



**Washington State Auditor  
Brian Sonntag**

**STATE OF WASHINGTON**

**Request for Quotations and Qualifications – 2<sup>nd</sup> Reissue  
Professional Consulting Services Convenience Contract**

**Categories:**

- Performance Audit Services
- Subject-Matter Expert Services

**RFQQ NUMBER 0109-RFQQ-K104-3**

***Previously Qualified Consultants need not re-apply; however, they may submit a brief letter outlining other added capabilities.***

**Preproposal Teleconference October 27, 2011 at 1:30 p.m. Local Time  
Olympia, Washington**

**Proposal Due 2:00 p.m., Local Time in Olympia, Washington, on November 15, 2011**

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Olympia, WA 98504-0022**

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**CHAPTER 1 - INTRODUCTION & DEFINITIONS**

**1. INTRODUCTION**

**A. PURPOSE AND BACKGROUND**

The purpose of this Request for Quotations and Qualifications (RFQQ) is to prequalify vendors to provide professional consulting services in the following categories: **A: Performance Audit Services** and **B: Subject-Matter Expertise**. These professional consulting services will primarily be for and in support of audits of various government entities including but not exclusive to performance audits. Consulting services for non-audit work may also be solicited. Some examples are listed in D.2 below.

The SAO issued a Convenience Contract in 2009 to improve our ability to get consultants on-board more quickly. Since issuing the original convenience contract we continue to identify audit activities where we may need assistance. We are committed to open competition. By opening the existing convenience contract for additional bidders, we provide consultants the opportunity to compete for business while broadening the skills and services available to the SAO.

**B. OUR AUDIT AUTHORITY**

In November 2005, voters approved Initiative 900 (<http://www.sao.wa.gov/PerformanceAudit/PDFDocuments/i900.pdf>), giving the Washington State Auditor’s Office the authority to conduct independent, comprehensive performance audits of government agencies on behalf of citizens. The purpose of these audits is to ensure accountability and guarantee that tax dollars are spent as cost effectively as possible. Each performance audit will examine the economy, efficiency and effectiveness of the policies, management, fiscal affairs and operations of state and local governments. To the greatest extent possible, the state auditor shall instruct and advise the appropriate governmental body on a step-by-step remedy to whatever ineffectiveness and inefficiency is discovered in the audited entity.

**C. SCOPE AND OBJECTIVES**

The Washington State Auditor’s Office is initiating this RFQQ from firms interested in providing professional consultant services in support of audits of various governmental entities throughout Washington State. The contractors will provide additional related services as requested by the State Auditor’s Office. It is the intent of the Washington State Auditor’s Office to contract with firms capable of providing professional consultant services

through a convenience contract. Following a secondary competition, work orders will be issued as specific scopes of work are identified.

The State Auditor's Office reserves the right to award multiple contracts under this RFQQ to multiple qualified firms. Outlined below are the engagement, required information, selection criteria, and proposal deadline.

The Washington State Auditor's Office (SAO) initiates this RFQQ to solicit responses from Proposers to award and enter into Convenience Contracts that will be between multiple pre-qualified vendors and the State Auditor's Office in order to provide professional consulting services in the following areas or categories described below:

- **Category A: Performance Audit Services**

- Services for performing an audit examining the economy, efficiency and effectiveness of the policies, management, fiscal affairs and operations of state and local governments performed under Yellow Book guidelines (Government Auditing Standards/GAGAS).

- **Category B: Subject-Matter Expertise**

- Individuals who exhibit the highest level of expertise relating to a specialized job, task, or skill that is required within an organization (see D.2 below).

The State Auditor's Office may then utilize these Convenience Contracts when professional assistance is needed from a consultant who as an independent, outside party is able to provide State Auditor's Office with work product, analysis, best practices, alternatives, options, training, training development and other beneficial information related to the project(s). Note: The capability should exist within proposer's current staff resources.

The goal is to establish Convenience Contracts with multiple proposers through a competitive process. At the first tier, proposers submit proposals to provide category specific professional services. If selected, proposers enter into Convenience Contracts. After the pool is established and as need is identified, a second tier selection process will be implemented to identify which proposer best meets the needs for a specific scope of work.

It is the intention of the State Auditor's Office to reduce redundancy and effort expended by the vendor community to contract for services. Streamlining serves the best interest of the state of Washington by simplifying the process and reducing the time to secure a contract for specific services. The two-tier process allows quicker and easier accessibility to a contractor's qualifications, availability and pricing.

Bidders will review the proposal contents section of the RFQQ to understand and respond to all elements.

## **D. Consulting Service Category Descriptions**

### **1. Category A: Performance Audit Services**

- A performance audit is an objective and systematic assessment of a state agency or entity or any of their programs, functions, or activities to help improve efficiency, effectiveness and accountability. Performance audits include economy/efficiency audits and program audits.

- Performance audits provide information to improve program operations and facilitate decision-making by parties with responsibility to oversee or initiate corrective action and improve public accountability.
- Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal control; compliance with legal or other requirements; and providing prospective analyses, guidance, or summary information.
- Performance audits may entail a broad or narrow scope of work and apply a variety of methodologies; involve various levels of analysis, research, or evaluation; generally provide findings, conclusions, and recommendations, and result in the issuance of a report. See GAO Auditing Standards, (chapters 3 General Standards, 7 Field Work Standards for Performance Audits, and 8 Reporting Standards for Performance Audits) for standards and guidance for auditors conducting a performance audit in accordance with Generally Accepted Government Auditing Standards.
- Proposers must have an internal quality control system and participate in an external peer review of their auditing engagement practices at least once every three years. The peer review must be conducted by reviewers independent of the proposer.
- The following Initiative 900 elements will be used in conducting the performance audits. Potential contractors are expected to be knowledgeable of these elements and how they can be applied:
  - Identification of cost savings.
  - Identification of services that can be reduced or eliminated.
  - Identification of programs or services that can be transferred to the private sector.
  - Analysis of gaps or overlaps in programs or services and recommendations to correct them.
  - Feasibility of pooling the entity's information technology systems.
  - Analysis of the roles and functions of the entity and recommendations to change or eliminate roles or functions.
  - Recommendations for statutory or regulatory changes that may be necessary for the entity to properly carry out its functions.
  - Analysis of the entity's performance data, performance measures and self-assessment systems.
  - Identification of best practices.

## **2. Category B: Subject-Matter Expertise**

Sometimes the State Auditor's Office will consider a performance audit and then recognize that we need industry-specific expertise to provide the highest quality audit service. In these instances, the Auditor may seek to hire a professional in that area. For instance, the Auditor's Office has much information about WSDOT operations in general, but little on the specific areas of highway construction or national rail policy, thus requiring subject matter expertise.

- A subject matter expert provides specified services based upon his/her experience and qualifications during phases of audits where the expertise is essential. Subject Matter Expertise is often incorporated in performance auditing.

- The following are examples of areas of expertise that may be useful in conducting audits (The list below is not exclusive as the need for other services may arise.):
  - Entity Types
    - A. State Agencies
    - B. Local Governments
    - C. Special Districts and Entity Types, e.g., schools, transits, utilities, ports, housing authorities
  - Issue Areas
    - A. General Government
    - B. Health Care
    - C. Human Services
    - D. Public Safety
    - E. Transportation
      - Ferries
      - Tolling
      - Finance
      - Planning
    - F. Environment and Natural Resources
    - G. Economic and Community Development
    - H. Higher Education
    - I. Schools – K-12
    - J. Special Districts and Entity Types,
      - Public Utilities
      - Ports
      - Water & Sewer Districts?
      - Tolling Authorities
    - K. Cities
    - L. Counties
  - Activities (Examples)
    - 2. Actuarial Review
    - 3. Advanced Data Analysis Audits and Investigations
    - 4. Administration and Overhead
    - 5. Aging services,
    - 6. Business Process Design
      - Process engineering
    - 7. Construction
    - 8. Cost Allocation
    - 9. Communications?
    - 10. Contract Compliance
    - 11. Developmental disability services
    - 12. Energy/Green Energy
      - Energy Conservation & Renewables
      - Incremental Hydro
    - 13. Enterprise Risk Management
    - 14. Financial management,
    - 15. Financial Analysis and Projections
    - 16. Cost recovery
    - 17. Risk Assessment

18. Human Resources
19. Information Technology
20. Internal Controls
21. Management Review
22. Medicaid fraud and abuse,
23. Performance Measurement and/or Management
24. Performance Review
25. Procurement
26. Process Efficiencies and Cost Savings
27. Project Management
28. Public Policy
29. Quality Assurance
30. Real Estate Services
31. Survey Services
32. Tax and Revenue
33. Training Development & Training (this could include training of our staff to help us build performance audit capacity)

#### **E. Convenience Contracts**

In order to be included in second tier competition the selected proposers will be required to sign Convenience Contracts with the State Auditor's Office. These contracts will state specific dollar maximums for each category, and will be filed with the Department of Enterprise Services (DES). The contracts resulting from this RFQQ, and work orders awarded through the second-tier competition will be written so as to incorporate by reference all terms of this RFQQ.

Note: To simplify the proposal submission process, the State Auditor's Office is allowing proposers to submit to Performance Audit Services and Subject-Matter Expert services in one proposal. The separate requirements to qualify to perform Performance Audit and Subject Matter Expert services have not changed. A single proposal may still be submitted from firms qualified to perform Performance Audit services or Subject Matter Expertise. The SAO expresses no preference for whether consultants bid for both services or only one.

There are various issue areas under the category of Subject-Matter Expertise. A vendor may submit a proposal with expertise in multiple areas, and only ONE proposal is needed. It is up the proposer to convey their level of expertise in each issue area to which they are submitting.

#### **F. Second Tier Selection Process**

- As specific needs arise, the State Auditor's Office will develop Work Requests which include the statement of work, budget, period of performance, etc.
- Contractors will be notified of the work request via WEBS.
- Contractors will respond directly to the Contract Manager of the State Auditor's Office.
- The State Auditor's Office will evaluate Vendor responses.
- The State Auditor's Office may elect to conduct interviews with qualified proposers and/or check Vendor references.
- After selecting apparent successful vendor, the State Auditor's Office will negotiate second tier Work Orders or Amendments.

- The State Auditor's Office and Consultant will, by written work order, detail the specific outcomes, due dates, allowable fees and costs, specifications and other related issues.

There is no stated or implied guarantee that Work Requests will be issued to any successful Vendor(s), nor that any specific Work Orders will be awarded to any successful Vendor(s).

## **G. MINIMUM QUALIFICATIONS**

The following minimum qualifications are intended to ensure the proposer has adequate experience and expertise.

### **General requirements for all proposers**

1. Proposers must possess at least three years of experience in providing the proposed consulting services.
2. The proposer must demonstrate that their staff collectively possess:
  - a. Recent experience auditing, consulting or managing government entities in those Subject-Matter Expertise areas described above in Chapter 1.D.2. Experience with both government and private industries is a plus.
  - b. Ability and capacity to deliver services proposed including assessing the efficiency, economy and effectiveness of government entities and the knowledge to identify all relevant and significant costs associated with those government entities.
  - c. Management approach, methodology and implementation strategies for managing and delivering their product.
  - d. Methods for maintaining staff qualifications.
  - e. **Skills to communicate clearly and effectively both orally and in writing.**

### **Performance Audit specific qualification requirements**

3. Performance Audit Services (in addition to 1 & 2 above):
  - a. Performance Auditors must have a minimum of four (4) years of demonstrated experience in conducting audits of governmental organizations, programs or activities, in compliance, Generally Accepted Government Auditing Standards (Yellow Book).
  - b. The proposer must have an internal quality control system in place and participate in an external peer review of their performance auditing engagement practices at least once every three years. The peer review must be conducted by reviewers independent of the proposer and must meet all requirements of Yellow Book Standards Sections 3.55 through 3.62.
  - c. The proposer must provide copies of three performance audit reports in which the proposing firm was the lead auditing entity and one set of corresponding "sample" work papers performed within the past three years in accordance with Government Auditing Standards. The proposer must have had primary responsibility for performing the majority of the work on each audit.

A proposer who does not meet these minimum qualifications will be deemed nonresponsive and will not receive further considerations.

