



Addendum No. 1

NJSDA
32 East Front Street
Trenton, NJ 08625
Phone: 609-858-2981
Fax: 609-656-4642

DATE: June 5, 2014

PROJECT #: GP-0213-R01
Internal Auditing Consultant Services

DESCRIPTION: Addendum No. 1

This addendum shall be considered part of the Bid Documents issued in connection with the referenced project. Should information conflict with the Bid Documents, this Addendum shall supercede the relevant information in the Bid Documents.

A. CHANGES TO THE PROCUREMENT PROCESS:

1. Not Applicable.

B. BIDDER'S QUESTIONS, REQUESTS FOR INFORMATION AND RESPONSES:

B.1 QUESTION: Will NJSDA require and/or have a preference that each of the service provider team members assigned to this engagement have recognized certifications such as: Certified Construction Auditor, Construction Control Professional, Certified Internal Auditor, and/or Certified Fraud Examiner?

ANSWER: Please refer to 4.0 Instructions For Submitting A Technical Proposal. NJSDA does not require the cited certifications, but a proposal to utilize team members with such recognized certifications for this engagement may be considered favorably when evaluating the experience of a firm and/or key team member.

B.2 QUESTION: Does NJSDA require the status report and audit report to mirror the sample given?

ANSWER: The interim Status Report and Final Report should include, at minimum, the information identified in the samples provided.

B.3 QUESTION: Does NJSDA have an approved Construction Audit Services annual budget available for review? If so, can you provide a copy?

ANSWER: No.

B.4 QUESTION: Section 1.0 Introduction of the RFP indicates a firm may submit up to 3 packages. For each package submitted does a Technical (4.1 – 4.9), Fee proposal, and Moral Integrity Questionnaire need to be completed? Also, does each package need to be sent independently?

ANSWER: A separate submission, consisting of a Technical Proposal, Fee Proposal and Moral Integrity Questionnaire, is required for each Package for which the firm seeks to be considered. Each package should be sent independently.

B.5 QUESTION: Please confirm if the contract value listed under each Package 1, 2 or 3 is the contract award value or the current contract price (i.e., award value plus approved change orders/amendments. If yes, please provide the current contract value for each contract.

ANSWER: The contract award value is listed along with the award date. Please note the RFP provides for the following:

- a. Obtain and review the DB contract.
- b. Obtain a monthly Primavera status report for the project.
- c. Obtain a download (or prepare a schedule) of all amendments against the DB contract. Review for appropriateness and any duplication of services.
- d. Obtain a download (or prepare a schedule) of all invoices paid against the DB contract.
- e. Review paid DB invoices and supporting documentation to ensure that they are:
 - i. Mathematically correct.
 - ii. Paid in accordance with contract terms and values (e.g., costs accurately reflect percentage of activity completed) and approved change orders.
 - iii. Properly supported.

B.6 QUESTION: Please identify if any of the awarded firms are currently in contract dispute/litigation with NJSDA for the named or any other NJSDA projects.

ANSWER: Litigation matters are considered confidential.

B.7 QUESTION: Please confirm if the monthly design-builder (DB) billing information/invoices are available in electronic and/or hard copy format.

ANSWER: Electronic.

B.8 QUESTION: Many projects are listed with anticipated opening dates in 2016. Please identify if these projects will require the Auditor to submit an interim and a final report/closeout report to the NJSDA upon project completion.

ANSWER: As stated in the RFP, status reports detailing the consultant firm's activities are required, and we anticipate receiving one final audit report per project.

B.9 QUESTION: Please clarify the role of Epic Management, Inc. Epic is named as the construction manager for the Chester Redshaw Elementary School (under Package 1) and also named as the DB awardee for the Oliver Street Elementary School (Package 3). Is Epic performing both services as both construction manager and DB for the NJSDA? Is Hall Construction Co., Inc. or any other DB awardees performing the dual roles?

ANSWER: Epic Management, Inc. (Epic) is engaged as Construction Manager (CM) on the Redshaw Project, and separately engaged as Design-Builder (DB) on the Oliver Street Project. Neither Epic nor any other firm is performing dual roles as CM and DB on the same project, as this is prohibited by NJSDA regulations.

B.10 QUESTION: Can you please identify the compensation method (Guaranteed Maximum Price, Fixed Price, etc.) chosen for each "Design-Builder Agreement"?

