



DATE: April 20, 2023
PROJECT: GP-0288-R01 – Internal Audit Consulting Services
DESCRIPTION: Addendum #1

This addendum shall be considered part of the Request for Proposals (“RFP”), issued in connection with the above-referenced project. Should information contained within this Addendum conflict with the RFP, this Addendum shall supersede the relevant information in the RFP.

A. CHANGES TO THE PROCUREMENT PROCESS:

1. Not applicable.

B. CHANGES TO THE PROCUREMENT DOCUMENTS:

1. Not applicable.

C. BIDDER’S QUESTIONS, REQUESTS FOR INFORMATION AND RESPONSES:

1. **Question:** Article 3.1 of the RFP asks respondents to include to include any other information relevant to the firm’s qualifications, together with details of any online guidance and audit programs that would be made available to the NJSDA as part of the Agreement. Can you expand on what the Authority is looking for the respondent to provide related to online guidance and audit programs?

Answer: The type of online guidance that the RFP refers to could be in the form of online articles, webinars, case studies, etc. The RFP asks responding firms to provide information on such resources that they would make available to NJSDA as part of this engagement.

The reference to audit programs in the RFP means checklists, templates, or other documents that describe the objectives and methodology for proceeding with an audit. The RFP asks for details of whether a firm has and would make available an online database, repository, or similar collection of prior or existing audit programs that the NJSDA could access; this would allow the NJSDA internal audit team to download a sample audit program and use it as a starting point, rather than developing a proposed audit program from scratch.

2. **Question:** Articles 3.1 and 3.2 of the RFP make reference to the use of Attachments B and C to respond to the requirements. Are respondents bound to use these two attachments or can we use our own free form format as long as it includes the required information?

Answer: Firms are to use the NJSDA Forms that are included as separate PDF attachments to the RFP when submitting a Technical Proposal.

3. **Question:** Article 5 mentions that the submittal shall include printed copies of the proposal and that faxed or emailed submissions will not be accepted. Is this a firm requirement or is the Authority flexible on electronic submittals?

Answer: Faxed or e-mailed submissions will not be accepted, refer to Section 5.0 of the RFP for all submission requirements.

4. **Question:** Question 13 on the Moral Integrity Questionnaire states: Been required to engage a monitor or independent private sector inspector general (IPSIG) as a condition of being classified or prequalified, or as a condition of any contract award, or as a condition for being permitted to complete a contract? (If yes, describe the agreement and give the name of the government agency, date and the name of the monitor or IPSIG.) Is this applicable to the scope of services required under this RFP?

Answer: A firm must answer all questions on the Moral Integrity Questionnaire as pursuant to N.J.A.C. 19:38D-2.2, Moral Integrity approval is a prerequisite to engagement of the Firm. Question 13 of the Moral Integrity Questionnaire asks a question of fact: whether the firm has ever been required to engage a monitor or independent private sector inspector general as a condition of being prequalified or classified to bid on a contract, or as a condition of a contract award, or as a condition of being permitted to complete a contract. The Moral Integrity Questionnaire does not create a requirement that the awardee of this Internal Audit Consulting Services contract submit to the engagement of a monitor or private sector inspector general.

5. **Question:** Section 3.4 of the RFP states "For the purposes of this engagement, a "Key Team Member" is a partner, or principal of the firm, senior manager, manager, senior auditor, staff auditor, or the like who will be involved for all or some portion of the Internal Audit Consulting Services to be rendered." Does this mean that all staff members that work on this contract would be considered "Key Team Member"?

Answer: NJSDA has defined the typical Key Team Members in an Auditing firm, if there are other key personnel positions that your Firm would consider Key Personnel, include those positions on the *Key Team Member List*, Attachment E to the RFP.

6. **Question:** The note on Attachment L states that "Such rates shall be valid for the duration of the engagement" Can you confirm that the rates provided in the RFP cannot be changed annually to account for wage increases and annual escalation rates?

