21, 2021-22, 2022-23**

- 1. The RFP is requesting proof of our solvency. Will our condensed (unaudited) financial statements suffice, or will you need to have detailed information?**

Unaudited financial statements for two years (2018 and 2019), which include complete balance sheets and income statements, are sufficient proof of financial solvency or stability as required by RFP Section II, Minimum Qualifications for Proposers, Paragraph 1 (h). Examples of other documents that could demonstrate financial solvency include balance sheets and income statements for 2018 and 2019, 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.

- 2. What were the prior year audit fees?**

The fiscal year 2019-20 audit is currently in progress and we cannot share actual information until we release the audit report. The fees and hours below are estimates from the previous RFP 18-01 winning proposal, which were incorporated into the resulting contract.

2017-18 - \$1,767,485 for 12,780 hours  
2018-19 - \$1,834,305 for 12,780 hours

- 3. What is the level of effort/hours that the incumbent has provided for the previous years' audits?**

The fiscal year 2019-20 audit is currently in progress and we cannot share actual information until we release the audit report. The fees and hours below are estimates from the previous RFP 18-01 winning proposal, which were incorporated into the resulting contract.

2017-18 - \$1,767,485 for 12,780 hours  
2018-19 - \$1,834,305 for 12,780 hours

**4. Is the incumbent allowed to bid?**

Yes, any firm that can meet all the contract requirements, including the background check and information security provisions, and meet all the deliverables as detailed in the RFP, can submit a proposal.

**5. Are there any improvements you would like to see in the audit process?**

The RFP includes all requirements, including the scope of work and the standards that must be followed. Refer to the RFP, including Section I, Purpose and Description of Services, and Section II, Minimum Qualifications for Proposers.

**6. Are there any significant changes in operations in the current year vs. the prior year including changes in policies and procedures, personnel, or the reporting entity?**

Due to the pandemic, many state agency employees were teleworking as a result of stay-at-home orders, causing delays in operations impacting the audit work. Please refer to the following reports and findings: “*State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-001.1.pdf> and “*State of California: Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf> on our website ([www.auditor.ca.gov](http://www.auditor.ca.gov)). The impact of additional federal monies received by the state will likely impact operations and result in more programs that will need to be audited.

**7. Please comment on the governing body’s committee (audit, finance, etc.) overseeing the governance of this contract. Please include membership and meeting schedule.**

There is no committee that will oversee the governance of this contract. Refer to the RFP, including Section I, Purpose and Description of Services, for information about the statewide single audit of California as mandated by the federal Single Audit Act of 1984 (31 U.S.C. Sec. 7501 et seq.). Refer also to the RFP, including the sample contract in Section VI, Standard Agreement (STD.213), Exhibit A, Paragraph 5, which will list the Project Coordinator for the California State Auditor who will manage the resulting contract.

- 8. Please comment on [sic] extent of decentralized operations within the State. Describe any decentralized accounting functions that may require site visits during the audit.**

The Department of Finance prepares the Schedule of Expenditures of Federal Awards (SEFA), but each state department maintains its own records in various areas of the state. (See “*State of California: Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf> on our website [www.auditor.ca.gov](http://www.auditor.ca.gov).) All applicable standards must be met by the Contractor. Refer to the RFP, including Section III, Proposal Requirements and Information, Paragraph 6 (c), Section II, Minimum Qualifications for Proposers, and Section I, Purpose and Description of Services, Paragraph B.

- 9. What computer systems are used for general ledger operations? Which systems manually interface with the general ledger? Which systems automatically interface with the general ledger?**

The Financial Information System for California (FI\$Cal) is the primary accounting system used by state departments; however, there may be other legacy programs still in use. See FI\$Cal finding in the internal control report, “*State of California: Internal Control and Compliance Audit Report for Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-001.1.pdf>.

- 10. Are you satisfied with the current auditors (a) timeliness (b) pro-activeness on communications (c) involvement outside of the audit process and (d) value they provide to your organization?**

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

- 11. Has there been any disagreement with the current auditor firm? If yes, please provide some background on the issue.**

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

- 12. What are the two most significant issues facing the State in the next two years regarding its federal programs? Are there any improvements you would like to see in the audit process?**

Due to the pandemic, many state agency employees were teleworking as a result of stay-at-home orders, causing delays in operations impacting the audit work.

