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May 5, 2016

**Amendment No. 1 to
Audit Services Contract
Task Order Request for Proposals ASC-2015-04-002 (DORS-2)**

Audit the Business Records of Commercial Vending Companies doing business with the Maryland Business Enterprise Program for the Blind (MBEPB) under the Maryland State Department of Education (MSDE) Division of Rehabilitation Services (DORS)

This Amendment No. 1 is being issued to amend and clarify certain information contained in the above named TORFP. All information contained herein is binding on all Master Contractors who respond to this TORFP. Specific parts of the TORFP have been amended. The following changes/additions are listed below; new language has been double underlined and marked in bold (ex. **new language**) and language deleted has been marked with a strikethrough (ex. ~~language deleted~~).

- 1.) **Revise** Attachment A – Scope of Work Section 3.0 Goal (*on pages 24 and 25*) as shown below:

3.0 Goal

The Commercial Vendor's records shall be audited to determine that:

1. Gross Sales of each vending machine are being accurately calculated by meter readings, load factor and route tickets, electronically, or by another industry established acceptable means.
2. Stale products and refunds are not being deducted from gross sales.
3. Any time a memory board/meter is exchanged in a machine a notation is made on the sales and commission statement.

The Master Contractor shall also preform the following audit work:

1. Review internal controls to assure that assets are safeguarded against loss from unauthorized use or disposition and those transactions are recorded properly and executed in accordance with management's authorization and are in accordance with generally accepted accounting principles (GAAP) to permit the preparation of commission statements.
2. Verify transactions related to loss are recorded properly and executed in accordance with management's authorization and are in accordance with

generally accepted accounting principles (GAAP) to permit the preparation of commission statements.

3. Conduct site visits to selected vending location(s) during a time frame in which local route person is filling vending machines with products to verify meter reading are being taken and cash is being accounted for. The Commercial Vendor's stated procedures should be compared to actual practices by local route person. Note any and all discrepancies to stated procedures.
4. Note any record keeping or cash handling procedures that fails to meet GAAP standards.
5. Note any and all discrepancies between gross sales recorded and gross sales and commissions paid to the program on the Commercial Vendor's commission statement.
6. ~~Ensure compliance with contract terms.~~

2.) **Revise** Attachment A – Scope of Work Section 4.0 (*on page 25*) as shown below:

4.0 The Master Contractor will complete the requirements as indicated to meet the Agency's goal through the following objectives:

1. Determine the accurate maintenance and accountability of the Commercial Vending Company's financial records and pertains to its submission of commission checks to the MDBEP.
2. Determine and provide assurance **feedback and recommendations** that commission payments are paid on gross sales.
3. Determine and provide assurance **feedback and recommendations** that the commercial vending company has established and maintains an adequate system of internal controls to assure that all vending machine revenues are received, accounted for, documented and accurately reported.
4. Perform an observation of the commercial vending company's route driver opening the vending machine, recording meter readings and removing cash receipts from the vending machine to determine if the actual procedures are in agreement with the commercial vending company's stated procedures.
5. Determine whether the commercial vending company complied with the terms of the vending services contract.

Should you require clarification of the information provided in this amendment to the TORFP, please contact Mrs. Jamie Tomaszewski at 410-260-7386 at the DBM Contracts Management Office.

Date Issued: May 5, 2016

By: *Jamie Tomaszewski*
Jamie Tomaszewski
DBM Contract Manager