STATE OF NORTH CAROLINA Department of Administration Division of Purchase and Contract	**REQUEST FOR BEST AND FINAL OFFER** **NO.** DPC-646236801-MT
	Offers will be received until: November 20, 2023, by 5:00 PM ET
	Issue Date: November 17, 2023
Refer ALL inquiries regarding this BAFO to the procurement lead through the Events Message Board in the Sourcing Tool.	**Commodity Number:** 84111600 – Audit Services
	Description: Supplemental Internal Audit Services
	Using Agency: STATEWIDE
See page 2 for Submission Instructions	**Requisition No.:** N/A

NOTICE TO VENDOR: Offers submitted in response to this Best and Final Offer (BAFO) for the furnishing and delivering the goods and services described herein, subject to the conditions made a part hereof, will be received through the Sourcing Tool until 5:00 PM Eastern Time on the day of opening. Refer to page two for submission instructions. Offers submitted in any other way in response to this BAFO will not be accepted. Offers are subject to rejection unless submitted on this form.

EXECUTION: In compliance with this Request for BAFO, along with the terms and conditions in the original solicitation, as maybe modified herein, the undersigned offers and agrees to furnish any or all goods and services which are offered, at the prices agreed upon and within the time specified herein. Pursuant to GS §143-54 and §143-59.2 and under penalty of perjury, the undersigned Vendor certifies that this offer has not been arrived at collusively or otherwise in violation of Federal or North Carolina law and this offer is made without prior understanding, agreement, or connection with any firm, corporation, or person submitting an offer for the same commodity, and is in all respects fair and without collusion or fraud.

Failure to execute/sign offer prior to submittal shall render offer invalid. Late offers will not be accepted.

VENDOR: CliftonLarsonAllen LLP	EMAIL: chris.kessler@CLAconnect.com	
STREET ADDRESS: 4601 Six Forks Road, Suite 350	P.O. BOX:	ZIP: 27609-5287
CITY & STATE & ZIP: Raleigh, NC 27609-5287	TELEPHONE NUMBER: 239-226-9903	TOLL FREE TEL. NO:
TYPE OR PRINT NAME & TITLE OF PERSON SIGNING: Christopher (Chris) Kessler, CPA, Principal	FAX NUMBER: 919-881-0611	
AUTHORIZED SIGNATURE: Christopher Kessler	DATE: December 15, 2023	

Offer valid for ninety (90) calendar days from date of opening unless otherwise stated here: _____ days.

ACCEPTANCE OF OFFER: If the State accepts any or all parts of this offer, an authorized representative of the Agency shall affix his/her signature to the Vendor's response to this Request for BAFO. The acceptance shall include the response to this BAFO, any provisions and requirements of the original Solicitation which have not been superseded herein, and the North Carolina General Terms and Conditions. These documents shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful Vendor(s).

FOR STATE USE ONLY: Offer accept and Contract awarded this **[Enter Day]** day of **[Enter Month]**, **2023**, as indicated on the attached certification, by P and C - Melinda Tomlinson **December 18, 2023**

(Authorized Representative of Division of Purchase and Contract)

SUBMISSION INSTRUCTIONS: Vendor shall submit its offer through the Sourcing Tool. Any files submitted shall not be password protected and shall be capable of being copied to other media.

REQUEST FOR BEST AND FINAL OFFER (BAFO):

This request is to solicit a best and final offer from Vendor for Supplemental Internal Audit, Assurance, Data Analytics, and Managerial Advisory Services. The offer should integrate the previous response to the Solicitation and any changes listed below. Any individual Vendor may receive a different number of BAFO requests than other Vendors.

NOTE: This Solicitation is still in the evaluation period. During this period and prior to award, possession of the BAFO, original bid response, and accompanying information is limited to personnel of the Issuing Agency and any agencies responsible for participating in the evaluation. Vendors who attempt to gain this privileged information, or to influence the evaluation process (i.e., assist in evaluation), will be in violation of purchasing rules and their offer will not be further evaluated or considered.