Please refer to the following reports and findings: “*State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-001.1.pdf> and “*State of California:*

*Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf> on our website ([www.auditor.ca.gov](http://www.auditor.ca.gov)). The impact of additional federal monies received by the state will likely result in more programs that will need to be audited.

**13. Are there any significant changes in operations in the current year vs. the prior year including changes in policies and procedures, personnel, or the reporting entity?**

Due to the pandemic, many state agency employees were teleworking as a result of stay-at-home orders, causing delays in operations impacting the audit work. Please refer to the following reports and findings: “*State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-001.1.pdf> and “*State of California: Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf> on our website ([www.auditor.ca.gov](http://www.auditor.ca.gov)). Refer to the RFP, including Section III, Proposal Requirements and Information, Paragraph 6. The impact of additional federal monies received by the state will likely impact operations and result in more programs that will need to be audited.

**14. In the previous three fiscal years, have there been any additional billings/change orders related to the audits in excess of the fixed base fees? If so, to what extent and for what reason(s)?**

There have been no amendments to the contract (change orders) or additional billings that have exceeded the original contracted amounts to date.

**15. In response to Covid, does the State provide remote access to certain information such as eligibility documentation for programs requiring eligibility testing?**

Due to the pandemic, many state agency employees were teleworking as a result of stay-at-home orders, causing delays in operations impacting the audit work. Potential proposers should assume that most state departments and agencies will not provide remote access to any of their systems and data. It will likely be possible to conduct interviews with the agencies/departments through video conferencing and information, documents and data can be sent securely via encrypted e-mail or another secure file transfer process.

For reference, please refer to the following reports and findings: “*State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-001.1.pdf> and “*State of California: Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf>

on our website ([www.auditor.ca.gov](http://www.auditor.ca.gov)). All applicable standards must be met by the Contractor. Refer to the RFP, including Section III, Proposal Requirements and Information, Paragraph 6 (c), Section II, Minimum Qualifications for Proposers, and Section I, Purpose and Description of Services, Paragraph B.

**16. Has the overall audit approach been significantly modified in response to Covid? For example, approximately what percentage of the testing is currently being performed remotely (using a portal, remote access to various systems, etc.) vs. onsite testing?**

Due to the pandemic, many state agency employees were teleworking as a result of stay-at-home orders, causing delays in operations impacting the audit work. While this work is presently ongoing, as to the overall audit approach, potential proposers should assume that most state departments and agencies will not provide remote access to any of their systems and data. It will likely be possible to conduct interviews with the agencies/departments through video conferencing and information, documents and data can be sent securely via encrypted e-mail or another secure file transfer process. For reference, please refer to the following reports and findings: “*State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-001.1.pdf> and “*State of California: Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019*” located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf> on our website ([www.auditor.ca.gov](http://www.auditor.ca.gov)). All applicable standards must be met by the Contractor. Refer to the RFP, including Section III, Proposal Requirements and Information, Paragraph 6 (c), Section II, Minimum Qualifications for Proposers, and Section I, Purpose and Description of Services, Paragraph B. The impact of additional federal monies received by the state will likely result in more programs that will need to be audited.

**17. To be eligible for the California Small Business incentive, could our firm submit a joint proposal with a certified California small business?**

Yes, please refer to Paragraph 1 in Section IV, Preference Programs (RFP page 20), and Attachment E, Proposal/Proposer Certification Sheet (Small Business and DVBE), Instructions, Item 5 regarding partnerships, and applicable state law.

**18. Will the State accept an electronic signature on the proposal forms and documents?**

Yes. Although the RFP Section III, Submission of Proposals in Paragraph 7 (b) requires original signatures, we will modify the RFP to specify that electronic signatures (e-Signatures) are acceptable on the proposal forms and documents in **Addendum 1**. (See the Uniform Electronic Transactions Act, California Civil Code

sections 1633.1-1633.17; and State Administrative Manual Management Memo 20-07.)

**19. Who were the previous auditors working along with the State Auditor?**

The previous contract was awarded to Macias Gini & O'Connell, LLP.

**20. Are they invited to bid under this opportunity?**

This Request for Proposal 21-02 was posted to [Cal eProcure](#), the California State Contracts Register, and to the [California State Auditor website](#). As such, no firm or entity was invited to bid the work in the RFP, which is equally available to the public.