- a. Can you please provide a specimen contract for each type of compensation method that has been utilized?

ANSWER: The Design-Build Agreement provides for a fixed price compensation with a contingency (the GMP Reserve).

B.11 QUESTION: Since these agreements between SDA and the GC appear to be lump sum agreements, what does the GMP reserve represent in those agreements?

ANSWER: See B.10 – the GMP Reserve represents a contingency available to cover the costs of unforeseen conditions or owner-directed upgrades.

B.12 QUESTION: What contract form (e.g., fixed price, GMP, cost-plus, etc.) was used for the majority of the subject projects?

ANSWER: The Design-Builder's compensation is fixed price with a contingency (GMP Reserve).

B.13 QUESTION: For the majority of the subject projects did NJSDA use in-house construction management or was a separate firm hired for this activity? If a separate firm was hired, was the construction manager at-risk?

ANSWER: Generally NJSDA engaged a Construction Manager. The Construction Manager Agreement is not an at-risk engagement. However, as stated in Appendix B, we are procuring an audit program for auditing the Design Builder Awardee.

B.14 QUESTION: For each of the projects subject to review under this RFP:

- a. What was the average percentage of change orders?
- b. What was the average delay in completion of the projects, if any?

ANSWER: Please see Attachment 1.2, - Requested Data Concerning Change Orders.

B.15 QUESTION: Are the project files to be reviewed stored in paper or electronic format?

ANSWER: Electronic.

B.16 QUESTION: Please list any specific software programs used by NJSDA that the successful bidder will be required to purchase and/or interface with?

ANSWER: The selected firm will be required to attend Primavera training and will be authorized to remotely access Primavera and other systems for the purpose of accessing project documentation.

B.17 QUESTION: Does NJSDA have formal written procedures for procuring construction services and managing construction projects?

ANSWER: Not applicable - As stated in the RFP:
"The Scope of Services under this Agreement will include a **Cost Review** audit of the Design-Builder agreement for each of the school facilities projects contained in selected Consultant's assigned Package(s)."

B.18 QUESTION: Are complete individual submissions, including technical proposals, required for each package? Or is one qualification proposal and separate technical proposals and pricing required?

ANSWER: See response to B.4, above.

B.19 QUESTION: Based on the provided documents, it appears Chester Redshaw school will be completed prior to the commencement of services under this contract. Are quarterly status reports required for this project or can all observations be documented in one final report?

ANSWER: Should the audit of the Redshaw project be completed within 90 days of the consulting firm's authorization to proceed, a Status Report is not required. A final audit report would be the only submission for that project.

B.20 QUESTION: Based on the provided documents, multiple projects began prior to the commencement of services under this contract. Are quarterly status reports required for prior periods or can all observations be documented in one 'catch-up' report with quarterly audits conducted on a go-forward basis?

ANSWER: Status reports contain the activities of the consultant firm(s), not the project.

B.21 QUESTION: Can you provide the anticipated timing of the award?

ANSWER: The awards for Internal Auditing Consultant Services are expected to be executed in mid-September 2014.

B.22 QUESTION: Can you provide the anticipated timing of the reviews?

ANSWER: See Response to B.24, below, and Appendix B, Scope of Services.

B.23 QUESTION: We understand one firm can bid on all three packages but one firm will be awarded a maximum two packages. Please confirm NJSDA would like twelve bound copies of the technical proposal (four for each package) if the auditor bids on all three packages. The audit plan will be similar for each package although the contractors to be reviewed and completion percentage of the projects differs for each project in the applicable package.

ANSWER: A responding firm shall submit one (1) unbound original, four (4) bound copies and two (2) electronic copies in PDF format on CDs of its Technical Proposal for each Package for which the firm seeks to be considered.

B.24 QUESTION: Does NJSDA plan to initiate the cost review of each contractor immediately upon award of the Internal Auditing contract regardless of the project's completion percentage?

ANSWER: Yes.

B.25 QUESTION: Can the firm that is awarded the Internal Auditing contract perform all awarded cost reviews simultaneously?

ANSWER: To a degree, based upon notice of award and school openings.

B.26 QUESTION: The percentage of completion of each project varies. For example, if the firm is awarded a work for a package where the school project is 50% complete and a cost review is initiated for the 50% that is complete, does NJSDA expect the firm to complete a second review at 100% completion?

