

September 12, 2011

ADDENDUM No. 1

To

REQUEST FOR PROPOSALS

For

INTERNAL AUDIT SERVICES

For the

Contract No. GP-0178-R01

ISSUED August 19, 2011

By

THE NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY

PLEASE TAKE NOTICE:

PROPOSAL PACKAGES ARE DUE NO LATER THAN 5:00 PM on Thursday, September 15, 2011, at the offices of the New Jersey Schools Development Authority located at 1 West State Street (Wells Fargo Bank Building), 1st Floor, Trenton, New Jersey 08625-0991, and must be delivered in the manner set forth in the RFP.

This **ADDENDUM No. 1** includes questions submitted electronically by 5 PM on Tuesday August 30, 2011, and answers thereto, and a list of the intended proposing firms. Questions and answers may have been paraphrased in whole or in part. Terms in this Addendum shall have the same meaning as provided in Section 1 of the Agreement, except as otherwise provided herein.

A. FIRMS INTENDING TO PROPOSE

See Attachment A to this Addendum No. 1.

B. TIMELY SUBMITTED ELECTRONIC QUESTIONS AND NJSDA ANSWERS

B.1 QUESTION: RFP page 7, Section 8.0 states, in part: "NJSDA staff shall negotiate a fair and reasonable fee with the firm receiving the highest Final Combined Score."

RFP page 8, Section 8.0 then states: "Upon award, the selected firm shall execute the Agreement, without modification."

While it is clear that NJSDA intends to negotiate the Contract fee, it is not clear whether NJSDA is willing to negotiate terms of the RFP and of the Agreement at Attachment A. While Offeror is willing to accept most of the terms and conditions in the RFP and in the Attachment A Agreement in the RFP, Offeror respectfully requests that NJSDA clarify if it is willing to entertain Offeror requests to modify and/or clarify some of the provisions in the RFP and Agreement so that they can be made more suitable for the type of services requested here.

Examples of the provisions that we would like to discuss modifying in particular and which, in most instances, require only modest modifications are ownership of deliverables, insurance (to conform to details of Offeror's insurance policies), scope of indemnification, confidentiality, Office of Fiscal Integrity, and scope of records retention and audit.

Also, we would like to negotiate additional standard terms and conditions that Offeror offers to other state and local government customers for similar services, such as applicable AICPA standards of performance, Offeror and Client responsibilities, termination and dispute resolution, limitations on liability, and use of Offeror subsidiaries and other member firms.

Please advise whether NJSDA is willing to entertain such negotiations.

ANSWER: The fee for Internal Audit Consultant services shall be subject to negotiation. The terms of the RFP and the Agreement (Attachment A) will not be modified, except as set forth in this Addendum No. 1 or any subsequently issued Addendum, if any.

B.2 QUESTION: Based on the experience of the NJSDA's Division of Program Assessment and Development over the previous two Internal Audit Consultant Services contracts, what has been the number and frequency of Task Orders issued annually to the Internal Audit Consultant Services provider and the total number of Internal Audit Consultant hours delivered under the Task Orders that were issued?

ANSWER: Under the one (1) previous Internal Audit Consultant Services Agreement entered into by the NJSCC, the NJSDA's predecessor, the Internal Audit Consultant was engaged to propose a comprehensive audit plan for approval by the Audit Committee of the Board and to carry out the approved audit plan. The previous Internal Audit Consultant Services Agreements did not provide for internal audit services assignments through Task Orders. The current RFP anticipates that the Consultant will assist the NJSDA's Division of Program Assessment and Development by providing internal audit services on a Task Order basis.

B.3 QUESTION: Regarding Previous Internal Audit Findings:

A. Have there been significant internal audit findings for the areas in which the Internal Audit Consultant is likely to be assigned Task Orders under the contract?

B. Have all corrective actions been implemented and the effectiveness of corrective actions monitored?

ANSWER: No specific Task Order assignments have been identified in this RFP.