## H. REQUIREMENTS

1. When providing auditing services the proposer must follow the American Institute of Certified Public Accountants' (AICPA) code of professional conduct and/or the code of professional conduct of the Washington State Board of Accountancy.  
<http://www.theiia.org/guidance/standards-and-guidance/ippf/code-of-ethics/>
2. The proposer must be aware of and comply with the Washington State Ethics in Public Service laws and rules. Refer to Chapter 42.52 Revised Code of Washington and Chapter 292 Washington Administrative Code,  
<http://apps.leg.wa.gov/rcw/default.aspx?Cite=42>
3. The proposer, if awarded the contract, must have or will obtain all necessary licenses to do business in the State of Washington. Refer to this link for guidance:  
<http://www.dol.wa.gov/business/licensing.html>
4. The proposer will provide three relevant client references from past engagements.
  - a. These references will include the company's name, contact person's name, title, address, and phone number (see Exhibit B).
  - b. The Proposer's submission of reference information constitutes permission for the State Auditor's Office to contact the references indicated and others who may have pertinent information regarding prior experience and ability to perform the services contemplated in this solicitation.

## I. PERIOD OF PERFORMANCE

The period of performance of any convenience contract resulting from this RFQQ will tentatively begin January 2012 through January 2015. Amendments extending the period of performance, if any, will be at the sole discretion of the State Auditor's Office. The State Auditor's Office reserves the right, at its discretion, to extend the contract up to three additional years. The State Auditor's Office intends to open the contract to new proposers periodically at least every two years.

## 2. STANDARD DEFINITIONS

### A. AUDITED ENTITY

The agency or government entity to be audited.

### B. CONTRACT

Refers to the legally enforceable agreement between the State Auditor's Office and the contractor.

### C. CONTRACTOR

The firm, provider, organization, individual or other entity, including subcontractors, performing service(s) under this contract, and shall include all personnel of the contractor.

### D. CONTRACTOR'S REPRESENTATIVE

An individual designated by the proposer or contractor to act on its behalf and with the authority to legally bind the proposer or contractor concerning the terms and conditions set forth in the solicitation and contract documents.

### E. CONTROL RISK/VULNERABILITY

The risk that the internal or management control system will not detect or prevent material significant and serious errors and irregularities in achieving the results, goals, or objectives of operations.

**F. CONSULTANT**

An independent, outside party able to provide SAO with work product, ideas, alternatives, best practices, data, and information related to the project(s).

**G. GAO**

The United States Government Accountability Office.

**H. GOVERNMENT AUDITING STANDARDS**

Standards established for audits of government organizations, programs, activities, and functions, and of government assistance received by contractors, nonprofit organizations, and other nongovernmental organizations. These standards, often referred to as Government Auditing Standards (GAGAS) or the Yellow Book, are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy. These standards pertain to auditors' professional qualifications, the quality of audit effort, and the characteristics of professional and meaningful audit reports.

Government Auditing Standards can be accessed at:

<http://www.gao.gov/new.items/d07731g.pdf>.

**I. INHERENT RISK**

The susceptibility of a government program or system to a significant/sensitive problem, without taking into consideration internal or management controls.

**J. PERFORMANCE AUDIT**

Performance audit is defined in the Government Auditing Standards, Yellow Book, Chapter 1.25 through 1.32.

**K. PROPOSAL**

A written response to this solicitation.

**L. PROPOSER**

An individual or organization submitting a response to this solicitation.

**M. REQUEST FOR QUALIFICATIONS AND QUOTATIONS (RFQQ).**

Formal procurement document in which services needed are identified and firms are invited to provide: 1) their qualifications and 2) hourly rates.

**N. RCW**

The Revised Code of Washington (laws of Washington State).

**O. REPORTS**

- **Draft Report**

A written draft performance audit report that contains observations, conclusions, and actionable recommendations for the audited entity(ies).

- **Final Draft Report**

Audit report, including the mandatory agency responses to the recommendations, and the finalized work papers to the State Auditor's Office.

- **Final Report**

The State Auditor's Office will create and publish its own executive summary of the full report.

**P. RISK ASSESSMENT**

The process of systematically scoring or rating the relative impact of a variety of risk factors that affect an organization.

**Q. RISK FACTOR**

An observable or measurable indicator of conditions or events that could adversely affect an organization or the achievement of expected results or objectives.

**R. SOLICITATION COORDINATOR**

An individual designated by the State Auditor's Office to act on behalf of the state to administer the solicitation process.

**S. STATE AUDITOR'S OFFICE (SAO)**

The State Auditor's Office shall mean any division, section, office, unit or other entity of the State Auditor's Office; or any of the officers or other officials lawfully representing the State Auditor's Office.

**T. SUBCONTRACTOR**

An individual or firm not in the employment of the contractor, who is performing all or part of the services under this contract under a separate contract with the contractor. The terms "subcontractor" and "subcontractors" means subcontractor(s) in any tier.

**U. WASHINGTON'S ELECTRONIC BUSINESS SOLUTION (WEBS)**

An Internet vendor registration and bid notification system. The system offers one online site where proposers should register to receive State Auditor's Office and other governmental bid notifications.

**V. WORK ORDER**

The second tier contractual document signed (supplement to the Convenience Contract) between the State Auditor's Office and a selected pre-qualified vendor. A Work Order generally contains a description of work/tasks to be performed by the vendor staff, period of performance, costs or hourly rate(s), deliverables, etc.

**W. WORK PAPERS**

Means Excel spreadsheets, Word documents and other documents or information collected in the fieldwork phase of the audit.

- **SAMPLE WORK PAPERS**

Work papers submitted to demonstrate the proposer's experience and qualifications. Such work papers shall be sufficiently cleansed so as not to reveal proprietary data.

**X. WORK REQUEST**

A solicitation document used by the State Auditor's Office in the second tier to solicit proposals from pre-qualified vendors. A work request generally contains the specific elements of work and deliverables we need.

**Y. YELLOW BOOK**

Government Auditing Standards, July 2007 Revision, GAO-07-731G (or current version).

## CHAPTER 2 - INSTRUCTIONS TO PROPOSERS

This section contains instructions regarding the preparation and submission of proposals.

### 1. SOLICITATION COORDINATOR

The Solicitation Coordinator is the sole point of contact at State Auditor's Office for this procurement. All communication between the proposer and State Auditor's Office will be with the Solicitation Coordinator, as follows:

Kevin Greene  
 Washington State Auditor's Office  
 Town Square  
 621 8<sup>th</sup> Ave. S.E. Suite 201  
 P.O. Box 40022  
 Olympia WA 98504-0022  
 E-mail Address: contractmanager@sao.wa.gov

#### Physical Address for Hand Delivery or Courier Service:

Washington State Auditor's Office  
 Town Square  
 621 8<sup>th</sup> Ave. S.E. Suite 201  
 Olympia WA 98504-0022

Telephone Number: (360) 725-9730

Fax Number: (360) 586-0008

Any other communication will be considered unofficial and nonbinding on the State Auditor's Office. Proposers are to rely only on written statements issued by the Solicitation Coordinator. Communication directed to parties other than the Solicitation Coordinator may result in disqualification of the proposer.

### 2. PROPOSER'S RESPONSIBILITIES

- A. Read and understand the solicitation document and all attachments.
- B. Seek clarifications if necessary.
- C. Become familiar with and abide by applicable federal laws and Washington State statutes and regulations.
- D. Proposers interested in participating in the pre-proposal teleconference on October 27, 2011 (see schedule below), must call (360) 407-3780 prior to 1:30 p.m. local time in Olympia, Washington. The PIN code is 588054#.

### 3. ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

Event	Local Time in Olympia, Washington	Date
• Issue Request for Quotes and Qualifications	5:00 pm	October 19, 2011
• Pre-proposal teleconference (Highly recommended but not required).	1:30 pm	October 27, 2011
• Last date for questions regarding solicitation.	3:00 pm	November 1, 2011

• Issue addendum to RFQQ (if applicable)	5:00 pm	November 3, 2011
• Proposals due	2:00 pm	November 15, 2011
• Proposal evaluation begins	5:00 pm	November 16, 2010
• Announce “Apparent Successful Contractors” and send notification via fax or e-mail to unsuccessful proposers.	TBD	December 5, 2011
• Hold debriefing conferences (as required)	TBD	December, 2011
• File contract with DES	TBD	December, 2011

**THE STATE AUDITOR’S OFFICE RESERVES THE RIGHT TO REVISE THIS SCHEDULE**

#### **4. VENDOR QUESTIONS AND ANSWERS**

Specific questions concerning this solicitation must be submitted in writing (phone calls will not be accepted) to the Solicitation Coordinator at the address specified in Chapter 2.1 of this solicitation. E-mail submission of questions is preferred. The Solicitation Coordinator must receive questions no later than the time and date specified in Chapter 2.3 titled “**Schedule of Procurement Activities.**”

#### **5. REQUIRED WEBS REGISTRATION**

This solicitation will be issued via Washington’s Electronic Business Solution (WEBS). Proposers are required to register in WEBS <http://www.ga.wa.gov/webs/> under at least one of the commodity codes listed below. In WEBS, the RFQQ will be advertised under the following commodity codes:

- 918-12, 49, 58, 67, 70, 75, 78, 90 - Consulting Services
- 946-12, 20 - Financial Services
- 958-77 – Project Management Services

Downloading the bid from WEBS ensures any communications and addenda issued in reference to this solicitation are received by proposers planning to respond with a proposal. WEBS also keeps track of which documents have been downloaded by registered proposers and only sends new notification to proposers who have downloaded the most recent published bid/amendments. Therefore, it is the proposer’s responsibility to check WEBS for addenda or modifications prior to submitting their proposal. The State and the State Auditor’s Office accept no liability and will provide no accommodation to proposers who fail to check for addenda and submit inadequate or incorrect responses. Proposers should contact WEBS Customer Service (360) 902-7400 ([webcustomerservice@ga.wa.gov](mailto:webcustomerservice@ga.wa.gov)) with any WEBS questions.

#### **6. AMENDMENT TO THE SOLICITATION**

In the event that it becomes necessary to revise any part of this solicitation, an amendment will be issued via WEBS to all registered proposers who have downloaded the bid and any prior amendments through WEBS. Questions and answers that are submitted to the Solicitation Coordinator and other pertinent information will be provided as an addendum to the solicitation. The State Auditor’s Office reserves the right to cancel or to reissue the solicitation in whole or in part, prior to execution of a contract.

If a conflict exists between addenda, amendments, or between an amendment and the solicitation, the document issued last will take precedence.

**7. MINORITY & WOMEN-OWNED BUSINESS PARTICIPATION**

Minority & Women owned business are encouraged to participate.

In accordance with the legislative findings and policies set forth in Chapter 39.19 RCW, the State of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women’s Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. However, no preference will be included in the evaluation of proposals, no minimum level of minority and women business enterprises’ participation will be required as a condition for receiving an award and proposals will not be rejected or considered nonresponsive on that basis. Any affirmative action requirements set forth in federal regulations or statutes included or referenced in the contract documents will apply.

The established annual procurement participation goals for this type of project are ten percent for minority business enterprises and four percent for women business enterprises. These goals are voluntary. Proposers may contact OMWBE at (360) 753-9693 for more information. Information on OMWBE can also be accessed at: [www.omwbe.wa.gov](http://www.omwbe.wa.gov)

**8. GENERAL STANDARDS FOR INDEPENDENCE AND IMPAIRMENTS (REFERENCE GAO-07-731G)**

All properly submitted Performance Audit proposals will be screened for GAO Government Auditing Standards 2007 or latest (<http://www.gao.gov/new.items/d07731g.pdf>), General Standards for Independence. GAO Government Auditing Standards chapter 3.02 defines independence as:

*“In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments of independence.”*

As part of their response to secondary solicitations under the resulting convenience contract, proposers will be required to identify nonaudit services (see <http://www.gao.gov/new.items/d07731g.pdf>) let and/or performed within the last four years on behalf of all in-scope audited entities (defined in Government Auditing Standards Chapter 1.33-1.34 page 23).

**9. PROPRIETARY INFORMATION - PUBLIC DISCLOSURE**

Materials submitted in response to this solicitation will become the property of the State Auditor’s Office.

Any information in the proposal which the proposer desires to claim as proprietary and exempt from public disclosure under the provisions of RCW 42.56 must be clearly designated in its proposal. The proprietary information must be placed in a separate envelope marked with the RFQQ number, the proposer’s name, and the words “Proprietary Data” along with a statement of the basis for such claim of exemption.

The State Auditor’s Office will consider a proposer’s request for exemption from disclosure; however, the State Auditor’s Office will make the decision predicated upon RCW 42.56. Marking the entire proposal exempt from disclosure will not be honored. The proposer must be reasonable in designating information as confidential. If any information is marked proprietary

in the proposal, the State Auditor's Office's responsibility to notify the vendor will be limited to request(s) for disclosure made within a period of five years from the date of award.