Specific requests begin on the next page. Vendor may copy requests onto additional pages, as needed, to provide sufficient space for its response.

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1.0 IT SECURITY SPECIFICATIONS

1.1 FOR SOLUTIONS HOSTED ON STATE INFRASTRUCTURE

For Vendors who only want to be considered for Agency solutions hosted on State Infrastructure, those Vendors shall provide a completed Vendor Readiness Assessment Report State Hosted Solutions ("VRAR") as soon as possible after receipt of this BAFO. This report is located at the following website:

https://it.nc.gov/documents/vendor-readiness-assessment-report

The Supplemental Internal Audit Services vendors will be required to receive and securely manage data that may be classified as high as Statewide Critical - High. Refer to the North Carolina Statewide Data Classification and Handling policy for more information regarding this data classification. The policy is located at the following website: https://it.nc.gov/document/statewide-data-classification-and-handling-policy

Vendor must submit the completed form to ESRMO.Security.Reviews@nc.gov. Vendors must reference the RFP# DPC-646236801-MT STC Supplemental Internal Auditing Services.

To comply with the State's Security Standards and Policies, State agencies are required to perform annual security/risk assessments on their information systems using NIST 800-53 controls.

1.2 FOR SOLUTIONS NOT HOSTED ON STATE INFRASTRUCTURE

For Vendors who want to be considered for Agency solutions hosted on State AND Vendor Infrastructure, those Vendors shall comply with the requirements of this section. Specifically, the Supplemental Internal Audit Services vendors will be required to receive and securely manage data that is classified as high as Statewide Critical - High. Refer to the North Carolina Statewide Data Classification and Handling policy for more information regarding data classification. The policy is located at the following website: https://it.nc.gov/document/statewide-data-classification-and-handling-policy.

To comply with the State's Security Standards and Policies, State agencies are required to perform annual security/risk assessments on their information systems using NIST 800-53 controls. This requirement additionally applies to all Vendor-provided, agency-managed Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS) solutions which will handle data classified as Medium Risk (Restricted) or High Risk (Highly Restricted) data.

(a) Vendors shall provide a completed Vendor Readiness Assessment Report Non-State Hosted Solutions ("VRAR") as soon as possible after receipt of this BAFO. This report is located at the following website: https://it.nc.gov/documents/vendor-readiness-assessment-report

(b) Vendors shall also provide, upon receipt of this BAFO, a current independent 3rd party assessment report in accordance with the following subparagraphs (i)-(iii). Contract award will be dependent upon approval of the report as defined in subparagraphs (i)-(iii).

(i) Federal Risk and Authorization Management Program (FedRAMP) certification, SOC 2 Type 2, ISO 27001, or HITRUST are the preferred assessment reports for any Vendor solutions which will handle data classified as Medium Risk (Restricted) or High Risk (Highly Restricted).

(ii) A Vendor that cannot provide a preferred independent 3rd party assessment report as described above may submit an alternative assessment, such as a SOC 2 Type 1 assessment report. The Vendor shall provide an explanation for submitting the alternative assessment report. If awarded this contract, a Vendor who submits an alternative assessment report shall submit one of the preferred assessment reports no later than 365 days of the Effective Date of the contract. Timely submission of this preferred assessment report shall be a material requirement of the contract.

(iii) An IaaS vendor cannot provide a certification or assessment report for a SaaS provider UNLESS permitted by the terms of a written agreement between the two vendors and the scope of the IaaS certification or assessment report clearly includes the SaaS solution.

(c) Additional Security Documentation. Prior to contract award, the State may in its discretion require the Vendor to provide additional security documentation, including but not limited to vulnerability assessment reports and penetration test reports. The awarded Vendor shall provide such additional security documentation upon request by the State during the term of the contract.

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Vendor must submit the completed form to ESRMO.Security.Reviews@nc.gov. Vendors must reference the RFP# DPC-646236801-MT STC Supplemental Internal Auditing Services.