ANSWER: The SDA expects one final audit report for *all* costs attributed to the design builder, both those costs for work performed prior to the consultant award for auditing services and those costs paid until substantial completion of the project.

B.27 QUESTION: Are the review intended to be one time for costs incurred as of the date of the review regardless of percentage of completion, or is the intent to continuously review costs incurred for ongoing projects to be completed in the future?

ANSWER: The SDA expects one final audit report for *all* costs attributed to the design builder, both those costs for work performed prior to the consultant award for auditing services and those costs paid until substantial completion of the project.

B.28 QUESTION: We understand that NJSDA will notify the audit consultant of the start date of the review of each school project within a package. Can you provide some commentary about how this impacts the consultant's payment if reviews are not initiated simultaneously? The fee proposal includes a lump sum for the package which is more than one school project. If the review of one or more the school projects within a package is delayed, the completion date will also be delayed and hence the invoicing for work performed would be delayed.

ANSWER: The SDA would expect to be billed monthly or quarterly (consultant's discretion) for services performed, up to the lump sum value of the agreement.

B.29 QUESTION: Does NJSDA expect the audit firm to continue monthly or quarterly reviews of the contractor's costs incurred in future periods through completion of the project? If so, does NJSDA expect the reviews to be completed monthly or quarterly or another schedule such as 25% complete, 75% complete and prior to final close out?

ANSWER: We are looking to evaluate an audit program for its technical strength. As stated in the RFP, SDA anticipates regular status reports detailing the work performed by the consultant for each project and one final audit report per project.

B.30 QUESTION: Will the firm that is awarded the work be able to work directly with the applicable contractor to obtain the information necessary to complete the review?

ANSWER: The firm would be working with SDA's project team, which if necessary, would liaise with the contractor.

B.31 QUESTION: Who will be the audit firm's point of contact at NJSDA?

ANSWER: The SDA's project teams will be the point of contact for actual project auditing, with Program Assessment and Development receiving invoices, status reports and the final audit report.

B.32 QUESTION: Where do all pertinent billing and other records needed for audit reside for each package?

ANSWER: Primavera/Contract Manager, with access available to the awarded firm(s).

B.33 QUESTION: For each package –

- a. Can you specify the number of change orders received to date, and also quantify the dollar amount of change orders received for each package?
- b. For each package, how many invoices have been processed to date?

ANSWER: a. See Attachment 1.2 - Requested Data Concerning Change Orders

b. On average, the SDA receives a monthly invoice for a project.

B.34 QUESTION: What is the percentage completion for each facility listed within each package?

ANSWER: Appendix B lists the Design Builder award date and the anticipated school opening.

B.35 QUESTION: Who will the Internal Audit Consultants report to at NJSDA on a daily basis?

ANSWER: Please refer to response to B.31, above.

B.36 QUESTION: Have prior reviews/audits been performed to date for each project?

ANSWER: No.

B.37 QUESTION: What is the estimated number of transactions for each package noted in the Scope of Services?

ANSWER: SDA routinely receives one invoice per month.

B.38 QUESTION: What amount of support will be available from the New Jersey Schools Development Authority personnel?

ANSWER: See Response to B.30 & B.31 above.

B.39 QUESTION: Can you provide proposers with a budget and/or estimated number of hours anticipated for each project?

ANSWER: No.

B.40 QUESTION: Are there any major operational or other significant changes anticipated for the New Jersey Schools Development Authority (or its affiliates) that would impact the Scope of Work noted for this RFP?

ANSWER: No.

B.41 QUESTION: Is there one report and cost review per project at the completion of the project or are there interim reports issued?

ANSWER: We are looking to evaluate an audit program for its technical strength. As stated in the RFP, SDA anticipates quarterly status reports detailing the work performed by the consultant for each project and one final audit report per project.

B.42 QUESTION: Will payment for services be made during the project term or at completion of the final Cost Review and report issuance?

ANSWER: Payment(s) for services are made based upon invoices submitted by the consultant(s).

B.43 QUESTION: Must the subcontractors performing for the General Contractor be audited, reviewed or monitored?