If any information or materials that the proposer has marked as "Proprietary Data" are the subject of a public disclosure request, the State Auditor's Office's only obligation will be to notify the proposer that the request has been made and provide the proposer an opportunity to seek a court injunction against the requested disclosure. The proposer will have five (5) business days to respond to the State Auditor's Office's notice regarding its intent to seek a court injunction against the requested disclosure. If the State Auditor's Office receives no response from the proposer within the timeframe specified in this section, the materials and information will be released consistent with the State Auditor's Office policies and procedures under State law.

A charge will be made for copying and shipping public records, as outlined in RCW 42.56.120. No fee will be charged for inspection of contract files, but a minimum 24 hours notice to the Solicitation Coordinator is required. All requests for information should be directed to the Solicitation Coordinator.

## 10. PREPARATION AND SUBMISSION OF PROPOSAL

Consultants may submit proposals via email. The proposal, whether emailed, mailed or hand-delivered, must arrive at the State Auditor's Office no later than 2:00 p.m. local time, Olympia, Washington on November 15, 2011. The electronic version of the proposal must be submitted in Word, Excel or PDF format. Zipped files cannot be received by the State Auditor's Office and cannot be used for submission of proposals. Individual emails and attachments are limited by the SAO system to a maximum of 10Mb.

The proposal is to be sent to the Solicitation Coordinator at the address noted in Chapter 2.1. The proposal should be clearly marked with the solicitation number 0109-RFQQ-K104-3 and to the attention of the Solicitation Coordinator.

Consultants mailing proposals should allow normal mail delivery time to ensure timely receipt of their proposals by the Solicitation Coordinator. Consultants assume the risk for the method of delivery chosen. The State Auditor's Office assumes no responsibility for delays caused by any delivery service. Proposals may not be transmitted using facsimile transmission.

Consultants should allow sufficient time to ensure timely receipt of the proposal by the Solicitation Coordinator. All proposals and any accompanying documentation become the property of the State Auditor's Office and will not be returned.

Proposal must be organized in sections as shown below (See Chapter 3 for subheadings and explanations for each section):

1. Letter of Submittal (Pass/Fail)
2. Quotation (Scored)
3. Qualifications (Scored)
4. Customer References (Pass/Fail)
5. Resumes (Scored)
6. Signed Certification and Assurances (Exhibit A) (Pass/Fail)
7. Samples of Work (CD copy only) (Pass/Fail) **Only required for Performance Audit proposals.**

Proposals will be prepared as instructed and delivered in the order given above (see Requirements Checklist Exhibit C). Proposers will title and number each item in the same way it appears in each section of Chapter 3 of this RFQQ.

**The State Auditor's Office requests one proposal (Performance Audit and/or Subject Matter Expert). The Letter of Submittal, Qualifications, and Quotation sections will not exceed 20 combined total pages if submitting to one category and 30 pages when**

**submitting to both categories. Subject Matter Expert Area Qualifications are limited to no more than ONE page per subject area.**

*Subject Matter Expertise proposers are encouraged to concisely describe their areas of expertise at a high level for simplicity and to allow for the broadest range of second tier response*

**The following are not included in the page limit: Customer References, Team Member Resumes, Signed Certification and Assurances (Exhibit A), Subcontractor Letter of Submittal requirements and Work Samples.**

- A. Identification:** Proposals must be submitted in a sealed envelope, addressed as shown below or emailed with proposal as attachments:

Proposer’s Return Address Solicitation Number: 0109-RFQQ-K104-3 Solicitation Coordinator Name: Kevin Greene	State Auditor’s Office Town Square 621 8 <sup>th</sup> Ave S.E. Suite 201 Olympia, WA 98504-0022 Mail Stop 40022 Email: Contractmanager@sao.wa.gov
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Late proposals will not be accepted and will be automatically disqualified from further consideration. The proposals must respond to the procurement requirements. Failure to respond to any portion of the procurement document may result in rejection of the proposal as nonresponsive.

**11. CONTRACT AND GENERAL TERMS & CONDITIONS**

The apparent successful proposer will be expected to enter into a contract that is substantially the same as [Attachment C](#). In no event is a proposer to submit its own standard contract terms and conditions in response to this solicitation. Proposers may submit exceptions as allowed in [Exhibit A, Certifications and Assurances](#); however, exceptions must be limited to terms that would prevent the proposer from contracting with the State Auditor’s Office. The State Auditor’s Office will review requested exceptions and accept or reject them at its sole discretion.

**12. COSTS TO PROPOSE**

The State Auditor’s Office will not be liable for any costs incurred by the proposer in preparation of a proposal submitted in response to this solicitation, a second tier solicitation, in conducting a presentation, or any other activities related to responding to this solicitation.

**13. ERRORS AND OMISSIONS IN PROPOSAL**

The State Auditor’s Office will not be liable for any errors or omissions in proposals. Proposers will not be allowed to alter or supplement their proposal documents after the proposal due date.

**14. NO OBLIGATION TO CONTRACT**

This RFQQ does not obligate the State of Washington or the State Auditor’s Office to contract for services specified herein.

**15. SIGNATURES**

The **Letter of Submittal**, the **Certifications and Assurances Form (Exhibit A)**, must be signed and dated by a person authorized to legally bind the proposer contractually, e.g., the President or Chief Executive Officer if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship.

## **16. RESPONSIVENESS**

All proposals will be reviewed by the Solicitation Coordinator to determine compliance with administrative requirements and instructions specified in this solicitation. Failure to comply with any part of the solicitation may result in rejection of the proposal as nonresponsive. The State Auditor's Office reserves the right to require clarification, additional information, and materials in any form relative to any or all of the provisions or conditions of this solicitation. The State Auditor's Office also reserves the right, however, at its sole discretion to waive minor irregularities.

## **17. PROPOSAL REJECTION**

Solely, the State Auditor's Office will make a determination of clarity and completeness in the responses to any of the provisions in this solicitation. Proposers are specifically notified that failure to comply with any part of the solicitation may result in rejection of the proposal as nonresponsive. The State Auditor's Office reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this solicitation.

## **18. FAILURE TO COMPLY**

**THE PROPOSER MUST PROVIDE A RESPONSE TO ALL SECTIONS SPECIFIED AS MANDATORY REQUIREMENT (MR) AND PASS/FAIL. FAILURE TO COMPLY WITH ANY PART OF THE STATE AUDITOR'S OFFICE'S REQUEST FOR PROPOSAL MAY RESULT IN THE FIRM'S PROPOSAL BEING DISQUALIFIED (AND NOT SCORED) FOR BEING NONRESPONSIVE TO THE STATE AUDITOR'S OFFICE'S REQUEST.**

## **19. ACCEPTANCE PERIOD**

Proposals will provide 90 days from the due date for receipt of proposals for acceptance by the State Auditor's Office.

## **20. CONTRACT FORMATION**

A submitted proposal is an offer to contract with the State. A proposal becomes a contract when officially accepted in writing by the State through a convenience contract and signed work order. The contract becomes effective upon successful review and/or filing with the Department of Enterprise Services. All proposals submitted become the property of the State and the State Auditor's Office and may be deemed public records as defined in RCW 42.56.

## **21. MOST FAVORABLE TERMS**

The State Auditor's Office reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms that can be proposed. There will be no best and final offer procedure. In addition, if the proposer is selected as an apparent successful contractor, the State Auditor's Office reserves the right to enter into contract negotiations with the apparent successful proposer, which may include discussion regarding the terms of the proposal. Contract negotiations may result in incorporation of some, or all, of the proposal. The proposer should be prepared to accept this solicitation for incorporation into a contract resulting from this solicitation. It is also understood that the proposal will become part of the official procurement file.

## **22. AWARD**

Upon award, notification will be sent by the Solicitation Coordinator in writing via e-mail to all participating proposers. Additional information may be obtained by reviewing the purchase/contract file after award. Award results will not be given over the phone. Award of this contract does not guarantee work. A Work Order is typically issued following a secondary competition.

## 23. INSURANCE COVERAGE

The successful proposer will provide insurance coverage, as set out in this section. The intent of the required insurance is to protect the State Auditor's Office should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the contractor or subcontractor, or agents of either, while performing under the terms of this contract. The contractor will submit to the State Auditor's Office within 15 days of the second tier contract effective date, a certificate of insurance which outlines the coverage and limits defined in the Insurance section. The contractor will submit renewal certificates as appropriate during the term of the contract.

The contractor will provide insurance coverage which will be maintained in full force and effect during the term of this contract, as follows:

- A. **Commercial General Liability (CGL) Insurance Policy:** Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity, but no less than \$1,000,000 per occurrence. Additionally, the contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.
- B. **Automobile Liability:** In the event that services delivered pursuant to this contract involve the use of vehicles, either owned or not owned by the contractor, automobile liability insurance will be required. The minimum limit for automobile liability is: \$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.
- C. **Professional Liability:** When available, coverages with limits of not less than \$1,000,000 for any one occurrence.
- D. **Workers Compensation Coverage:** Workers compensation coverage with Washington statutory limits and employer's liability coverage of not less than \$500,000 for employers' liability. The contractor will at all times comply with all applicable workers compensation, occupational disease, and occupational health and safety laws, statutes and regulations to the full extent applicable. The State will not be held responsible in any way for claims filed by the contractor or their employees for services performed under the terms of the contract.
- E. **Employers Liability ("Stop Gap") Insurance:** In addition, the contractor will buy employers' liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease. Employers Liability ("Stop Gap") Insurance is intended to cover gaps between Worker's Compensation and CGL insurance.
- F. **Additional Provisions:**
  1. **Additional Insured:** The insurance required will be issued by an insurance company/ies authorized to do business within the State of Washington, and will name the State of Washington, its agents and employees as additional insureds under the insurance policy/ies. All policies will be primary to any other valid and collectable insurance.
  2. **Cancellation:** The State Auditor's Office will be provided 30 calendar days written notice before cancellation or nonrenewal of any insurance referred to herein. The contractor will instruct the insurers to give the State Auditor's Office 30 calendar days' advance notice of any insurance cancellation or nonrenewal action.
  3. **Identification:** Policy must reference the State's contract number and the State Auditor's Office.

4. **Insurance Carrier Rating:** All insurance and bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception will be reviewed and approved by the State Auditor's Office's Risk Manager or the Risk Manager of the Department of Enterprise Services, before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with RCW 48.15 and WAC 284-15.
5. **Excess Coverage:** By requiring insurance herein, the State does not represent that coverage and limits will be adequate to protect the contractor, and such coverages and limits will not limit contractor's liability under the indemnities and reimbursements granted to the State in this contract.

## **24. COMMITMENT OF FUNDS**

The State Auditor or his delegates are the only individuals who may legally commit to the expenditures of funds or approve payment terms for work delivered under a contract resulting from this solicitation.

## **CHAPTER 3 - PROPOSAL SECTIONS**

This chapter contains instructions regarding the preparation and submission of proposals. The proposer must provide all information requested in the exact order specified below. Exhibit C is provided for the proposer's convenience in providing the following information. Please use the checklist for the appropriate category.

### **Proposers may submit to multiple categories in one proposal.**

Subject Matter Experts may submit a single proposal for multiple subject matter areas. The proposal will be evaluated on the level of expertise conveyed. Each proposer's Qualifications will be identified in sufficient detail to convey to members of the evaluation team the proposer's abilities, knowledge, experience and skills.

### **Proposals that do not sufficiently demonstrate expertise will be rejected.**

**Note: Sections I, II and IV through VI must be completed for all proposals.**

## **SECTION I – LETTER OF SUBMITTAL (PASS/FAIL)**

### **A. ORGANIZATION SUMMARY**

The proposer must provide a summary of the organization/firm/individual's pertinent expertise, skills, client base and services that are available for this project.

### **B. BUSINESS IDENTIFICATION**

The proposers must provide an overview of their firm/organization, including, but not limited to the following:

- Organization/firm's name, address and main business location
- The location of the facility from which the proposer would operate, including the telephone, fax and e-mail address
- Organization/firm's start-up date.

**C. COMPANY OFFICERS**

The proposer must provide the names, addresses, and telephone numbers of principal officers (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.).

**D. PRIMARY CONTACT**

The proposer must include who within the firm/organization will have prime responsibility and final authority for the work under the proposed contract. Include the following:

- Name
- Title or position
- Address
- E-mail address
- Telephone and fax numbers.

**E. LEGAL STATUS**

The proposer must specify the legal status of the Organization/Firm (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now exists.

**F. PREVIOUS STATE CONTRACTS**

If the proposer's organization/firm, any subcontractor, or any other party named previously contracted with the State of Washington during the past 48 months, indicate the name of the state agency or other audited entity and the contract number, and describe the work and/or provide other information available to identify the contract.

**G. FORMER EMPLOYEE STATUS**

If any employee of the proposer or subcontractor was an employee of the State of Washington or audited entity during the **past 24 months**, or is now an employee of the State of Washington or audited entity identify the individual by name, state agency previously or currently employed by, job title or position held and separation date.