1.3 LOCATION OF WORKERS UTILIZED BY VENDOR

In accordance with N.C.G.S. §143B-1361(b), Vendor must identify how it intends to utilize resources or workers located outside the U.S., and the countries or cities where such are located. The State will evaluate additional risks, costs, and other factors associated with the Vendor's utilization of resources or workers prior to making an award for any such Vendor's offer. The Vendor shall provide the following:

a) The location of work to be performed by the Vendor's employees, subcontractors, or other persons, and whether any work will be performed outside the United States. The Vendor shall provide notice of any changes in such work locations if the changes result in performing work outside of the United States.

b) Any Vendor or subcontractor providing support or maintenance Services for software, call or contact center Services shall disclose the location from which the call or contact center Services are being provided upon request.

Will Vendor perform any work outside of the United States? ☐ YES ☑ NO

If **YES**, please indicate below:
a) where the work will be performed: _____
b) what type of work is being performed (Help Desk, Coder, etc.): _____
c) what type of work that employee performs (help desk support, coding, etc.): _____

2.0 TERMS AND CONDITIONS APPLICABLE TO AUDITING SOLUTIONS NOT HOSTED ON STATE INFRASTRUCTURE

a) All materials, including software, Data, information and documentation provided by the State to the Vendor (State Data) during the performance or provision of Services hereunder are the property of the State of North Carolina and must be kept secure and returned to the State. The Vendor will protect State Data in its hands from unauthorized disclosure, loss, damage, destruction by natural event, or other eventuality. Proprietary Vendor materials shall be identified to the State by Vendor prior to use or provision of Services hereunder and shall remain the property of the Vendor. Derivative works of any Vendor proprietary materials prepared or created during the performance of provision of Services hereunder shall be provided to the State as part of the Services. The Vendor shall not access State User accounts, or State Data, except (i) during data center operations, (ii) in response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State's written request. The Vendor shall protect the confidentiality of all information, Data, instruments, studies, reports, records and other materials provided to it by the State or maintained or created in accordance with this Agreement. No such information, Data, instruments, studies, reports, records and other materials in the possession of Vendor shall be disclosed in any form without the prior written agreement with the State. The Vendor will have written policies governing access to and duplication and dissemination of all such information, Data, instruments, studies, reports, records and other materials.

b) The Vendor shall not store or transfer non-public State data outside of the United States. This includes backup data and Disaster Recovery locations. The Service Provider will permit its personnel and contractors to access State of North Carolina data remotely only as required to provide technical support.

c) Protection of personal privacy and sensitive data. The Vendor acknowledges its responsibility for securing any restricted or highly restricted data, as defined by the Statewide Data Classification and Handling Policy (https://it.nc.gov/document/statewide-data-classification-and-handling-policy) that is collected by the State and stored in any Vendor site or other Vendor housing systems including, but not limited to, computer systems, networks, servers, or databases, maintained by Vendor or its agents or subcontractors in connection with the provision of the Services. The Vendor warrants, at its sole cost and expense, that it shall implement processes and maintain the security of data classified as restricted or highly restricted; provide reasonable care and efforts to detect fraudulent activity involving the data; and promptly notify the State of any breaches of security within 24 hours of confirmation as required by N.C.G.S. § 143B-1379.

d) The Vendor will provide and maintain secure backup of the State Data. The Vendor shall implement and maintain secure passwords for its online system providing the Services, as well as all appropriate administrative, physical, technical and procedural safeguards at all times during the term of this Agreement to secure such Data from Data Breach, protect the Data and the Services from loss, corruption, unauthorized disclosure, and the introduction of viruses, disabling devices, malware

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and other forms of malicious or inadvertent acts that can disrupt the State's access to its Data and the Services. The Vendor will allow periodic back-up of State Data by the State to the State's infrastructure as the State requires or as may be provided by law.

