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MARYLAND DEPARTMENT OF GENERAL SERVICES
OFFICE OF THE SECRETARY

QUESTIONS AND RESPONSES # 2
RFP NO. 001B0600234
Department of General Services
Audit Services for Maryland State Agencies
March 20, 2020

Ladies/Gentlemen:

This List of Questions and Responses #2, questions #14 through #24, is being issued to clarify certain information contained in the above named RFP.

In most instances, the submitted questions and the Department of General Services' ("Department") responses merely serve to clarify the existing requirements of the RFP. Sometimes, however, in submitting questions, potential Offerors may make statements or express interpretations of contract requirements that may be inconsistent with the Department's intent. To the extent that the Department recognizes such an incorrect interpretation, the provided answer will note that the interpretation is erroneous and either state that the question is moot once the correct interpretation is explained or provide the answer based upon the correct interpretation.

No provided answer to a question may in and of itself change any requirement of the RFP. If it is determined that any portion of the RFP should be changed based upon a submitted question, the actual change may only be implemented via a formal amendment to the RFP. In this situation, the answer provided will reference the amendment containing the RFP change.

14) As a licensed accounting firm, we must have a right to retain documentation, including Confidential Information, as necessary to comply with applicable law, regulations, professional standards and internal document retention policies. We also retain information in automatically-generated computer back-up and archives in support of business continuity and disaster recovery procedures. Additionally, we must have the right to disclose such documentation as required by applicable law, regulations and professional standards, such as in connection with a peer review. **Will the State agree to edits to the contract and Attachment I, Non-Disclosure Agreement, to account for such requirements?**

Response

The State cannot commit to edits to the Contract, Attachment I or the Non-Disclosure Agreement.

15) It is generally accepted practice for accounting firms to issue an engagement letter to describe the scope, conditions and assumptions applicable to audit services. **Will the State agree to reference a standard audit**



engagement letter as part of the master contract in Section 2.1? Each audit engagement letter would be finalized and executed as part of each applicable task order.

Response

Each Contractor will be able to issue their standard audit engagement letter when awarded a task order. Such engagement letters would only apply to each task order issued. It is not necessary to include a reference to the engagement letter in Section 2.1 of the Master Contract

16) Audit documentation, including working papers, are considered property of the auditor in accordance with applicable professional standards. Will the State agree to insert a clause in section 5 providing that audit documentation, including working papers, are property of the auditor and that such documentation will be made available only as required by applicable law and professional standards?

Response

By Amendment # 2, Section 5.1 of the Contract is amended to address this question.

17) The inclusion of indemnification obligations in an agreement for audit services raises threats to auditor independence that, in certain circumstances, could not be reduced to an acceptable level by the application of safeguards under professional standards and could cause auditor independence to be impaired. For this reason, we generally avoid all indemnification obligations in our client agreements for audit services. **Will the State agree to remove the indemnification clauses (such as the clauses in sections 7.3 and 10) from the master contract since it applies to audit services?**

Response

The State cannot commit to removing the indemnification provisions.

18) Page 22, section 3.10.0 states the Offeror should have performed at least 5 audits of [entities] with at least 25 employees. Does this have to be audit? Many of the engagements covered under the TORFPs are not audit, but agreed-upon procedures engagements.

Response

The definition of "Audit Services" in the RFP includes other engagements, such as agreed upon procedures. Thus, such engagement that may not necessarily be considered an 'audit' would be acceptable to submit as part of the requirement noted in 3.10.1 as Preferred Offeror Experience.

19) If the Offeror has audited the same entity for three times in the past three years, does that count as one or as three?

Response

Technically, if an Offeror has audited the same entity for three times in the past three years and has issued three separate audit reports, that would count as three audits. However, these are all the same type of audit for the same entity performed just three different times. Thus, it would be preferred that the Offerors submit different audits conducted or even similar audits conducted for different entities in order to demonstrate the Offeror's breadth of experience and capabilities in performing different audits.

20) Page 46 section G3. Requires letters of intended commitment to work on the project from any proposed subcontractors and Section 4.26 discusses MBE Participation Goal and 4.27 VSBE Goal. Do MBE and VSBE subcontractors needed to achieve the goal stated of 30% and the VSBE goal of 5% , respectively, and which will

be needed to address future TORFP subcontracting goals, have to be included this submission for certification as Master Contractor? Do we have to propose /name MBE and VSBE subcontractors in the solicitation response?

Response

Amendment # 2, question 2 addresses this question. There is no requirement to identify subcontractors which will be used at the Task Order Request For Proposal (TORFP) level to meet the MBE and VSBE goals as part of this submission. Subcontractors identified at the Master Contract level are those who will partner with the Offeror to meet the Minimum Qualifications.

21) Attachment D – It is our understanding that specific MBE’s do not need to be identified at this stage of the process, only an acknowledgement of the MBE goal requirements and a commitment to meet those goals. Is our understanding correct.

Response

Amendment # 2, question 2 addresses this question. Your understanding is correct. Specific MBE’s do not need to be identified at this stage of the process. Only an acknowledgement of the MBE goal requirements and a commitment to meet those goals is required. At the Master Contract level, the MBE form D1-Master and the VSBE E1-Master form are required to acknowledge and commit to the MBE and VSBE goals.

22) Do you anticipate a need to utilize non auditing experts?

Response

The TORFPs may contain duties suited for the use of non-auditing experts. Each TORFP will have its own particular work requirements.

23) Should we be selected to engage in negotiations for a final agreement, we will request modifications to the proposed terms, including, but are not limited, to indemnification obligations, intellectual property rights, and limitations on liability. We understand that both parties reserve their right to negotiate mutually agreeable terms. We further understand that exceptions to terms may result in the proposal being deemed unacceptable or classified as not susceptible of being selected for award. Are there specific terms that are non-negotiable such that proposed revisions to such terms would disqualify or deem a proposer unacceptable? If so, what are those terms?

Response

The mandatory contract provisions are located in the Code of Maryland Regulations (“COMAR”) 21.07.01

24) We have a firm permit for Maryland, however, our principal place of business is not located in Maryland. Also, our personnel are licensed CPAs in various states, however, none licensed in Maryland. Would this qualify as meeting the minimum qualifications?

Response

The Minimum Qualifications does not exclude firms whose principal place of business is located outside Maryland nor do they prohibit the use of CPAs not licensed in Maryland.