**H. CONTRACT TERMINATIONS**

If the proposer has had a contract terminated for default in the **past five years**, describe such incident. Termination for default is defined as notice to stop performance due to the proposer's nonperformance or poor performance. Issue of performance may have been:

- Not litigated due to inaction on the part of the proposer, or
- Litigated and such litigation determined that the proposer was in default.

Proposers will submit full details of the terms for default. Proposers will identify the other party, its name, address, and phone number, and present the proposer's position on the matter. The State Auditor's Office will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience.

If the proposer has experienced no such termination for default in the **past five years**, so indicate.

**I. TAX INFORMATION**

The proposer must provide its Federal Employer Tax Identification number and the Washington Uniform Business Identification (UBI) number issued by the State of Washington Department of Revenue.

## **J. SUBCONTRACTOR QUALIFICATIONS**

For each subcontractor, the proposer must address the questions set forth in A-C and E-I above.

The proposer must include a statement that if awarded the contract as the prime contractor, they will accept full responsibility for successful performance of the entire scope of work, including any subcontracted work. *(Not counted in the page limit.)*

## **K. COMPLIANCE WITH INSURANCE REQUIREMENTS**

Each proposer must indicate in the Letter of Submittal and, as a condition of second tier contract award, that it will submit to the State Auditor's Office within 15 days of the second tier contract effective date, a certificate of insurance which outlines the coverage and limits as defined in the Insurance section.

# **SECTION II – QUOTATIONS SECTION MANDATORY REQUIRED (MR) (SCORED)**

## **A. PRICE PROPOSAL**

Proposers must provide a single, not-to-exceed, "blended hourly rate" price quote for the initial contract term. Proposers shall be bound by the hourly rate they quote in this RFQQ. The rates quoted will be considered "not-to-exceed" rates. If and when selected to participate in the second tier process, vendor may then propose rates at or below those proposed herein.

Proposers must consider the following when completing the Price Proposal:

- The not-to-exceed rate "blended hourly rate" quotation assumes weekdays only from 6 a.m. to 6 p.m., no state holidays or overtime pay for each service category listed.
- Overtime rates are not allowed.
- Quote all-inclusive rates in United States dollars to include all expenses except travel to accommodate working with State Auditor's Office in any area of Washington State. This could also be considered the maximum hourly rate chargeable to any scope of work bid at the second tier. Travel expenses (if any) for proposers providing services at locations outside of a 50-mile radius of the service provider's location may be included when responding to a work request, and may be a selection (cost) factor used by the State Auditor's Office in making a best value award decision for the work order.
- Price (rates) quoted will be locked in for the duration of the initial contract. The State Auditor's Office, at its sole discretion, will determine the acceptability of any price changes proposed before agreeing to an extension of a Convenience Contract.

Consultants are required to collect and pay Washington State taxes as applicable.

The evaluation process is designed to award contracts to the Consultants whose proposal best meet the requirements of this RFQQ. Consultants are encouraged, to submit proposals which are consistent with state government efforts to conserve state resources.

## **B. COMPUTATION**

The score for the cost proposal will be computed by dividing the average of all proposers' total hourly rate received by the Consultant's total hourly rate. Then the resultant number will be multiplied by the maximum possible points for the cost section. The maximum Quotation score will not exceed 15 points.

## **SECTION III A -- QUALIFICATIONS SECTION (MR) (SCORED)**

The Qualifications Section of the proposal must contain information that will demonstrate to the evaluation committee the Firm/Staff understanding of the types of services proposed, the ability to accomplish them, and the ability to meet tight timeframes.

Describe services provided by the firm that indicate the ability to provide the services described in this RFQQ. Recent experience with both government and private industries is a plus.

### **PERFORMANCE AUDIT SERVICES**

#### **A. FIRM EXPERIENCE AND PEER REVIEW**

1. Describe the firm's recent experience with government audit and performance audit work.
2. Indicate experience assessing the efficiency, economy and effectiveness of government entities and identifying all relevant and significant costs associated with those government entities.
3. Describe management approach, methodology and implementation strategies to manage and deliver an audit.
4. The proposer must provide copies of three performance audit reports (**Work Paper Samples in Section VII**) in which the proposing firm was the lead auditing entity and one set of corresponding "sample" work papers performed within the past three years in accordance with Generally Accepted Government Auditing Standards. Samples should be broad enough to indicate to evaluators how professionally your work papers are done, in what format, and how you came to a finding, etc. Performance audit reports and work papers may be provided by email or on CD. The proposer must have had primary responsibility for performing the majority of the work on each audit.

#### **Peer Review:**

5. The proposer must have an internal quality control system in place and participate in an external peer review of their performance auditing engagement practices at least once every three years. The peer review must be conducted by reviewers independent of the proposer. The peer review must meet all requirements of Yellow Book Standards for External Peer Review. Provide a copy of their firm's most recent peer review.

#### **B. STAFFING EXPERIENCE**

Provide a description of the staff's experience performing government auditing and performance auditing work.

Provide the name(s) and resumes (in Section V) of the staff, including the individuals' particular skills related to government auditing, education, experience, significant accomplishments and any other pertinent information.

The proposer must demonstrate that their staff possess specific recent experience relative to government performance auditing. Experience with both government and private industries is a plus.

## **SECTION III B – QUALIFICATIONS SECTION (MR) (SCORED)**

### **SUBJECT-MATTER EXPERT**

#### **A. SUBJECT-MATTER EXPERTISE**

The Qualifications Response is to be submitted as follows: 1) Experience, 2) Staffing.

##### **1. FIRM EXPERIENCE**

Describe the firm's recent experience pertaining to consulting or managing government entities. At a high level, describe services provided by the proposer and demonstrate the ability and capacity to provide those services.

##### **2. STAFFING EXPERIENCE**

Provide a description of the staff's experience performing subject-specific work pertaining to government audit and/or performance audit work including auditing, consulting or managing government entities.

Provide resumes (in Section V), which include information on the individuals' particular skills related to government auditing, education, experience, significant accomplishments and any other pertinent information.

#### **For both Performance Audit and Subject Matter Expert proposals**

- Demonstrate skills to communicate clearly, concisely and effectively both verbally and in writing.
- Describe the firm's methods for maintaining staff qualifications.
- Describe their ability and capacity for delivering services proposed.

## **SECTION IV – CUSTOMER REFERENCES (PASS/FAIL)**

The proposer must supply names, addresses and telephone numbers of a minimum of three nonproposer-owned customer references for which the proposer has recently completed work. *Proposers are discouraged from listing current State Auditor's Office employees as references.* Please note what type of work was performed by the proposer for the reference, and how it is relevant to the work/activity proposed in this solicitation, and provide a sample of the work if different from work samples provided by requirement. By signing [Exhibit A, Certifications and Assurances](#), the proposer and proposed staff grant the State Auditor's Office permission to independently contact references and others who may have pertinent information. [Exhibit B, Reference Worksheet](#) is provided for proposers to list their references.

Each reference will be asked about the approach proposers used to deliver services and the quality of services delivered. The State Auditor's Office will not accept terms for contacting references other than those stated above.

## **SECTION V – RESUMES (MR)(SCORED)**

The proposer must provide a resumes and include information on the individual's specific skills, experience, significant accomplishments and responsibilities assumed on other similar projects related to the services proposed.

## **SECTION VI – CERTIFICATIONS AND ASSURANCES (PASS/FAIL)**

Section VI must include a signed Certifications and Assurances form, see: [Exhibit A](#) (MR)

## **SECTION VII – WORK SAMPLES (Performance Audit proposals only) (PASS/FAIL)**

See Section III A

## CHAPTER 4 - EVALUATION AND CONTRACT AWARD

### 1. EVALUATION PROCEDURE

**ALL MANDATORY REQUIREMENTS OF THE RFQQ MUST BE MET IN ORDER FOR THE PROPOSAL TO BE EVALUATED.**

Responsive proposals will be evaluated strictly in accordance with the requirements stated in the RFQQ and any amendments/addenda issued. The evaluation of proposals will be accomplished by an evaluation team to be designated by the State Auditor’s Office, which will determine the ranking of proposals.

During proposal evaluation, the State Auditor’s Office reserves the right to make reasonable inquiry to determine the responsiveness of any proposer. Requests may include, but not be limited to, compliance to standards for independence, financial statements, credit ratings, references, record of past performance, on-site inspection of proposers, or proposer’s subcontractor’s facilities. Failure to respond to said request(s) will be sufficient reason to consider the proposal nonresponsive.

### 2. CLARIFICATION OF PROPOSAL

The Solicitation Coordinator may contact a proposer for clarification of any portion of the proposal.

### 3. PASS/FAIL EVALUATIONS

Proposers failing the Letter of Submittal, Customer References, Signed Certifications and Assurances or Samples of Work sections will be viewed as not meeting the mandatory requirements and will be eliminated from further consideration.

### 4. EVALUATION CRITERIA

The following weights will be assigned to each proposal for evaluation purposes:

Section Title	Percentage of Points
Letter of Submittal	Pass/Fail
Quotations Section (Cost Proposal)	15 percent
Qualifications Section – Firm Experience	40 percent
Qualifications Section – Staffing	30 percent
Peer Review	Pass/Fail
Customer References	Pass/Fail
Resume’s	15 percent
Signed Certifications & Assurances	Pass/Fail
Samples of Work (where required)	Pass/Fail
<b>Total</b>	<b>100 Percent</b>

## 5. NOTIFICATION TO PROPOSERS

Both successful and unsuccessful proposers will be notified via e-mail.

## 6. DEBRIEFING OF UNSUCCESSFUL PROPOSERS

Proposers who submitted a proposal and were not selected will be given the opportunity for a debriefing conference. The Solicitation Coordinator must receive a written request from the unsuccessful proposer for a debriefing conference within three (3) business days after the Notification of Unsuccessful Proposer letter is e-mailed or faxed. The request for a debriefing can be in hard copy or via e-mail. The debriefing will be held within three (3) business days of the request unless the State Auditor's Office schedules otherwise.

Discussion will be limited to a critique of the requesting proposer's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

## 7. PROTEST PROCEDURE AND FORMAT

This procedure is available to proposers who (1) submitted a response to this solicitation document and (2) have participated in a debriefing conference. Upon completing the debriefing conference, the proposer is allowed **three (3) business days** to file a protest of the procurement with the Solicitation Coordinator. Protests may be submitted by facsimile or e-mail, but must be followed by the original document.

Proposers protesting this procurement will follow the procedures described below. Protests that do not follow these procedures will not be considered. This protest procedure constitutes the sole administrative remedy available to proposers under this procurement.

All protests must be in writing and signed by the protesting party or an authorized agent. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests will be addressed to the Solicitation Coordinator.

Only protests stipulating an issue of fact concerning the following subjects will be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator.
- Errors in computing the score.
- Noncompliance with procedures described in the procurement document.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) State Auditor's Office's assessment of its own and/or other agencies' needs or requirements.

Upon receipt of a protest, a protest review will be held by the State Auditor's Office. The State Auditor's Office will designate three individuals who were not involved in the procurement to consider the record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another proposer that submitted a proposal, such proposer will be given an opportunity to submit its views and any relevant information on the protest to the Solicitation Coordinator.

The final determination of the protest will:

- Find the protest lacking in merit and uphold the State Auditor's Office's action; or
- Find only technical or harmless errors in the State Auditor's Office's acquisition process and determine the State Auditor's Office to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide State Auditor's Office options which may include:
  - Correct the errors and re-evaluate all proposals, and/or
  - Reissue the solicitation document and begin a new process, or
  - Make other findings and determine other courses of action as appropriate.

If the State Auditor's Office determines that the protest is without merit, the State Auditor's Office will enter into a contract with the apparent successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

## EXHIBIT A - CERTIFICATIONS AND ASSURANCES

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. **Performance Audit proposers:** I/we are disclosing the most recent independent peer review of our Yellow Book performance audit reports and any letter of comment and certify meeting GAO's Government Auditing Standards 2007 (<http://www.gao.gov/new.items/d07731g.pdf>), General Standards for Quality Control and Assurances. I/we also agree to provide a copy of any subsequent peer review reports and letters of comments received during the period of the contract within thirty days of completion of the peer review.
3. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
4. The attached proposal is a firm offer for a period of 90 days following receipt, and it may be accepted by the State Auditor's Office without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 90-day period.
5. In preparing this proposal, I/we have not been assisted by any current or former employee of the State of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. Neither does such a person nor any member of his or her immediate family have any financial interest in the outcome of this proposal. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)
6. I/we understand that the State Auditor's Office will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the State Auditor's Office, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
7. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the proposer and will not knowingly be disclosed by him/her prior to submission, directly or indirectly to any other proposer or to any competitor.
8. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached Special Terms and Conditions, and General Terms and Conditions. If there are any necessary exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
9. No attempt has been made or will be made by the proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
10. I/we grant the State Auditor's Office the right to contact references and others, who may have pertinent information regarding the proposer's prior experience and ability to perform the services contemplated in this procurement.
11. The proposer will identify if any firm principal is a participant in the Washington State 2008 Early Retirement Factor program: Yes  No

On behalf of the firm submitting this proposal, my name below attests to the accuracy of the above statements.