e) The Vendor shall certify to the State:
   i) The sufficiency of its security standards, tools, technologies and procedures in providing Services under this Agreement;
   ii) That the system used to provide the Subscription Services under this Contract has and will maintain a valid 3rd party security certification not to exceed 1 year and is consistent with the data classification level and a security controls appropriate for low or moderate information system(s) per the National Institute of Standards and Technology NIST 800-53 revision 4The State reserves the right to independently evaluate, audit, and verify such requirements.
   iii) That the Services will comply with the following:
      (1) Any DIT security policy regarding Cloud Computing, and the DIT Statewide Information Security Policy Manual; to include encryption requirements as defined below:
         (a) The Vendor shall encrypt all non-public data in transit regardless of the transit mechanism.
         (b) For engagements where the Vendor stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest. Examples are social security number, date of birth, driver's license number, financial data, federal/state tax information, and hashed passwords. The Vendor's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology FIPS140-2, Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the Service Provider cannot offer encryption at rest, it must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach. Additionally, where encryption of data at rest is not possible, the Vendor must describe existing security measures that provide a similar level of protection;
      (2) Privacy provisions of the Federal Privacy Act of 1974;
      (3) The North Carolina Identity Theft Protection Act, N.C.G.S. Chapter 75, Article 2A (e.g., N.C.G.S. § 75-65 and -66);
      (4) The North Carolina Public Records Act, N.C.G.S. Chapter 132; and
      (5) Applicable Federal, State and industry standards and guidelines including, but not limited to, relevant security provisions of the Payment Card Industry (PCI) Data Security Standard (PCIDSS) including the PCIDSS Cloud Computing Guidelines, Criminal Justice Information, The Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPAA);
      (6) Any requirements implemented by the State under N.C.G.S. §§ 143B-1376 and -1377.

f) Security Breach. "Security Breach" under the NC Identity Theft Protection Act (N.C.G.S. § 75-60*ff*) means (1) any circumstance pursuant to which applicable Law requires notification of such breach to be given to affected parties or other activity in response to such circumstance (e.g., N.C.G.S. § 75-65); or (2) any actual, attempted, suspected, threatened, or reasonably foreseeable circumstance that compromises, or could reasonably be expected to compromise, either Physical Security or Systems Security (as such terms are defined below) in a fashion that either does or could reasonably be expected to permit unauthorized Processing (as defined below), use, disclosure or acquisition of or access to any the State Data or state confidential information. "Physical Security" means physical security at any site or other location housing systems maintained by Vendor or its agents or subcontractors in connection with the Services. "Systems Security" means security of computer, electronic or telecommunications systems of any variety (including data bases, hardware, software, storage, switching and interconnection devices and mechanisms), and networks of which such systems are a part or communicate with, used directly or indirectly by Vendor or its agents or subcontractors in connection with the Services. "Processing" means any operation or set of operations performed upon the State Data or State confidential information, whether by automatic means, such as creating, collecting, procuring, obtaining, accessing, recording, organizing, storing, adapting, altering, retrieving, consulting, using, disclosing or destroying.

g) Breach Notification. In the event Vendor becomes aware of any Security Breach due to Vendor acts or omissions other than in accordance with the terms of the Agreement, Vendor shall, at its own expense, (1) immediately notify the State's Agreement Administrator of such Security Breach and perform a root cause analysis thereon, (2) investigate such Security Breach, (3) provide a remediation plan, acceptable to the State, to address the Security Breach and prevent any further incidents, (4) conduct a forensic investigation to determine what systems, data and information have been affected by such event; and (5) cooperate with the State, and any law enforcement or regulatory officials, credit reporting companies, and credit card associations investigating such Security Breach. The State shall make the final decision on notifying the State's persons, entities, employees, service providers and/or the public of such Security Breach, and the implementation of the remediation plan. If a notification to a customer is required under any Law or pursuant to any of the State's privacy or

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security policies, then notifications to all persons and entities who are affected by the same event (as reasonably determined by the State) shall be considered legally required.