B.4 QUESTION: External Auditor Management Letters:

Have there been management letter comments related to the areas in which the Internal Audit Consultant is likely to be assigned Task Orders under the contract?

Have all corrective actions been implemented and the effectiveness of corrective actions monitored?

How many locations are potentially included within the scope of Internal Audit Consultant services? If a detailed listing is not available, a listing of number of potential internal audit work locations by city/town would be helpful.

Based on the experience under the previous Internal Audit Consultant Services contracts, what has been the mix of assignments in which:

A. The project was staffed solely by auditors sourced from the contracting firm?

B. Staff from the contracting firm served as member(s) of the internal audit team lead by a manager from the Division of Program Assessment and Development?

C. Internal Audit management from the contracting firm lead audits staffed by personnel from the Division of Program Assessment and Development?

ANSWER: No specific Task Order assignments have been identified in this RFP. Previous internal audit findings and the implementation and assessment of the effectiveness of corrective actions are confidential.

School Facilities Projects subject to NJSDA management, review and/or oversight are located throughout the State of New Jersey. It is anticipated that the majority of internal audit services that might be the subject of a Task Order assignment can be performed either from the Consultant's principal place of business or at NJSDA offices located at 1 West State Street and 32 East Front Street in Trenton, New Jersey.

Past experience under the previous Internal Audit Consultant Services Agreement is not indicative of the types of assignments that may be given under this procurement. The current RFP anticipates that the Consultant will assist the NJSDA's Division of Program Assessment and Development by providing

internal audit services on a Task Order basis.

B.5 QUESTION: Is the contracting firm to provide IT audit resources or only non-IT Internal Audit Consultants?

ANSWER: The Consultant may be expected to provide both IT and non-IT internal audit consultant services.

B.6 QUESTION: To what extent was the contracting firm involved in developing annual internal audit plans under previous Internal Audit Consultant Services contracts?

ANSWER: Utilization of Consultants under the previous Internal Audit Services Agreement is not indicative of prospective utilization on Consultants under this RFP. No specific Task Order assignments have been identified in this RFP.

B.7 QUESTION: How closely have the internal audit assignments to the contracting firm under issued Task Orders tracked with annual internal audit plans?

ANSWER: See response to B.2.

B.8 QUESTION: Should a fraud be identified for which a Task Order is issued to the contracting firm for support services in the investigation, will the Internal Audit Consultant(s) provided by the contracting firm work under the supervision of legal counsel or management personnel of the Division of Program Assessment and Development who have expertise in rules of evidence for possible criminal or civil actions and proper investigative procedures to ensure protection of the rights and privacy of any individuals who may be subject to investigation?

ANSWER: If fraud is suspected, the Consultant would be expected to report its suspicions to the NJSDA's Division of Program Assessment and Development for appropriate assessment and referral. Depending upon the facts and issues involved, the NJSDA might then provide additional direction regarding future performance under the Task Order.

B.9 QUESTION: Are there any Small Business Enterprise (SBE) participation requirements related to this contract?

ANSWER: Pursuant to the factors set forth in NJAC 17:13-4.1(i) and 17:13-4.2(i), NJSDA has determined that this Contract is not suitable for an SBE set-aside, and therefore SBE status will not be relevant in the award of this Contract.

B.10 QUESTION: Can we provide full team member resumes in addition to NJSDA Forms 202? Is Form 202 limited to 5 illustrative projects or should we add rows to include all additional projects which reflect the proposed team member's relevant experience?

ANSWER: Resumes may be provided in addition to NJSDA Forms 202. There is no limit to the number

of illustrative projects and additional rows or additional Forms 202 may be used to reflect the proposed team member's experience.

B.11 QUESTION: Is client contact information required for all projects listed on NJSDA Form 202 or would 1-2 references per team member be acceptable?

ANSWER: References are required for all listed projects.

B.12 QUESTION: Section 4.5 of the RFP states 'The selected firm shall be required to use all Key Team Members as indicated in its Technical Proposal'. Please confirm that this means an NJSDA Form 202 should be completed for each proposed team member.