---

Signature of Proposer

Title

Date

## EXHIBIT B - REFERENCE WORKSHEET

### REFERENCE

Type of Services  
Performed

Firm/Organization: \_\_\_\_\_

Reference Name: \_\_\_\_\_

Contact Person 1: \_\_\_\_\_

Contact 1 Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Contact Person 2: \_\_\_\_\_

Contact 2 Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Type of Business: \_\_\_\_\_

Number of Employees at  
Reference Business: \_\_\_\_\_

Number of different  
business locations  
supported: \_\_\_\_\_

## EXHIBIT C - REQUIREMENTS CHECK LIST –

Upon completion of the proposal verify the entire proposal conforms to the requirements outlined in Chapter 3 and that it is organized into seven sections:

- 1) Letter of Submittal (Pass/Fail)
- 2) Quotations (MR)
- 3) Qualifications (MR)
- 4) Customer References (Pass/Fail)
- 5) Resumes (MR)
- 6) Signed Certification and Assurances (Exhibit A) (Pass/Fail)
- 7) Performance Audit Work Samples (CD copy or email attachment only) (Pass/Fail)

<b>Standard Instructions to Proposers</b>	<b>CHECK</b>
<b>Section I. Letter of Submittal (Pass/Fail)</b>	
A. Organization Summary	
B. Business Identification	
C. Company Officers	
D. Primary Contact	
E. Legal Status	
F. Previous State Contracts	
G. Former Employee Status	
H. Contract Termination	
I. Tax Information	
J. Subcontractor Qualifications	
K. Compliance with Insurance Requirements	
<b>Section II. Quotation Section (MR) (Scored) Price Proposal</b>	
<b>Section III-A. Qualifications Section (MR) (Scored)</b>	
A. Firm Experience	
B. Staffing	
C. Peer Review (Performance Audit proposals only) (Pass/Fail)	
<b>Section III-B. Qualifications Section (MR) (Scored)</b>	
A. Firm Experience	
B. Staffing	
<b>Section IV. Customer References (Pass/Fail)</b>	
<b>Section V. Resumes (MR) (Scored)</b>	
<b>Section VI. Signed Certifications and Assurances (Exhibit A), (Pass/Fail)</b>	
<b>Section VII. Samples of Work, Softcopy only (CD), (Pass/Fail) Performance Audit proposals only</b>	

## **ATTACHMENT A - GENERAL TERMS AND CONDITIONS**

### **1. Definitions**

As used throughout this contract, the following terms shall have the meaning set forth below:

- A. "State Auditor's Office" (SAO) shall mean any division, section, office, unit or other entity of the State Auditor's Office, or any of the officers or other officials lawfully representing the State Auditor's Office.
- B. "Agent" shall mean the State Auditor's Office Contract Manager, and/or the delegate authorized in writing to act on the Manager's behalf.
- C. "Contractor" shall mean that firm, provider, organization, individual or other entity performing service(s) under this contract, and shall include all employees of the contractor.
- D. "Subcontractor" shall mean one not in the employment of the contractor, who is performing all or part of those services under this contract under a separate contract with the contractor. The terms "subcontractor" and "subcontractors" means subcontractor(s) in any tier.

### **2. Access to Data**

In compliance with RCW 39.29.080, the contractor shall provide access to data generated under this contract to the State Auditor's Office, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions and recommendations of the contractor's reports, including computer models and methodology for those models.

### **3. Advance Payments Prohibited**

No payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by the State Auditor's Office.

### **4. Amendments**

This contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

### **5. Americans with Disabilities Act (ADA) of 1990, Public Law 101-336, 28 CFR Part 35**

The contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

### **6. Assignment**

Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by the contractor without prior written consent of the State Auditor's Office.

### **7. Attorneys' Fees**

In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney fees and costs.

### **8. Confidentiality/Safeguarding of Information**

Contractor acknowledges that some of the material and information that may come into its possession or knowledge in connection with this contract or its performance may consist of information that is exempt from disclosure to the public or other unauthorized persons under either chapter 42.56 RCW or other state or federal statutes ("Confidential Information").

Confidential information may include, but is not limited to, employee information such as residential addresses, e-mail addresses, and telephone numbers, Social Security Numbers, financial profiles, credit card information, driver's license numbers, medical data or protected health information, law enforcement records, agency source code or object code, or agency security data. Contractor agrees to hold confidential information in strictest confidence and not to make use of confidential information for any purpose other than the performance of this contract, to release it only to authorized employees or Subcontractors requiring such information for the purposes of carrying out this contract, and not to release or disclose it to any other party.

Contractor and any subcontractors agree to sign a non-disclosure statement with the State Auditor's Office and said non-disclosure agreements shall be binding on all Contractor and subcontracted personnel. The Contractor will be responsible to communicate the terms and requirements of the non-disclosure agreement to the entire team/all Contractor and subcontracted personnel working on the contract prior to releasing such information or material only to employees or subcontractors. Contractor agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to Confidential Information.

Contractor will maintain a log documenting the following: the Confidential Information received in the performance of this contract; why the Confidential Information was received; who received, maintained and used the Confidential Information; the purposes for which the Confidential Information was received; and the final disposition of the Confidential Information.

Immediately upon expiration or termination of this contract, contractor will, at the State Auditor's Office's option: Certify to the State Auditor's Office that contractor has destroyed all Confidential Information not required to be retained by professional standards, and take whatever other steps State Auditor's Office requires of contractor to protect Confidential Information.

The contractor will not use or disclose any information concerning the State Auditor's Office, the audit or information which may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of the State Auditor's Office, or as may be required by law. Any breach of this provision may result in termination of the contract and the demand for return of all confidential information. The contractor agrees to indemnify and hold harmless the State Auditor's Office for any damages related to the contractor's unauthorized use of confidential information.

## **9. Conflict Of Interest**

The State Auditor's Office may, in its sole discretion, by written notice to the contractor terminate this contract if it is found after due notice and examination by the State Auditor's Office that there is a violation of GAO's Government Auditing Standards 2007, General Standards for Independence (RCW 43.09.470 requires that performance audits will be conducted in accordance with the United States General Accounting Office's Government Auditing Standards.)

## **10. Copyright Provisions**

Unless otherwise provided, all materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the State Auditor's Office. The State Auditor's Office shall be considered the author of such materials. In the event the materials are not considered "works for hire" under the U.S. Copyright laws, contractor hereby irrevocably assigns all right, title, and interest in materials, including all intellectual property rights, to the State Auditor's Office effective from the moment of creation of such materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer

programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, contractor hereby grants to the State Auditor's Office a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The contractor warrants and represents that contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the State Auditor's Office. The contractor will maintain its ownership of pre-existing materials, such as methodologies, including any improvements or enhancements to the pre-existing materials.

The contractor shall exert all reasonable effort to advise the State Auditor's Office, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document that was not produced in the performance of this contract.

The State Auditor's Office shall receive prompt written notice of each notice or claim of infringement received by the contractor with respect to any data delivered under this contract. The State Auditor's Office shall have the right to modify or remove any restrictive markings placed upon the data by the contractor.

## **11. Covenant Against Contingent Fees**

The contractor warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agents maintained by the contractor for securing business.

The State Auditor's Office shall have the right, in the event of breach of this clause by the contractor, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

## **12. Disallowed Costs**

The contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

## **13. Disputes**

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved, either party may request a dispute hearing with a team of three (which shall be comprised of one independent individual selected by the contractor, one independent individual selected by the State Auditor's Office Director of Performance Audit, and one shall be a State Auditor's Office Director not responsible for the contract.) Disputes shall be resolved as quickly as possible.

The request for a dispute hearing must:

- A. Be in writing;
- B. State the disputed issue(s);
- C. State the relative positions of the parties;
- D. State the contractor's name, address, and contract number; and
- E. Be mailed or sent electronically to the State Auditor's Office Contract Manager within 3 working days after the parties agree that they cannot resolve the dispute.

The Contract Manager shall send a written answer to the contractor's statement to the contractor within 5 working days.

The panel shall review the written statements and reply in writing to both parties within 10 working days. The panel may extend this period if necessary by notifying the parties.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

The State Auditor's Office and contractor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this contract, which are not affected by the dispute. Both parties agree to exercise good faith in the dispute resolution and to settle disputes prior to using the dispute resolution panel whenever possible.

#### **14. Duplicate Payment**

The State Auditor's Office shall not pay the contractor, if the contractor has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

#### **15. Governing Law**

This contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

#### **16. Indemnification**

To the fullest extent permitted by law, the contractor shall indemnify, defend, and hold harmless state, agencies of state and all officials, agents and employees of state, from and against all claims for injuries or death arising out of or resulting from the performance of the contract.

"Claim," as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting there from. The contractors' obligations to indemnify, defend, and hold harmless includes any claim by the contractors' agents, employees, representatives, or any subcontractor or its employees.

The contractor expressly agrees to indemnify, defend and hold harmless the State for any claim arising out of or incident to the contractor's or any subcontractor's performance or failure to perform the contract. The contractor's obligation to indemnify, defend, and hold harmless the state shall not be eliminated or reduced by any actual or alleged concurrent negligence of the State or its agents, agencies, employees and officials.

The contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officials, agents or employees.

#### **17. Independent Capacity of the Contractor**

The parties intend that an independent contractor relationship will be created by this contract. The contractor and his or her employees or agents performing under this contract are not employees or agents of the State Auditor's Office. The contractor will not hold himself/herself out as or claim to be an officer or employee of the State Auditor's Office or of the State of Washington by reason hereof, nor will the contractor make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the contractor.

#### **18. Industrial Insurance Coverage**

The contractor shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, the State Auditor's Office may collect from

the contractor the full amount payable to the Industrial Insurance accident fund. The State Auditor's Office may deduct the amount owed by the contractor to the accident fund from the amount payable to the contractor by the State Auditor's Office under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's right to collect from the contractor.

### **19. Licensing, Accreditation and Registration**

The contractor shall comply with all applicable local, state and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

### **20. Limitation of Authority**

Only the Agent or Agent's delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the Agent.

### **21. Noncompliance with Nondiscrimination Laws**

In the event of the contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the contractor may be declared ineligible for further contracts with the State Auditor's Office. The contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

### **22. Nondiscrimination**

During the performance of this contract, the contractor shall comply with all federal and state nondiscrimination laws, regulations and policies.

### **23. Publicity**

The contractor agrees to submit to the State Auditor's Office all advertising and publicity matters relating to this contract wherein the State Auditor's Office's name is mentioned or language used from which the connection of the State Auditor's Office's name may, in the State Auditor's Office's judgment, be inferred or implied. The contractor agrees not to publish or use such advertising and publicity matters without the prior written consent of the State Auditor's Office.

### **24. Records Maintenance**

The contractor shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

Contractor shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by the State Auditor's Office, personnel duly authorized by the State Auditor's Office, and federal and state officials so authorized by law, regulation or agreement. If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

### **25. Registration with Department of Revenue**

The contractor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this contract.

## **26. Right of Inspection**

The contractor shall provide right of access to its facilities to the State Auditor's Office, or any of its officers, or to any other authorized agent or official of the State of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance of the work performed.

## **27. Savings**

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, the State Auditor's Office may terminate the contract under the "Termination for Convenience" clause, without the ten day notice requirement, subject to renegotiation at the State Auditor's Office's discretion under those new funding limitations and conditions.

## **28. Severability**

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

## **29. Site Security**

While on the State Auditor's Office premises, contractor, its agents, employees or subcontractors shall conform in all respects with physical, fire or other security policies or regulations.

## **30. Subcontracting**

All subcontractors must abide by all GAO Yellow Book standards.

Neither the contractor nor any subcontractor shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of the State Auditor's Office. In no event shall the existence of the subcontract operate to release or reduce the liability of the contractor to the State Auditor's Office for any breach in the performance of the contractor's duties. This clause does not include contracts of employment between the contractor and personnel assigned to work under this contract.