Answer: Rates cannot be changed during the Term of the Agreement which is for a period of three (3) years, with an optional one-year extension, or until all obligations of the Consultant to deliver services pursuant to any existing Task Order have been performed to the satisfaction of the Authority, whichever is later

7. **Question:** Will construction audit be the primary audit service provided? If not, what is the expected stratification of services required under each audit type? a. Construction % b. Operational Audit %, c. Technology Audit %

Answer: At this point in time, an expected split between Construction, Operational and Technology Audits is not known, as no audit plan subsequent to 2023 has been prepared. It is expected that the required audit services will have a focus on Construction Project audits and audits of specific Construction Project related processes and procedures. See the Answer to Question 39 for a list of Operational and Technology audit task orders issued to date under the current Internal Audit Consulting Services contract.

8. **Question:** Does the authority maintain standard risk assessments, audit plans and report formats that will be utilized to execute the desired audit procedures or is the selected firm requested to perform a risk assessment, develop an audit plan and utilize their own reporting format for each task order issued?

Answer: The NJSDA performs an annual risk assessment and develops an annual audit plan. For construction project audits included in the annual audit plan, the NJSDA has a detailed audit program which will be used. For non-project audits or "Operational" audits, the selected firm will be required to assess the risks and develop a detailed audit program. All reporting will use the standard NJSDA Executive Summary and Detailed Audit Report format.

9. **Question:** What are the expected number of task orders to be issued in each audit year?

Answer: The annual number of task audits is expected to be in the range of 5 to 8. This is an estimate, and is not guaranteed

10. **Question:** Will the selected firm be asked to provide services related to fraud, forensic reviews, or deep analytical exercises? Will an analytical tool (e.g. ACL, IDEA) be required?

Answer: The selected firm could be asked to provide services related to fraud and forensic reviews, although the use of analytical tools such as ACL and IDEA are unlikely to be required.

- 11. Question:** Will the selected firm be required to present the results of their audits to an executive committee or board?

Answer: Yes, the selected firm will be required to present the results of their audits to the NJSDA Audit Committee, although this can be performed remotely.

- 12. Question:** What is the expected annual budget and number of audits to be performed each year.

Answer: The estimated annual budget is expected to be between \$350,000 and \$500,000. The annual number of audits is expected to be in the range of 5 to 8. These are estimates, and are not guaranteed.

- 13. Question:** Is there an expectation that the selected firm(s) will utilize MBE/WBE or other disadvantaged firms to deliver the services requested? If so, what are the expected contribution thresholds of those firms?

Answer: There is no requirement to utilize MBE/WBE or other disadvantaged subconsultants for this procurement.

- 14. Question:** Below are the additional forms requested by the authority to be included in the response. We did not see a link to these in the RFP, can you please provide the location, link or web address to obtain these items?

2. Attachment A: Internal Audit Consulting Services Agreement
 - 3 Attachment B: Understanding of the Required Services Form
 4. Attachment C: Approach to Providing the Scope of Services Form
 - 5 Attachment D: Audit Experience Case Study Form
 6. Attachment E: Key Team Member List
 7. Attachment F: Key Team Member Resume Form
 8. Attachment G: Ownership Disclosure Form (this one has a link for me to download it)
 9. Attachment H: Moral Integrity Questionnaire
 10. Attachment I: Disclosure of Investment Activities in Iran
 11. Attachment J: Source Disclosure Certification Form
- Attachment I - Fee proposal Form

Answer: The attachments are included within the RFP. If you are having trouble locating the attachments, try saving the document and open with Adobe or try using another internet web browser.

- 15. Question:** It appears that the Pricing / Fee Proposal will only include hourly rates of staff and/or subcontractors. Confirming that there will be no requirement for hours or level of effort since no specific audit tasks have been included in the RFP?

Answer: Correct.

- 16. Question:** What was the total Consultant spend (overall and by year) under the prior Internal Audit Consulting Services contract?