h) Notification Related Costs. Vendor shall reimburse the State for all Notification Related Costs incurred by the State arising out of or in connection with any such Security Breach due to Vendor acts or omissions other than in accordance with the terms of the Agreement resulting in a requirement for legally required notifications. "Notification Related Costs" shall include the State's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (1) preparation and mailing or other transmission of legally required notifications; (2) preparation and mailing or other transmission of such other communications to customers, agents or others as the State deems reasonably appropriate; (3) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (4) public relations and other similar crisis management services; (5) legal and accounting fees and expenses associated with the State's investigation of and response to such event; and (6) costs for credit reporting services that are associated with legally required notifications or are advisable, in the State's opinion, under the circumstances. If the Vendor becomes aware of any Security Breach which is not due to Vendor acts or omissions other than in accordance with the terms of the Agreement, Vendor shall immediately notify the State of such Security Breach, and the parties shall reasonably cooperate regarding which of the foregoing or other activities may be appropriate under the circumstances, including any applicable Charges for the same.

i) Vendor shall allow the State reasonable access to Services security logs, latency statistics, and other related Services security data that affect this Agreement and the State's Data, at no cost to the State.

j) In the course of normal operations, it may become necessary for Vendor to copy or move Data to another storage destination on its online system, and delete the Data found in the original location. In any such event, the Vendor shall preserve and maintain the content and integrity of the Data, except by prior written notice to, and prior written approval by, the State.

k) Remote access to Data from outside the continental United States, including, without limitation, remote access to Data by authorized Services support staff in identified support centers, is prohibited unless approved in advance by the State Chief Information Officer or the Using Agency.

l) In the event of temporary loss of access to Services, Vendor shall promptly restore continuity of Services, restore Data in accordance with this Agreement and as may be set forth in an SLA, restore accessibility of Data and the Services to meet the performance requirements stated herein or in an SLA. As a result, Service Level remedies will become available to the State as provided herein, in the SLA or other agreed and relevant documents. Failure to promptly remedy any such temporary loss of access may result in the State exercising its options for assessing damages under this Agreement.

m) In the event of disaster or catastrophic failure that results in significant State Data loss or extended loss of access to Data or Services, Vendor shall notify the State by the fastest means available and in writing, with additional notification provided to the State Chief Information Officer or designee of the contracting agency. Vendor shall provide such notification within twenty-four (24) hours after Vendor reasonably believes there has been such a disaster or catastrophic failure. In the notification, Vendor shall inform the State of:

   (1) The scale and quantity of the State Data loss;
   (2) What Vendor has done or will do to recover the State Data from backups and mitigate any deleterious effect of the State Data and Services loss; and
   (3) What corrective action Vendor has taken or will take to prevent future State Data and Services loss.
   (4) If Vendor fails to respond immediately and remedy the failure, the State may exercise its options for assessing damages or other remedies under this Agreement.

   Vendor shall investigate the disaster or catastrophic failure and shall share the report of the investigation with the State. The State and/or its authorized agents shall have the right to lead (if required by law) or participate in the investigation. Vendor shall cooperate fully with the State, its agents and law enforcement.

n) In the event of termination of this contract, cessation of business by the Vendor or other event preventing Vendor from continuing to provide the Services, Vendor shall not withhold the State Data or any other State confidential information or refuse for any reason, to promptly return to the State the State Data and any other State confidential information (including copies thereof) if requested to do so on such media as reasonably requested by the State, even if the State is then or is alleged to be in breach of the Agreement. As a part of Vendor's obligation to provide the State Data pursuant to this Paragraph 18) n), Vendor will also provide the State any data maps, documentation, software, or other materials necessary, including, without limitation, handwritten notes, materials, working papers or documentation, for the State to use, translate, interpret, extract and convert the State Data.

o) Secure Data Disposal. When requested by the State, the Vendor shall destroy all requested data in all of its forms, for example: disk, CD/DVD, backup tape, and paper. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction shall be provided to the State.