The contractor is solely responsible and liable for ensuring that all of the terms, conditions, assurances and certifications set forth in this contract are incorporated into any partnering or subcontracting relationships with other entities for work related to this contract. Liability includes management responsibility and quality assurance for work performed and financial responsibility for payments to and by partner organizations or subcontractor to others. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to information obtained during performance of this contract without the express written consent of the State Auditor's Office or as provided by law.

## **31. Taxes**

All payments accrued because of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the contractor or its staff shall be the sole responsibility of the contractor.

## **32. Termination for Cause**

In the event the State Auditor's Office determines the contractor has failed to comply with the conditions of this contract in a timely manner, the State Auditor's Office has the right to suspend

or terminate this contract. Before suspending or terminating the contract, the State Auditor's Office shall notify the contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

The State Auditor's Office reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the contractor or a decision by the State Auditor's Office to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the contractor: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of the State Auditor's Office provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

### **33. Termination for Convenience**

Except as otherwise provided in this contract, the State Auditor's Office may, by 10 calendar days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the State Auditor's Office shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

### **34. Termination Procedures**

Upon termination of this contract, the State Auditor's Office, in addition to any other rights provided in this contract, may require the contractor to deliver to the State Auditor's Office any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The State Auditor's Office shall pay to the contractor the agreed upon price, if separately stated, for completed work and services accepted by the State Auditor's Office, and the amount agreed upon by the contractor and the State Auditor's Office for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by the State Auditor's Office, and (iv) the protection and preservation of property, unless the termination is for default, in which case the agent shall determine the extent of the liability of the State Auditor's Office. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract.

The State Auditor's Office may withhold from any amounts due the contractor such sum as the agent determines to be necessary to protect the State Auditor's Office against potential loss or liability. The rights and remedies of the State Auditor's Office provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the agent, the contractor shall:

- A. Stop work under the contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
- C. Assign to the State Auditor's Office, in the manner, at the times, and to the extent directed by the agent, all of the rights, title, and interest of the contractor under the

orders and subcontracts so terminated, in which case the State Auditor's Office has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;

- D. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the agent to the extent agent may require, which approval or ratification shall be final for all the purposes of this clause;
- E. Transfer title to the State Auditor's Office and deliver in the manner, at the times, and to the extent directed by the agent any property which, if the contract had been completed, would have been required to be furnished to the State Auditor's Office;
- F. Complete performance of such part of the work as shall not have been terminated by the agent; and
- G. Take such action as may be necessary, or as the agent may direct, for the protection and preservation of the property related to this contract, which is in the possession of the contractor and in which the State Auditor's Office has or may acquire an interest.

### **35. Treatment of Assets**

- A. Title to all property furnished by the State Auditor's Office shall remain in the State Auditor's Office. Title to all property furnished by the contractor, for the cost of which the contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the State Auditor's Office upon delivery of such property by the contractor. Title to other property, the cost of which is reimbursable to the contractor under this contract, shall pass to and vest in the State Auditor's Office upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the State Auditor's Office in whole or in part, whichever first occurs.
- B. Any property of the State Auditor's Office furnished to the contractor shall, unless otherwise provided herein or approved by the State Auditor's Office, be used only for the performance of this contract.
- C. The contractor shall be responsible for any loss or damage to property of the State Auditor's Office that results from the negligence of the contractor or that results from the failure on the part of the contractor to maintain and administer that property in accordance with sound management practices.
- D. If any the State Auditor's Office's property is lost, destroyed or damaged, the contractor shall immediately notify the State Auditor's Office and shall take all reasonable steps to protect the property from further damage.
- E. The contractor shall surrender to the State Auditor's Office all property of the State Auditor's Office prior to settlement upon completion, termination or cancellation of this contract.
- F. All reference to the contractor under this clause shall also include contractor's employees, agents or subcontractors.

### **36. Waiver**

Waiver of any default or breach shall not be deemed a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by authorized representative of the State Auditor's Office.

## ATTACHMENT B: QUESTION & ANSWER FROM PREVIOUS PROCUREMENTS

**Note: The State Auditor’s Office received a number of questions regarding the previous solicitations. For simplification purposes we have consolidated and paraphrased some questions submitted. Questions and answers are organized by topic below:**

**Further, the RFQQ has evolved and some of the locations referenced in the Q &A may have changed i.e. page and section numbers.**

### REQUIREMENTS

- 1. Section 23, Insurance Coverage, Subsection C, Professional Liability: Is it a requirement at Tier 1 to mandate possession of Professional Liability Insurance, or is it possible this could be required at the Tier 2 competition level?**

No insurance is required until Tier 2 when, a contractor actually has a contract for work and compensation.

- 2. Must proposers to this RFQQ be Certified audit firms or auditors? Must all proposed staff be Certified Public Accountants (CPA)?**

If proposing to the Performance Audit category the firm must meet the Yellow Book (GAGAS) experience, quality control system and peer review requirements spelled out under Chapter 3 of the RFQQ.  
Staff do not need to be CPA's.

### PAGE LIMIT/PROPOSAL SUBMISSION

- 3. Regarding Chapter 3, Section 1.J. “Subcontractor Qualifications” of the RFQQ – it states that “[f]or each subcontractor, the proposer must address the questions set forth in A-C and E-I above.” We have one or more subcontractors we would like to include in our proposal, however including the information for A-C and E-I for each of them, in addition to the same information for our firm, could lengthen this section of our proposal such that it will reduce the number of pages in which we can fully describe our qualifications. **Would you consider another way to include this information for our subcontractors in a way that would not be included in the 20-page limit?****

Refer to Chapter 2.10 of the RFQQ: Preparation and Submission of Proposal. You may have an optional Subcontractor Letter of Submittal information addendum after the last section. Subcontractor submittal information will not be included in the page limit.

- 4. Are vendors expected to include multiple Subject Matter Expert (SME) qualifications statements (a) in a single, 20-page proposal, (b) in multiple proposals, each limited to 20 pages, (c) in a single proposal that can exceed the 20-page limit, or (d) in some other form?**

**If the proposers are to define their own area of specialty, how many separate proposals for each area would you consider?**

One Proposal will be accepted for SME, with a combined 20-page total for the Letter of Submittal, Quotations and Qualifications sections. SME area qualification descriptions are limited to no more than ONE page per area.

**5. Are Exceptions to Terms and Conditions included in the page limit?**

In the RFQQ, Chapter 2.11 & 12:

**CONTRACT AND GENERAL TERMS & CONDITIONS**

The apparent successful proposer will be expected to enter into a contract that is substantially the same as Attachment B. In no event is a proposer to submit its own standard contract terms and conditions in response to this solicitation. Proposers may submit exceptions as allowed in Exhibit A, Certifications and Assurances; however, exceptions must be limited to terms that would prevent the proposer from contracting with the State Auditor's Office. The State Auditor's Office will review requested exceptions and accept or reject the same at its sole discretion.

**The following are not included in the 20-page limit: Customer References, Team Member Resumes, Signed Certification and Assurances (Exhibit A), Subcontractor submittal information, and Work Samples.**

**6. Is it acceptable/allowed to submit a proposal solely for Category-B (Subject Matter Expertise Services) - and not Category-A (Performance Audit Services)?**

Yes, it is acceptable and encouraged

**7. Can we email our proposals as a PDF document?**

Yes. Proposals must arrive by due date and time. Proposers are responsible for any internet latency.

**8. If proposals are due on the 6th and you submit a proposal on the 4th, but you realize you want to make a change, you could send in another proposal as long as you send it by the due date/time.**

Yes.

**9. How many proposals do we submit?**

Electronic submittal is acceptable, so one electronic copy is sufficient. (If you are submitting to both SME and Performance Audit Services, you would need only proposal.)

**10. Will a limited number receive convenience contract?**

No

**11. Will there be a minimum score to qualify then?**

Yes.

**PERFORMANCE AUDIT/WORK SAMPLES**

**12. If we are only proposing under the Subject Matter Expert portion of the proposal and our expertise is only with consulting and financial statement audits, can you provide some clarification on the sample of work as specified in Section IV (required for all proposals)? **Would you wish to see actual workpapers or would a copy of a report be sufficient?****

Sample Work Papers are not required for SME's.

- 13. We are proposing as SMEs. It is not required to provide Samples of Work (Section VII) nor does the RFP ask for them from those proposing as SMEs or provide for a Section VII. However, in Chapter 2, Section 11, Preparation and Submittal of Proposal, it indicates that it is "Options" for those bidding as SMEs to provide Samples of Work. What is the intent of the SAO, and if the SAO is allowing for optional submission of Samples of Work for those proposing as SMEs, what does the SAO want the vendor to demonstrate?**

We are not asking for work samples from SME's. However if you believe work samples are necessary to establish your abilities, they may be included.

- 14. If we provide samples of workpapers in response to the Performance Audit category (A) – do we also have to submit sample workpapers with our response to the Subject Matter Expert category (B)?**

No.

- 15. If we plan to email our proposal, do you want us to send in a CD of our work samples separately to the physical address? Or, can we send them as another file within the same email as our proposal?**

Work samples may be submitted via email. However, we have a 10 Meg email limit, so more than one email may be required.

- 16. The required three sample performance audits can be rather large. If the samples are submitted via CD, does the CD need to arrive at SAO by the submittal due date or can it be mailed by the due date and arrive at SAO after the submittal due date?**

The proposal and all documents that are submitted as part of the proposal must arrive at the State Auditor's Office by the due date and time.

As discussed in the Preproposal conference, a vendor may submit a representative sample of the work (rather than an entire audit), but it has to be broad enough to indicate to evaluators how professionally your work papers are done, in what format, and how they support and roll up into your findings as well as how the findings reference back to the support.

- 17. You have asked for sample work papers. Would it be sufficient to give you an example of one finding?**

We would prefer the sample, but it has to be broad enough to indicate to evaluators how your work papers are done, in what format, how professional, and how they support and roll up into your findings as well as how the findings reference back to the support.

<b>SME</b>
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**18. Please clarify the types of Subject Matter Expertise desired. I am wondering if the Auditor's Office could clarify the specific categories where the qualifications are sought.**

The SAO will not establish SME categories up front. Vendors bidding at the second tier will identify how their first tier proposal demonstrates their SME qualifications for the work requested.

Performance auditors will be qualified based on their experience conducting Yellow Book performance audits, not on the specific types of entities or issue areas they have audited.

Tell us what you do well in the 20 pages. Identify the areas in which your firm is qualified to provide SME services. We anticipate one pool of Performance Audit vendors and one pool of Subject Matter Experts. The second tier work request will identify specific work in turn identifying the general service category. As stated in the Preproposal conference, we decline to narrowly identify categories of Subject Matter Expert qualifications.

**19. If a company submits multiple SME proposals:**

Should they be packaged together via PDF for electronic submittal?

Should each proposal include Certifications and Assurances and Exceptions?

Should the "blended hourly rate" be the same in each proposal?

SME's should submit only one proposal with one maximum not to exceed rate:

**The State Auditor's Office requests one proposal (Performance Audit and/or Subject Matter Expert). The Letter of Submittal, Qualifications, and Quotation sections will not exceed 20 combined total pages if submitting to one category and 30 pages when submitting to both categories. Subject Matter Expert Area Qualifications are limited to no more than ONE page per subject area.**

*Subject Matter Expertise proposers are encouraged to describe their areas of expertise at a high level for simplicity and to allow for the broadest range of second tier response.*

**20. As we intend to submit a proposal solely for Category-B: Subject Matter Expertise of the RFQQ, is it acceptable to provide in Section III - Qualifications Section, private sector experience with conducting similar performance assessment projects?**

It is.

**21. Is there a particular need for work in the area of science education planning, curriculum or standards for Washington schools K-12? If so, is the work at the state level or in particular districts?**

The reality is that the auditor audits everything. At this point we cannot accurately predict what we might need a year or two down the road. We absolutely do audits related to education, but are uncertain at this point specifically what the areas of focus will be for future audits. We understand that it takes time, money, and effort to submit proposals. We encourage all interested vendors to submit a proposal.

Both state level and particular districts are possible.

**22. Do you see the Subject Matter Expert (SME) working under the audit manager?**

There are actually several scenarios where we may contract for services under this convenience contract:

1. Contract for completing the entire audit to one firm
2. Contract the audit and bring in SME's (multiple vendors working together).
3. SAO takes the lead and contract SME to assist. (SAO works with Vendor).
4. Contract the Audit, hire SME's to assist, and use SAO staff in order to help us learn. (multiple vendors and SAO)

\*Any of those combinations might occur at some point in the future.

**23. Do you perceive identifying a weakness or deficiency and bringing on Subject Matter Expert?**

Yes. We may do a follow-up audit to see how well recommendations are being implemented and may bring in an SME for that.