ANSWER: The NJSDA Form 202 should be completed for each Key Team Member.

B.13 QUESTION: Please clarify the type of assistance related to external audit, as requested in the scope of services (Appendix B).

ANSWER: The type of assistance, if any, would be dependent upon the requirements of the Task Order assignment.

B.14 QUESTION: Please confirm that the following documentation is required for contract execution and not at proposal stage:

- a. Disclosure to New Jersey State Police/Office of Fiscal Integrity General Consent and Waiver (per Agreement Appendix D-1)
- b. Integrity Affidavit (per Agreement Appendix D-2)
- c. Insurance Certificates (per Agreement Appendix F)
- d. PL 2005, Chapter 51 Approval (per Agreement Appendix F)
- e. W-9 (per Agreement Appendix F)

ANSWER: All such documentation is to be provided after submission of proposals as a requirement for execution of the Internal Audit Services Consultant Agreement.

B.15 QUESTION: Who is currently providing the Internal Auditing Consultant Services?

ANSWER: There is currently no outside Consultant providing Internal Audit Services.

B.16 QUESTION: Is the Authority dissatisfied with the level of service you have received or is this RFP the result of a standard 2 year bidding cycle?

ANSWER: The RFP seeks to engage a Consultant to provide Internal Audit Services, as needed and on a Task Order basis, to augment and supplement the internal auditing functions of the NJSDA's Division of Program Assessment and Development.

B.17 QUESTION: Can you provide a range for the blended hourly rate used in the prior contract? (less than \$100, \$100 to \$125, \$125 to \$150, or over \$150)

ANSWER: There was no blended hourly rate under the previous Internal Audit Services Agreement.

B.18 QUESTION: Will you provide the Authority formation and Governing Documents prior to bid submission?

ANSWER: NJSDA Bylaws, together with governing statutory and regulatory materials, are available for review on the NJSDA website – www.njsda.gov.

B.19 QUESTION: Can you provide a copy of the detailed lump sum budget form for our review?

ANSWER: There is presently no detailed lump sum budget form, although the NJSDA reserves the right to promulgate and require the Consultant's use of such a form. The information to be provided in the Consultant's lump sum budget for a particular Task Order shall be that specified in the Scope of Services, Appendix B to the Agreement, consistent with the scope and requirements of the Task Order.

B.20 QUESTION: Approximately how many task orders are issued per year and approximately how many hours per task order or in total per year?

ANSWER: No specific Task Order assignments have been identified in this RFP. The NJSDA shall have no obligation to issue any particular number of Task Orders to the Consultant or to issue Task Orders at any particular frequency.

B.21 QUESTION: Please confirm our assumption that engineering and architectural assistance will be provided by the Authority.

ANSWER: It is possible that the Consultant may be called upon to provide architectural and engineering consultant services in connection with its performance of a Task Order. The Consultant is not responsible to identify engineers or architects as Key Team Members in its response to this RFP.

B.22 QUESTION: What types of internal audit projects has your incumbent internal auditor performed? Such as financial, operational, or IT.

ANSWER: The previous Internal Audit Services Consultant Agreement included financial, operational and IT audit projects. However, audit projects undertaken under the previous Internal Audit Services Consultant Agreement are not necessarily indicative of prospective utilization of Consultants under this RFP. No specific Task Order assignments have been identified in this RFP. For further guidance, see the Scope of Services, Appendix B to the Agreement.

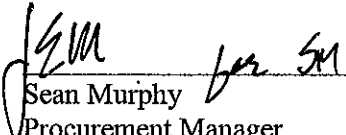
B.23 QUESTION: What were the average budgeted hours?

ANSWER: Utilization of Consultants under previous Internal Audit Services Agreements is not indicative of prospective utilization on Consultants under this RFP. No specific Task Order assignments have been identified in this RFP. The NJSDA shall have no obligation to issue any particular number of Task Orders to the Consultant or to issue Task Orders at any particular frequency.