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Vendor shall select which level of clearance it would like to be reviewed and approved:

☐ **Hosted on State Infrastructure**

☑ **Not Hosted on State Infrastructure**

3.0 Section 13. ACCESS TO PERSONS AND RECORDS of the **North Carolina General Terms and Conditions** is revised and restated in its entirety as follows:

13. ACCESS TO PERSONS AND RECORDS:

(a) During, and after the term hereof during the relevant period required for retention of records by State law (G.S. 121-5, 132-1 *et seq.,* typically five years), the State Auditor and any Purchasing Agency's internal auditors shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract, as provided in G.S. 143-49(9). However, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of such retention of records period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the record retentions period, whichever is later.

(b) The following entities may audit the records of this contract during and after the term of the contract to verify accounts and data affecting fees or performance:

1. The State Auditor.
2. The internal auditors of the affected department, agency or institution.
3. The Joint Legislative Commission on Governmental Operations and legislative employees whose primary responsibility is to provide professional or administrative services to the Commission.

(c) The Joint Legislative Commission on Governmental Operations has the authority to:

1. Study the efficiency, economy and effectiveness of any non-State entity receiving public funds.
2. Evaluate the implementation of public policies, as articulated by enacted law, administrative rule, executive order, policy, or local ordinance, by any non-State entity receiving public funds.
3. Investigate possible instances of misfeasance, malfeasance, nonfeasance, mismanagement, waste, abuse, or illegal conduct by officers and employees of a non-State entity receiving, directly or indirectly, public funds, as it relates to the officer's or employee's responsibilities regarding the receipt of public funds.
4. Receive reports as required by law or as requested by the Commission.
5. Access and review

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a. Any documents or records related to any contract awarded by a State agency, including the documents and records of the contractor, that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance; and

b. Any records related to any subcontract of a contract awarded by a State agency that is utilized to fulfill the contract, including, but not limited to (i) records related to the drafting and approval of the subcontract, and (ii) documents and records of the contractor or subcontractor that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance.

(d) The Joint Legislative Commission on Governmental Operations has the power to:

1. Compel access to any document or system of records held by a non-State entity receiving, directly or indirectly, public funds, to the extent the documents relate to the receipt, purpose or implementation of a program or service paid for with public funds.

2. Compel attendance of any officer or employee of any non-State entity receiving public funds, provided the officer or employee is responsible for implementing a program or providing a service paid for with public funds.

(e) Unless prohibited by federal law, the Commission and Commission staff in the discharge of their duties under this Article shall be provided access to any building or facility owned or leased by a non-State entity receiving public funds provided (i) the building or facility is used to implement a program or provide a service paid for with public funds and (ii) the access is reasonably related to the receipt, purpose, or implementation of a program or service paid for with public funds.

(f) Any confidential information obtained by the Commission shall remain confidential and is not a public record as defined in G.S. 132-1.

(g) Any document or information obtained or produced by Commission staff in furtherance of staff's duties to the Commission is confidential and is not a public record as defined in G.S. 132-1.

(h) A person who conceals, falsifies, or refuses to provide to the Commission any document, information, or access to any building or facility as required by this Article with the intent to mislead, impede, or interfere with the Commission's discharge of its duties under this Article shall be guilty of a Class 2 misdemeanor.

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Title Page

August 29, 2023

Proposal to provide professional services to:

State of North Carolina

Company Name	CliftonLarsonAllen LLP (CLA)
Address	4601 Six Forks Road, Suite 350 Raleigh, NC 27609-5287
Phone Number	239-226-9903 | chris.kessler@CLAconnect.com
Authorized Representative	Christopher (Chris) Kessler, CPA, Principal
Proposal Number	DPC-646236801-MT

CLAconnect.com

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

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Proposal Number: DPC-646236801-MT *Vendor:* CliftonLarsonAllen LLP

STATE OF NORTH CAROLINA
Division of Purchasing & Contract

Refer *ALL* Inquiries regarding this RFP to the procurement lead through the Message Board in the Sourcing Tool. See section 2.6 for details.	**Request for Proposal #: DPC-646236801-MT** **Proposals will be publicly opened: August 22, 2023, @2:00 PM EST**
Using Agency: STATEWIDE	**Commodity No. and Description: 84111600 – Audit Services**
Requisition No.: STC# 8411A	

EXECUTION

In compliance with this Request for Proposals (RFP), and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are bid, at the prices set opposite each item within the time specified herein.