Any time during the audit we might bring someone in to help if we needed someone in that specific area for which we don't have the expertise.

**24. How will the SME be referred to in the report?**

We may or may not refer to the SME in the report. If we are taking the lead we probably wouldn't mention the SME in the report. We may ask them to submit draft findings and then bring it into a final report. All work/individuals must meet the Yellow Book standards.

**25. Is this partially because they are public records?**

Yes, they are considered public records.

**26. Are you defining SME as an individual or firm?**

It could be either one

**27. So you might propose as a firm even though individuals on the firm are experts in different areas?**

Yes. With the requirement of only having 20 pages, it is up to you to show how qualified you are as a firm/individual.

**28. Is it possible to more clearly define some of the areas, such as Business Process Design?**

Business Process Design basically entails step by step reengineering of those business processes to make them more efficient and cost effective.

**29. What about Administration and Overhead?**

It is important that we note if you have a service to provide that is not listed in the RFQQ, you can still propose to that area. The lists in the RFQQ are only examples.

### **30. Survey Services?**

So far we have used survey services in two ways: 1) Trying to identify particular issues using questionnaires, telephone interviews, etc. 2) We have also surveyed employees of a an organization that we are thinking about looking at for a possible performance audit.

### **31. How about the relationship between the activities and the issue areas. Are you going to be sorting them by activity area, issue area, or both?**

We want to approach that being as open and flexible as possible. At the point where we identify a need for work, we anticipate advertising via WEBS to the preapproved vendors related to that need asking you to respond if you are interested in this work. What we tried not to do was paint this box that you all have to fit in.

We are asking you to clearly identify at a high level what you do and how you well you do it.

### **32. Earlier you provided some definition of the areas under subject matter expertise. If you could do that for the management review and tax and revenue category, that would be great.**

Management review is one of the broadest areas. What we need to hear is what are you good at and are you qualified? We are not ranking these in order: you are either in or out. Then when we have an opportunity we will ask those prequalified people if they are interested.

So don't focus on the exact definitions of the areas listed—just tell us what you are good at.

### **33. Long term pool - what if they change their expertise?**

Prequalified vendors are able to submit to additional capabilities at any time.

### **34. If you have an area where you need additional expertise, if it's a topic that wasn't on the list, would we be able to submit a proposal?**

The categories listed are not exclusive. Please identify any additional areas to which you are qualified to submit. When clarification is needed, we'll go back and review your first proposal at the second tier competition.

### **35. What if you need a widget expert? It wasn't on the list and no one proposed as one in the first tier. Would that be open to everyone?**

Yes, most likely.

### **36. So we could be a SME in one area, and we would be able to respond to that based on the qualifications?**

If you feel you qualify for a particular area, then you need to describe that in your proposal.

### **37. What if we pass and then a solicitation comes out and we didn't propose to a particular area, but feel we are qualified?**

You need to address those areas to be part of the game.

<b>COST/RATE</b>
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**38. Please clarify the term blended rate**

Proposers must provide a single, not-to-exceed, "blended hourly rate" price quote for the initial contract term. Proposers shall be bound by the hourly rate they quote in this RFQQ. The rates quoted will be considered "not-to-exceed" rates. If and when selected to participate in the second tier process, vendor may then propose rates at or below those proposed herein.

**39. During the pre proposal conference I understood you to say that in the 2nd tier if we were required to obtain expertise from an individual (whether it was someone within our firm or a subcontractor) that was outside of the facility location named in the proposal that any incurred travel costs could be charged to the contract and was not to be part of the blended rate. Can you confirm this?**

Refer to Ch3 Section II.A bullet 3, page 24:

Quote all-inclusive ("blended") rates in United States dollars to include all expenses except travel to accommodate working with State Auditor's Office in any area of Washington State. This could also be considered the maximum hourly rate chargeable to any scope of work bid at the second tier. Travel expenses (if any) for proposers providing services at locations outside of a 50-mile radius of the service provider's location may be included when responding to a work request, and may be a selection (cost) factor used by the State Auditor's Office in making a best value award decision for the work order.

**40. Regarding compensation and the maximum consideration is that cumulative? Is that per award?**

It is cumulative. If we have need for work that exceeds that maximum then we would have to file the additional funds and wait the ten days for full DES approval. If you are qualified at the first tier and we want to contract for an amount less than that the filed amount, filing is completed in advance.

**41. Are you saying that all hours billed will always be at one rate? That all work billed will never exceed a particular rate?**

Hours billed for your firm's work at the second tier will not exceed your not-to-exceed maximum hourly rate bid at the first tier. If your firm is responding at the second tier, and we are asking for a proposal for a certain project, you can break down the rate for the upper and lower level staff members. The important thing is when you divide the fixed price total by the total number of hours, it must not exceed the hourly rate submitted in your original proposal.

**42. If the SAO request a Performance Audit and the Performance Audit contractor has a maximum rate, is the contractor limited to that rate including subcontracting SME's? Does that cover everyone?**

In the case described we may choose to break up the contracts as necessary. Providing more information allows us to understand why you have proposed a particular hourly rate, but the maximum rate must be the maximum which your firm is willing to accept.  
We need an hourly rate to score your firm.

**43. How does the blended rate fit in the award?**

The price score is 15% of the total score.

## RESUMES

44. For our response to Section III - Qualifications Section, can we assume that the resumes to be provided are representative of the staff WE would provide the state - or will the resumes provided be viewed as a commitment to place those specific individuals on the engagement?

Your resume's can be representative.

45. With regards to Section III A. 2. – Staffing Experience – if reference can be made to Section V are we required to name specific staff or can we document our staffing experience in a more general format and then reference Section V for specific individuals who have that experience as documented in their resumes?

Documenting staff experience in a general format is acceptable.

46. In the instructions on page 14 of the RFQQ, the proposers are instructed to organize their responses into 7 sections. Section 5 of the proposal is to contain resumes, but instructions on page 22 (for Subject Matter Expertise) appear to direct the bidder to include in Section 2 (Qualifications) resumes. Can you clarify whether or not providing our representative resumes can be limited to Section 5 - versus also including them in our Section 2 response?

All resumes should be presented ONLY in Section 5 of the response.

## 2<sup>ND</sup> TIER/MISC

47. Can MWBE subcontractors be used on Tier 2 solicitation proposals if they come in under a vendor selected through the convenience contract process, but have not been previously prequalified?

They could as subcontractors to a prequalified vendor.

48. Do MWBE subcontractors have to obtain Washington certification prior to a Tier 2 bid, or will certification in another jurisdiction serve as a sufficient surrogate until after selection?

There is no OMWBE requirement.

49. Will Tier 2 work order solicitations be circulated to convenience contractors only, or will they be more broadly distributed through WEBS, or both?

Second tier work orders will only be solicited through the convenience contract.

50. Clarify how firms will be notified for subject matter work orders issued under this contract. Will all firms with demonstrated expertise in a subject matter area be sent work orders or asked to bid on work orders? Clarify how firms will be notified for performance audit work orders issued under this contract. Will all firms with demonstrated expertise in a performance auditing be sent work orders or asked to bid on work orders?

We prefer to send out to the whole group. If we find a way to be more efficient, we may change our process.

**51. Regarding specific staff under “Staffing Experience” – if a firm were to be pre-approved to provide subject matter expertise for a specific issue area, and a subsequent second tier competition for work in the same subject area was published, may the firm bid a staff person with the same expertise for this work, even if that person was not included in the original proposal under “staffing experience?”**

Yes.

**Additionally, is there a limit to how many resumes can we submit as SMEs in one proposal?**

We would like a succinct and representative sample.

**52. If my expertise is in city government and you want me to do work for a city I’ve worked for before, would you consider that a conflict of interest? Does this apply to SMEs?**

That would depend on what you did and for how long. You must meet the independence standards according to Yellow Book. You absolutely cannot audit your own work. If you think you have a potential conflict, you may want to contact GAO. Also, you can review Chapter 3 of the Yellow Book or GAO has a hotline. You must think about those things when proposing work.

**Does this apply to SMEs?**

Yes.

# ATTACHMENT C: SAMPLE CONTRACT



## WASHINGTON STATE AUDITOR'S OFFICE BRIAN SONNTAG

### CONVENIENCE CONTRACT 0109-C-K104 Consulting Services

CONTRACT FOR PERSONAL SERVICES BETWEEN  
THE WASHINGTON STATE AUDITOR'S OFFICE AND

#### Consultant Name

This contract is made and entered into by and between the Washington State Auditor's Office (SAO) and the below named Contractor, hereinafter called "Contractor."

#### PURPOSE

It is the purpose of this contract to provide the Washington State Auditor's Office with Professional Consulting services, specifically Performance Audit Services and/or Subject Matter Expertise on various audits.

#### MAXIMUM HOURLY RATE

**Work performed during the initial term of this Contract shall have a Not To Exceed hourly price as listed by category below.**

Service Category	NTE Hourly Rate
Performance Audit Services	\$
Subject-Matter Expertise	\$

In consideration of the terms and conditions contained herein or attached and incorporated and made a part hereof, the parties, mutually agree as follows:

## **SPECIAL TERMS & CONDITIONS**

### STATEMENT OF WORK

The contractor has been prequalified to potentially furnish Professional Consulting Services. Prequalification does not assure that the contractor shall receive any work under the terms of this contract. The contractor shall furnish the necessary personnel and services and otherwise do all things necessary for or incidental to the performance of work as set forth in the STATEMENT OF WORK set out in any Work Orders which may be awarded to the contractor as executed between the parties from time to time for specific performance of work.

### WORK ORDERS

The contractor may receive one or more Work Orders. However, no compensation and no Work Orders are guaranteed to the contractor under this contract. Work Orders will be offered to contractors in order to provide the highest value to the State Auditor's Office. The State Auditor's Office may offer a Work Order to the contractor if the State Auditor's Office has selected the contractor as the Apparently Successful Vendor (ASV) resulting from the contractor's response to a Work Request.

### CHANGES TO THE WORK ORDER

The contractor shall complete all work under each Work Order as stated in that Work Order. Deviation from the Work Order schedule for major deliverable(s) must be agreed to by the State Auditor's Office and the contractor and documented through a *Memo of Understanding*.

The parties may change the due date(s) of deliverable(s); and /or re-define deliverable(s) as necessary to complete successfully the specific Work Order. Such changes shall be mutually agreed upon by the parties and documented in a *Memo of Understanding*. The *Memo* will also document any reallocation of compensation resulting from the changes.

Changes to the contract which extend the end date or involve a change in the scope of work require an amendment to the contract.

### SHIFTING THE ALLOCATION OF COMPENSATION

If the State Auditor's Office determines that a shift of compensation allocated to one deliverable to another is warranted, he or she shall discuss and agree to the specifics of the reallocation with the contractor. This shall be documented and acknowledged by both parties in a *Memo of Understanding* or Amendment.

**1. COMPENSATION**

The maximum consideration available under this contract for the awarded categories as stated shall be as follows:

Service Category	Maximum Consideration
Performance Audit Services	\$1,500,000
Subject-Matter Expertise	\$750,000

The State Auditor’s Office shall pay no more than the hourly rate bid under this contract. Compensation will be stated in each individual Work Order. The State Auditor’s Office shall make payments on Work Orders to the contractor consistent with the terms set out in the Work Order.

If the State Auditor’s Office decides to modify the final Statement of Work, including deleting tasks, at critical points during the course of the contract, the parties will negotiate in good faith whether to make an adjustment to the compensation set forth in the agreed upon schedule in the Work Order.

However, if the contractor violates the Government Auditing Standards independence standards during the contract, the State Auditor’s Office may chose not to compensate the contractor for work performed under this contract.

**2. BILLING PROCEDURES AND PAYMENT**

The State Auditor’s Office will pay the contractor upon State Auditor’s Office acceptance of services provided and receipt of properly completed invoices, which will be submitted to the Contract Manager in accordance with the schedule agreed upon by both parties in the Work Order.

The invoices will describe and document, to the State Auditor’s Office’s satisfaction, an itemized description of the work performed and the progress of the audit by deliverable as compared to the Statement of Work, and fees. The invoice will include reference to Contract 0109-C-K104.

Payment will be considered timely if made by the State Auditor’s Office within thirty (30) calendar days after receipt of properly completed invoices. However, payment for each billing will be made after the State Auditor’s Office’s determination that it is satisfied with the overall progress of the contractor and the quality of each deliverable. If the State Auditor’s Office determines the contractor has not made satisfactory progress in accordance with the schedule agreed upon by both parties and as defined in the Work Order, the State Auditor’s Office may, in its sole discretion, withhold payments or terminate the contract.