B.24 QUESTION: In reference to the evaluation criteria in section 7.0 and 8.0, is New Jersey (NJ) willing to negotiate terms and conditions provided in Attachment A to the RFP (the Agreement between NJSDA and Consultant)? Is NJ also willing to negotiate final terms and conditions of any subsequent task orders?

ANSWER: See response to B.1. The scope and Budget of a prospective Task Order assignment shall be determined at the time of Task Order assignment. A Budget must be submitted by the Consultant and approved by the NJSDA prior to commencement of work under an assigned Task Order.

Please, there shall be absolutely no contact between our staff and you.

Issued by: 
Sean Murphy
Procurement Manager

Issued: September 12, 2011

<Addendum #1>

NJSDA
1 West State Street
Trenton, NJ 08625
Phone: 609-341-5980
Fax: 609-656-4608

Date: September 12, 2011

PROJECT #: GP-0178-R01

DESCRIPTION: Internal Auditing Consultant Services

Addendum No. 1

Acknowledgement of Receipt of Addendum

Contractor must acknowledge the receipt of the Addendum by signing in the space provided below and returning via fax (609-656-4608) or E-mail (jmcelhenny@njsda.gov). Signed acknowledgement must be received prior to the Bid Due Date. Acknowledgement of the Addendum must be made in the Proposal Submission.

Signature

Print Name

Company Name

Date

ATTACHMENT A
List of Firms who Submitted a Notice of Intent to Participate

<p>Bernie Cohen Control Solutions International, Inc. 1120 Avenue of the Americas New York, NY 10036 Tel: +1 (917) 210-5833 Toll Free: +1 (888) 902-8348 x8116 bcohen@controlsolutions.com</p>	<p>Jack Gelsinon Business Development Manager Experis (formerly Jefferson Wells) 4 Gatehall Drive Parsippany, NJ 07054 T: 1 973 775 8405 F: 1 973 775 8401 jack.gelsinon@experis.com mailto:joanne.harris@experis.com</p>
<p>Stacy Wetcher KPMG LLP Advisory Services 345 Park Avenue New York, NY 10154 Office: 212-954-8736 Cell: 954-592-1235 Fax: 646-619-4853 swetcher@KPMG.com</p>	<p>Jill Ann Murphy, CPA Director The Mercadien Group P.O. Box 7648 Princeton, NJ 08543-7648 (609) 689-2375 Direct (609) 689-9720 Fax jmurphy@mercadien.com</p>
<p>Kevin P. Sullivan, CPA, CIA, CFF Director EisnerAmper LLP 2015 Lincoln Highway, Edison, NJ 08818 p: 732.287.1000 f: 732.287.3200 c: 908.307.1868 kevin.sullivan@eisneramper.com</p>	<p>Joseph Scudese, CPA, CFE Partner WithumSmith+Brown, PC One Spring Street New Brunswick, NJ 08901 P. 732.828.1614 x 5612 P. 732.964.9363 (Direct) F. 732.964.9364 C. 732.614.2735 jscudese@withum.com msmith@withum.com</p>
<p>Edward J Hudak III PricewaterhouseCoopers Telephone: +1 267 330 3317 Facsimile: +1 813 393 3373 edward.j.hudak@us.pwc.com</p>	<p>Richard A. Archer, CPA, CIA, CSOXM - Internal Audit Consultant Parkview Risk Advisors 3603 Avenue T Brooklyn NY 11234 Tel: 212-785-9700 rarcher@parkviewconsult.com ugulvadi@parkviewconsult.com slehrer@parkviewconsult.com</p>
<p>Matthew Beardslee - Proposal Manager Marketing J.H. COHN LLP Tel: 973-228-3500 x7808 732-380-8685 Fax: 973-364-6674 mbeardslee@JHCohn.com mbeardslee@JHCohn.com</p>	<p>David Firestone CPA, CrFA, CFE, CFF Friedman LLP 856-830-1650 Dfirestone@friedmanllp.com</p>

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