**21. Can you please provide us a copy of the prior year's report?**

While the "prior year's report" in the question is vague, the 2019-20 audit is currently in progress and we cannot share actual information until we release the audit report. However, the 2018-19 "State of California: Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2019" is located at <http://auditor.ca.gov/pdfs/reports/2019-002.pdf> on our website (www.auditor.ca.gov).

**22. How much were the fees associated with this project for the fiscal year ended June 30, 2020?**

This FY 2019-20 audit is currently in progress and we cannot share actual information until we release the audit report. The fees and hours below are estimates from the previous RFP 18-01 winning proposal, which were incorporated into the resulting contract.

2017-18 - \$1,767,485 for 12,780 hours

2018-19 - \$1,834,305 for 12,780 hours

**23. Were there any disagreements with the current auditors? Were there any difficulties encountered during the prior audits?**

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

**24. What efficiencies would you like to see during the next round of audits?**

The RFP includes all requirements, including the scope of work and standards that must be followed. Refer to the RFP, including Section I, Purpose and Description of Services and Section II, Minimum Qualifications for Proposers for the Contractor's responsibilities.

## **25. List of Items, Schedule of Requirements, Scope of Work, Terms of Reference, Bill of Materials required.**

These items are fully detailed in the Request for Proposals RFP No. 21-02: Statewide Federal Compliance Audit for Fiscal Years 2020-21, 2021-22, 2022-23. Refer to Section I, Paragraph B Statement of Work.

Proposers should assume 25 major federal program audits per year. **Addendum 1** will include a modification to ATTACHMENT J - COST PROPOSAL WORKSHEET to specify that the proposal shall include a quotation of charges for all proposed work for **25 major federal programs**.

## **26. Soft Copy of the Tender Document through email.**

The Request for Proposals RFP No. 21-02: Statewide Federal Compliance Audit for Fiscal Years 2020-21, 2021-22, 2022-23 is posted on the State Contractor's Register [here](#). The payment process is described in the sample contract. Please see the RFP Section VI, Standard Agreement (STD.213), Exhibit B.

## **27. Names of countries that will be eligible to participate in this tender.**

The ability to perform significant portions of the audit review in Sacramento, California, is a desirable qualification. However, any firm that can meet all the contract requirements, including background check and information security provisions, and comply with all applicable state and federal law, that meet all the deliverables as detailed in the RFP may submit a proposal. Any country sanctioned, restricted or subject to embargoes (e.g., North Korea or Iran) are not eligible to contract in the U.S.

## **28. Information about the Tendering Procedure and Guidelines**

See RFP 21-02, including sample contract in Section VI, Standard Agreement (STD. 213), Exhibit B, Budget Detail and Payment Provisions.

## **29. Estimated Budget for this Purchase**

As noted in the RFP, Attachment J, there is no set budget for this engagement.

## **30. Any Extension of Bidding Deadline?**

We will be issuing **Addendum 1**, extending the proposal due date from May 12, 2021 to May 26, 2021. Additionally, please refer to the revised Table 1. Key Action Dates in our response to Question 31.

### 31. Any Addendum or Pre-Bid meeting Minutes?

There was no pre-bid meeting. As noted above, **Addendum 1** will be issued continuing certain dates as follows:

**Table 1. Key Action Dates**

Action	Time	Date
Release of Request for Proposals		April 12, 2021
Questions Due	4:00 p.m.	April 19, 2021
Optional Intent to Bid Postcard/Letter/Email	4:00 p.m.	April 19, 2021
Questions and Answers Posted	4:00 p.m.	April 23, 2021
<b>Proposals Due</b>	<b>9:00 a.m.</b>	<b>May 26, 2021</b>
Opening of Proposals	10:00 a.m.	May 26, 2021
Evaluation Period Interviews, if applicable		May 26-June 3, 2021
Notice of Intent to Award Posted In Lobby of State Auditor's Office and on Website	4:00 p.m.	June 9, 2021
Protest Period		June 10-16, 2021
Contract Award and Execution		June 21, 2021
Contract Work Begins		June 25, 2021
Contract Term Ends		June 30, 2024

An additional substantive change in **Addendum 1** will include a modification to ATTACHMENT J - COST PROPOSAL WORKSHEET will be modified to specify that the proposal shall include a quotation of charges for all proposed work for **25 major federal programs**.