Answer: The current Internal Audit Consulting Services contract is still active so we do not have the total Consultant spend. Task Orders issued to date under the current Internal Audit Consulting Services contract are as follows: 2020 (4 months) - \$123,845; 2021 - \$407,105; 2022 - \$469,980; 2023 – TBD.

17. **Question:** What was the total value of construction projects which were subject to audit under the previous contract?

Answer: The total contract value of Construction Project audits performed under the current Internal Audit Consulting Services agreement is \$765M. In addition, there were audits of Construction Project related processes and procedures which included multiple construction projects.

18. **Question:** Does NJSDA anticipate any scopes other than Construction Audit to be awarded under this contract?

Answer: Yes, audits of non-project related NJSDA operating processes and procedures.

19. **Question:** Does NJSDA anticipate engaging one Consultant to perform all task orders?

Answer: Yes.

20. **Question:** What are the size and scope of projects that are expected to be audited by the Consultant? Can you provide a list?

Answer: Current and Future Capital Plan Construction projects subject to audit range from \$10M to \$250M. A listing of projects to be audited is not currently available.

21. **Question:** What are the current anticipated or actual funding sources for projects subject to audit by the Consultant?

Answer: The projects subject to audit by the Consultant are funded by bonds issued by the NJ Economic Development Authority, or by appropriations of the New Jersey Legislature.

22. **Question:** What is the expected contract start date?

Answer: September 11, 2023

23. **Question:** When preparing proposed budgets for specific task orders issued under this award, will bidders be required to use the hourly rates submitted with this proposal throughout the three-year term plus optional renewal year?

Answer: Yes, see Answer to Question #6.

24. **Question:** Will NJSDA allow bidders to include pricing assumptions for annual hourly rate increases based on a cost of living adjustment (COLA) or tied to inflation (e.g., 3-5% rate increase per contract year)?

Answer: No, see Answer to Question #6.

25. **Question:** Must bidders provide at least one of each type of case study (i.e., at least one Construction Audit and one Operational Audit case study) or may two case studies of the same type be provided?

Answer: The requirements for filling out the Audit Experience Case Study Form is in Section 3.3 of the RFP. The firm should describe the experience of the proposing firm, inclusive of the experience of any proposed subcontracted firms, related to both Construction and Operational Audits, including no more than two (2) case studies for Construction Audits and no more than two (2) case studies for Operational Audits. The case studies should address examples of the proposing firm's past provision (within the last five (5) years) of services of the type and scale outlined in the Scope of Services.

26. **Question:** Will NJSDA require the requested services to be performed onsite or will remote work arrangements be permitted?

Answer: Remote work arrangements will be permitted.

27. **Question:** If onsite work is required, where is the primary location where the work will be performed?

Answer: 32 East Front Street, Trenton, NJ 08608.

28. **Question:** In addition to construction and operational audit experience, what other areas of specialization is of interest/value to NJSDA (e.g., cybersecurity, data privacy, grant management, forensics, data science, etc.)?

Answer: Information Technology and Grant Management.

29. **Question:** Who is the incumbent service provider for the requested services and will they be permitted to bid on this request for proposal?

Answer: Baker Tilly Virchow Krause, LLP. Yes, the incumbent is permitted to bid on this Request for Proposals.

30. **Question:** What event(s) has prompted this request for proposal (e.g., procurement rules, Board decision, etc.)?

Answer: Current Internal Audit Consulting Services agreement expiring on September 8, 2023. This Request for Proposals is issued in accordance with NJSDA's regulations governing the procurement of contracts for goods and services.

31. **Question:** To whom will the awarded firm report within the NJSDA organizational hierarchy (e.g., Audit Committee, Head of Internal Audit, Chief Financial Officer, other)?

Answer: Director, Internal Audit (Head of Internal Audit)

32. **Question:** How many employees are in NJSDA's internal audit department?

Answer: Currently 2.