ANSWER: As stated in the RFP, "The Scope of Services includes the auditing of billings from and payments to the design builder. The Auditing Consultant will inspect documentation in support of project costs as they pertain to the Scope of Services to ensure that State funds for school facilities construction projects are expended prudently."

B.44 QUESTION: Where will the records be kept for review?

ANSWER: Records are available electronically.

B.45 QUESTION: When are the final reports due to the authority?

ANSWER: Final audit reports are due after substantial completion of each project.

B.46 QUESTION: What controls are in place related to each school facility projects?

ANSWER: Not applicable, as stated in the RFP: "The Scope of Services under this Agreement will include a Cost Review audit of the Design-Builder agreement for each of the school facilities projects contained in selected Consultant's assigned Package(s)."

B.47 QUESTION: What is the anticipated timing for fieldwork?

ANSWER: It is anticipated work will be performed electronically. Fieldwork will be performed at the discretion of the consultant.

B.48 QUESTION: Who has been monitoring costs incurred thus far? (an architect?)

ANSWER: Costs are monitored by an SDA project team with consideration of the SDA Design Studio comments.

B.49 QUESTION: Please distribute all questions posed (and related answers) by other bidders for this RFP.

ANSWER: All questions timely received, and NJSDA responses, are incorporated in this Addendum.

C. CHANGES TO PREVIOUS ADDENDA:

1. Not Applicable.

D. ATTACHMENTS:

Attachment 1.1 Notice of Intent to Participate - Contact List

Attachment 1.2 Requested Data Concerning Change Orders.

E. SUPPLEMENTAL INFORMATION:

1. Not Applicable.

Any bidder attempting to contact government officials (elected or appointed), including NJSDA Board members, NJSDA Staff, and Selection Committee members in an effort to influence the selection process may be immediately disqualified.

End of Addendum No. 1



NJSDA Director

6.5.14

Date

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NJSDA
32 East Front Street
Trenton, NJ 08625
Phone: 609-858-2981
Fax: 609-656-4642

DATE: June 5, 2014
PROJECT #: GP-0213-R01
Internal Auditing Consultant Services
DESCRIPTION: 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 (609-656-4642) or email (djohnson@njsda.gov). Signed acknowledgement must be received prior to the Bid Due Date. Acknowledgement of the Addendum must also be made in the Technical Proposal Submission.

Signature

Print Name

Company Name

Date

ATTACHMENT 1.1

“Notice of Intent to Participate” Contact List

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Attachment 1.2 - Requested Data Concerning Change Orders

Count	School Name	School Type	District	Contract No.	Awardee	Package No.	Award (\$)	No. of Change Orders	Net Change Order (\$)	Revised Contract Value	Amount Paid
1	A. Chester Redshaw ES	Pre-K Thru 5	New Brunswick	ET-0055-B01	Hall Construction Co., Inc.	1	34,872,000	2	22,319	34,894,319	25,643,973
2	Joseph C. Caruso ES	ES	Keansburg	ET-0061-B01	Hall Construction Co., Inc.	1	34,333,000	-	-	34,333,000	1,152,244
3	Elementary School No. 3	Pre-K Thru 5	Jersey City	JE-0021-B01	Dobco, Inc.	1	33,487,500	-	-	33,487,500	1,997,166
4	Oliver Street	Pre-K Thru 8	Newark	NE-0013-B01	Epic Mgmt., Inc.	3	40,895,000	-	-	40,895,000	2,560,679
5	Elliot Street	Pre-K Thru 8	Newark	NE-0067-B02	Hall Construction Co., Inc.	3	37,937,000	-	-	37,937,000	5,941,987
6	Henry Street ES	Pre-K Thru 5	Pasaic	NT-0019-B01	Dobco, Inc.	2	28,900,000	-	-	28,900,000	6,750,667
7	PS 16	Pre-K Thru 8	Paterzon	PA-0024-B01	Hall Construction Co., Inc.	3	34,944,000	-	-	34,944,000	1,274,053
8	Buckshutem Road ES	K-8	Bridgeton	ST-0044-B01	Ernest Beck & Sons, Inc.	2	16,409,108	-	-	16,409,108	759,393
9	Quarter Mile Lane ES	K-8	Bridgeton	ST-0044-B01	Ernest Beck & Sons, Inc.	2	29,204,662	-	-	29,204,662	1,089,022
Totals							290,982,270	2	22,319	291,004,589	47,163,184