Each invoice will clearly reference the following information:

**Contract 0109-C-K104, Work Order # \_\_\_\_\_, Deliverable : \_\_\_\_\_ (if appropriate).**

### **3. PERIOD OF PERFORMANCE**

The initial term shall begin performance \_\_\_\_\_ 2012, or upon execution, and end \_\_\_\_\_ 2015. The State Auditor's Office reserves the right, at its discretion, to extend the contract for up to three additional one-year periods.

### **4. DES FILING REQUIREMENT COMPLIANCE**

Under the provisions of chapter 39.29 RCW, the Washington State Auditor's Office is required to file this personal services contract with the Department of Enterprise Services (DES). No contract required to be so filed is effective, and no work thereunder shall commence, nor payment made therefor, until ten working days following the date of filing, and if required, until approved or reviewed by DES. In the event DES fails to approve the contract, the contract shall be null and void. The State Auditor's Office shall be responsible for all contract and amendment filings.

### **5. RETAINAGE**

Ten percent of each payment will be withheld pending completion of the Contract. Within thirty days of contract deliverables acceptance, the State Auditor's Office Contract Manager will authorize payment in full of all retainages

### **6. CONTRACTOR'S PERSONNEL**

- A. State Auditor's Office reserves the right to reject any of the contractor's employees, suppliers, or subcontractors. Any and all costs or expenses associated with replacement of any person or entity will be borne by the contractor.
- B. State Auditor's Office may, in the exercise of its discretion and judgment, identify certain of the contractor's employees as key personnel, and if so, the contractor will take all necessary steps to assure that said contractor's employees are available and assigned to the work as long as said employees are employed by the contractor.
- C. The contractor may not change or replace any of the staff assigned to this contract without prior approval of State Auditor's Office, which approval will not be unreasonably withheld.
- D. The contractor warrants that it is available to perform the work within the time specified and that all work will be performed on a priority basis. The contractor will begin work promptly and will perform the work in a continuous and diligent manner, and contractor will not interrupt the work except as may be provided under this contract.
- E. The contractor will be responsible to ensure that all its employees and subcontractor's employees are properly trained, certified, or licensed as appropriate and are properly qualified by education and experience to perform the work. The contractor will avoid overstaffing the work or shuffling personnel assigned to said work.
- F. The contractor, subcontractor(s) and their employees agree not to recruit any personnel from the State Auditor's Office or from the audited entity for a period of six (6) months after conclusion of the performance audit.
- G. Parties performing, or offering to perform, professional services under this contract who are CPAs or CPA firms licensed in this or other states and/or jurisdictions may become subject to the authority of the Washington State Board of Accountancy, RCW 18.04 and WAC 4-25 and must be in good standing with said Board.

Accordingly, parties to this contract who are licensed individual CPAs and/or licensed CPA firms:

Consent to the jurisdiction of the Washington State Board of Accountancy for matters referred by the State Auditor provided such matters are within the Board's authority,

and In such cases, if the individual licensee(s) offering or performing professional services hereunder and the firm that employs such persons are not licensed in this state said persons simultaneously consent, to the appointment of the state board which issued the certificate or license as agent for service of process in any action or proceeding against said individual CPAs, CPA firm, or representatives of the CPA firm arising from any transaction or operation connected with or incidental to professional services under this contract.

## **7. COORDINATION AND COOPERATION**

- A. The contractor will cooperate with the State Auditor's Office and other firms, if any, to ensure that the work is properly performed on schedule. Contractor will collaborate with any other firms and coordinate its work with the work of such other firm(s), if any, which could affect the work. The contractor will proceed in such manner as not to interfere or delay the progress of the work as a whole.
- B. If any part of the contractor's work depends for proper execution or results upon the work of any other contractor(s), the contractor will inspect and promptly report in writing to the State Auditor's Office any defects in the work of such other contractor that renders it unsuitable for such proper execution or results. Failure of the contractor to do so will constitute its acceptance of the other firm's work as fit and proper for the reception of contractor's work, except as to defects that may develop in the other firms' work after the execution of the contractor's work.
- C. In cases of disagreement or disputes between the contractor and other firm(s) which could delay or interfere with the work due to the failure to collaborate and cooperate or which cannot be resolved between contractor and the others involved, the State Auditor's Office will be given prompt written notice specifying in detail the disagreement or dispute. In such cases, the State Auditor's Office will have the right to determine the proper method of coordinating the work, and the State Auditor's Office's decisions in this regard will be final, binding, and conclusive.
- D. Notwithstanding the existence of a dispute or disagreement between the State Auditor's Office and the contractor, the contractor will diligently and without interruption proceed with the work at such rates of progress as will ensure full completion of the work on time.
- E. The contractor will accommodate the Audit Manager's monitoring and management of the contract by meeting weekly to discuss work progress and products as measured against the approved and final Performance Statement of Work. In these meetings, the contractor will communicate to the Audit Manager any issues or opportunities identified.
- F. The contractor will assist the Audit Manager in his or her communication with the audited agency. The contractor will accompany the Audit Manager as needed to meet with agency personnel to discuss the status of the audit, pending request for assistance, understanding of audit matters, and to communicate any potential issues.

## **8. FRAUD, IRREGULARITIES, OR OTHER AUDIT ISSUES**

If irregularities, fraud, or other significant audit issues, which may impact the audit, are suspected, the contractor must immediately notify the State Auditor's Office. The contractor will also notify State Auditor's Office of any other potential audit issues and topics that are discovered on a weekly basis as part of the weekly reporting process.

## 9. SUPERVISION AND COORDINATION

The contractor will:

When performing performance audit services comply with GAO Yellow Book requirements associated with the supervision of all employees and subcontractors in implementing and completing all audit requirements specified herein.

Designate in its proposal to the State Auditor's Office, a representative(s) with the authority to legally commit the contractor's firm. All communications given or received from the contractor's representative will be binding on the contractor.

Promote and offer to the State Auditor's Office only those services as stated herein and allowed for by contractual requirements. Violation of this condition will be grounds for contract termination.

## 10. AUDIT DOCUMENTATION (WORK PAPERS)

The contractor agrees that work papers, including all work in process, prepared in connection with a performance audit will conform to the State Auditor's Office standards and will be presented in an acceptable electronic format. The contractor will be required to provide all work to the State Auditor's Office in electronic format upon request at any moment, interval or frequency so determined by the State Auditor's Office. The contractor will provide work papers to the State Auditor's Office in the same format in which they were prepared, such as Word or Excel, and not convert them to .pdf files. Work papers are considered public documents and are the property of the State Auditor's Office. Public requests for copies or viewing of work papers must be made through the State Auditor's Office.

The State Auditor's Office is the principal auditing entity. The contractor's work will be incorporated into the report that will be prepared by State Auditor's Office staff. The contractor's report to the State Auditor's Office or any of its specific work, such as analyses, information or data may be incorporated as Appendices to the State Auditor's Office report.

Work papers will include cross references to recommendations and related I-900 elements. *All cross references will be directly to the applicable page(s) within the referenced document.* Work papers will also contain the purpose, source, scope, conclusion and evidence of review in accordance with the State Auditor's Office audit documentation policy as follows:

- 1) Audit documentation will be prepared for and will support all findings and recommendations. In documenting the nature, timing, and extent of audit procedures performed, the audit documentation should identify:
  - a. Who performed the audit work and the actual date of such work.
  - b. Who reviewed specific audit documentation and the actual date of the review.
- 2) Audit documentation will clearly demonstrate that all GAO applicable auditing standards and policies have been considered.
  - a. Audit documentation will be professionally written and contain evidence related to planning, conducting and reporting on the audit. It should be sufficient to enable an experienced auditor, who has had no previous connection with the audit, to understand the information collected and the work performed and to come to the same judgment and conclusion.

3) Audit documentation will include the following:

- a. The audit objectives, scope and methodology, including any sampling or testing criteria used.
- b. Abstracts or copies of significant contracts, agreements or other documentation that was examined.
- c. Identification of items tested where those tests involve inspections of documents or confirmation of evidence.
- d. Significant audit results and issues identified, actions taken to address them, and the basis for the final conclusions reached.
- e. Interviews about significant audit issues with management and others, including responses, and when and with whom the discussions took place.
- f. The auditors' consideration that the planned audit procedures are sufficient to achieve audit objectives.
- g. The extent to which the auditors are relying on the effectiveness of internal control over computerized systems that produced the information. If systems and/or controls are not relied on or tested, the reason must be stated.
- h. The auditors' determination that certain standards do not apply or that an applicable standard was not followed, the reasons why and the known effect that not following the applicable standard had, or could have had, on the audit work.
- i. Evidence of timely supervisory reviews.

**11.INSURANCE**

The contractor shall provide insurance coverage as set out in the 0109-RFQQ-104-3 Item 23 (Insurance Coverage) under Chapter 2 – STANDARD INSTRUCTIONS TO PROPOSERS. The Intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of the contractor or subcontractor, or agents of either, while performing under the terms of this contract.

**12. CONTRACT MANAGEMENT**

The Contract Manager for each of the parties shall be responsible for and shall be the contact person for all communications, notices, and billings regarding the performance of this contract.

CONTRACT MANAGER THE FOR STATE AUDITOR’S OFFICE	CONTRACT MANAGER FOR CONTRACTOR
<p><b>Name: Kevin Greene</b>  <b>Phone: 360-725-9730</b>  <b>Email: contractmanager@sao.wa.gov</b>  <b>Fax: 360-586-0008</b>  <b>Address:</b>                      Town Square                      621 8<sup>th</sup> Ave SE, Suite 201                      PO Box 40022                      Olympia, WA 98504-0022</p>	<p><b>Name:</b>  <b>Phone:</b>  <b>Email:</b>  <b>Fax:</b>  <b>Address:</b></p>

**13. MEMO OF UNDERSTANDING (Memo)**

Any communications that either of the Work Order Project Managers determines to address more than day-today concerns, but do not modify the terms of this contract, shall be documented by a *Memo of Understanding*. The State Auditor’s Office and the contractor shall document to each other through written, numbered *Memo(s)* any communications that clarify sections or address details of the contract. All *Memos* must be signed by either the State Auditor’s Office Project Manager or their designee.

**14. ASSURANCES**

The State Auditor’s Office and the contractor agree that all activity pursuant to this contract will be conducted in accordance with the applicable current or future federal, state, and local laws, rules, and regulations.



**APPENDIX "A"**  
**Sample Work Order**



*WORK ORDER*  
**STATE OF WASHINGTON**  
**State Auditor's Office (SAO)**

**WORK ORDER #**

**CONTRACT #**

This Work Order is issued under the provisions of a State Auditor's Office (SAO) contract. The services authorized are within the scope of services set forth in the *Purpose* of the contract and the original Work Order. All rights and obligations of the parties shall be subject to and governed by the terms of the contract and original Work Order including any subsequent modifications, which are hereby incorporated by reference.

<b>Service Category:</b>	<input type="checkbox"/>	<b>Subject Matter Expertise</b>	<input type="checkbox"/>	<b>Performance Audit</b>
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**Contractor:**

*Purpose* (Attach additional sheets if necessary)

*Statement of Work*

**Deliverables are subject to review and approval by AGENCY prior to payment.**  
*(Attach additional sheets if necessary)*

The contractor will write according to "Plain Talk" standards, as described in Governor's Executive Order 05-03, dated March 24, 2005 (<http://www.accountability.wa.gov/plaintalk/default.asp>).

*Start Date:* *End Date:*

**1. BUDGET**

Description / Task	Quantity	Unit (Hrs.)	Unit Cost	Total
1.				
2.				
Total				

Business Objective Supported: **AGENCY shall pay an amount not to exceed**

*IN WITNESS WHEREOF, the parties have executed this Work Order.*  
 Both the State Auditor's Office and the contractor are responsible for ensuring work performed is within the scope of this Work Order. The State Auditor's Office must monitor compliance with the terms of this Work Order and RCW 39.29. Any changes or amendments to this Work Order must be in writing, signed by both parties. The services authorized are within the scope of services set forth in the *Purpose* of the Master Contract between SAO and the Contractor. All rights and obligations of the parties are subject to and governed by the Master Contract including any subsequent modifications incorporated herein. The persons signing below warrant that they have the authority to execute this Work Order.

<b>CONTRACTOR</b>		<b>SAO Approval</b>	
_____ <i>(Signature)</i> Authorized Representative (Date)		_____ <i>(Signature)</i> SAO Authorized Representative (Date)	
<b>Work Order Manager</b>		<b>Work Order Manager</b>	Kevin Greene
<b>Telephone No.</b>		<b>Telephone No.</b>	360-725-9730
<b>Email:</b>		<b>Email:</b>	greeneke@sao.wa.gov