33. **Question:** Will requested services be performed as a co-sourced arrangement between the selected firm and internal audit personnel, or will requested services be completely outsourced to the selected firm?**Answer:** Primarily, the requested services will be completely outsourced to the selected firm, although if co-sourcing a specific audit is deemed a more effective approach, this is an option.

34. **Question:** How many task orders does NJSDA expect to issue per year, or in aggregate over the length of the engagement?

Answer: The annual number of task orders to be issued is expected to be in the range of 5 to 8. These are estimates, and are not guaranteed.

35. **Question:** Will NJSDA permit the requested services to be performed under AICPA Consulting Standards? If not, which standard(s) will be required?

Answer: See Agreement Appendix B Scope of Services.

36. **Question:** Do respondents need to provide all responses using the Attachments, or can the Attachments be recreated in Word/Adobe to allow flexibility in adding graphics and tables?

Answer: Firms are to submit responses using the attachments provided in the RFP. Graphics and photos can be included within the attachment forms if used sparingly. Note that graphics and photos should not be used as a substitute for a written response in responding to evaluative criteria.

37. Question: Is there an anticipated number of hours for this engagement?

Answer: No.

38. Question: How many task orders does NJSDA anticipate requesting?

Answer: The annual number of task orders to be issued is expected to be in the range of 5 to 8. These are estimates, and are not guaranteed.

39. Question: Have similar internal audit services been performed for NJSDA in the past 5 years? If so, what task orders were performed?

Answer: Yes. The Task Orders issued to date under the current agreement were for: Construction Project audits; Payroll audit; Furniture, Fixtures, Technology and Equipment audit; Legislative Affairs Process Review; Vendor Payment Directives audit; CM Deliverables audit; De-obligation of Project Funds and Retainage audit; FY2022 \$75M Grant Distribution audit; Non-Project Vendor Purchases audit; and Information Technology Security audit.

40. Question: Do NJSDA's contract auditors have a preference on this engagement?

Answer: NJSDA interprets this question to ask if firms previously awarded Internal Audit consultant contracts with NJSDA will be afforded a preference in this procurement process. No preference in evaluation or scoring will be afforded to a firm due to holding a prior consultant contract with NJSDA.

41. Question: Is the space for each section of the proposal limited to the number of pages in the provided pdf? For example, should our understanding of the required services as listed in Section 3.1 of the RFP be limited to two pages since that is the number of pages in the Attachment B pdf?

Answer: There is no minimum or maximum requirement for the amount of pages a firm must provide in their response.

D. CHANGES TO PREVIOUS ADDENDA:

1. Not applicable.

E. ATTACHMENTS:

1. Attachment 1.1 Notice of Intent to Participate Contact List

Refer all questions to NJSDA Procurement Staff. Any bidder attempting to contact government officials (elected or appointed), including NJSDA Board members, NJSDA Staff (except for Procurement), Selection Committee members, NJSDA Consultants, and School District officials for information relating to this project or in an effort to influence the selection process may be immediately disqualified.

Addendum #1
Project: GP-0288-R01
Project Name: Internal Audit Consulting Services
Page 7 of 7

DATE: April 20, 2023
PROJECT: GP-0288-R01 – Internal Audit Consulting Services
DESCRIPTION: Addendum #1

Acknowledgement of Receipt of Addendum

The responding Firm must acknowledge receipt of this Addendum by signing in the space provided below and returning a copy to dkutch@njsda.gov. The signed acknowledgement form must be received prior to the bid due date. Additionally, please include a copy of this signed acknowledgement form in the Technical Proposal Submission.

Signature

Print Name

Company Name

Date

Attachment 1.1
Notice of Intent to Participate Listing

Baker Tilly Virchow Krause, LLP

BDO USA, LLP

Berry Dunn McNeil & Parker, LLC

CliftonLarsonAllen LLP

Crowe LLP

Exiger LLC

Holman Frenia Allison, P.C

Jefferson Wells

Robert Half Management Services

Smolin, Lupin & Co., P.A.