By executing this proposal, the undersigned Vendor understands that false certification is a Class I felony and certifies that:

- this proposal is submitted competitively and without collusion (G.S. 143-54),
- none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and
- it is not an ineligible Vendor as set forth in G.S. 143-59.1.

Furthermore, by executing this proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that:

- it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency.

As required by G.S. 143-48.5, the undersigned Vendor certifies that it, and each of its sub-Contractors for any Contract awarded as a result of this RFP, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of its employees through the federal E-Verify system.

As required by Executive Order 24 (2017), the undersigned vendor certifies will comply with all Federal and State requirements concerning fair employment and that it does not and will not discriminate, harass, or retaliate against any employee in connection with performance of any Contract arising from this solicitation.

G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public contracts; or awarding or administering public contracts; or inspecting or supervising delivery of the public contract of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of this response to the RFP, the undersigned certifies, for Vendor's entire organization and its employees or agents, that Vendor is not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

By executing this bid, Vendor certifies that it has read and agreed to the **INSTRUCTION TO VENDORS** and the **NORTH CAROLINA GENERAL TERMS AND CONDITIONS incorporated herein.** These documents can be accessed from the Ariba Sourcing Tool.

Failure to execute/sign proposal prior to submittal may render proposal invalid and it MAY BE REJECTED. Late proposals shall not be accepted.

COMPLETE/FORMAL NAME OF VENDOR: CliftonLarsonAllen LLP		
STREET ADDRESS: 4601 Six Forks Road, Suite 350	P.O. BOX:	ZIP: 27609-5287
CITY & STATE & ZIP: Raleigh, NC 27609-5287	TELEPHONE NUMBER: 239-226-9903	TOLL FREE TEL. NO:
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE (SEE INSTRUCTIONS TO VENDORS ITEM #21):		
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR: Christopher Kessler, CPA, Principal	FAX NUMBER: 919-881-0611	

Proposal Number: DPC-646236801-MT *Vendor:* CliftonLarsonAllen LLP

VENDOR'S AUTHORIZED SIGNATURE*:	DATE:	EMAIL:
	8/29/23	chris.kessler@CLAconnect.com

VALIDITY PERIOD

Offer shall be valid for at least 120 days from date of bid opening, unless otherwise stated here: _____ days, or if extended by mutual agreement of the parties in writing. Any withdrawal of this offer shall be made in writing, effective upon receipt by the agency issuing this RFP.

ACCEPTANCE OF PROPOSAL

If your proposal is accepted, all provisions of this RFP, along with the written results of any negotiations, shall constitute the written agreement between the parties ("Contract"). The NORTH CAROLINA GENERAL TERMS AND CONDITIONS are incorporated herein and shall apply. Depending upon the Services being offered, other terms and conditions may apply, as mutually agreed.

FOR STATE USE ONLY: Offer accepted and Contract awarded this_____ day of _____, 20____, as indicated on

The attached certification, by _____.

(Authorized Representative of Division of Purchase and Contract)

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1.0 PURPOSE AND BACKGROUND

1.1 PURPOSE

The Department of Administration (DOA) serves as the business manager for North Carolina state government and provides leadership to state government for the effective, efficient, economical, and equitable delivery of services to the public. The department also aids and services many advocacy programs that serve diverse segments of the state's population that have traditionally been underserved. The Division of Purchase and Contract (P&C) is the strategic force behind providing the State's entities with a catalog of Statewide Term Contracts (STC) that provide for an encompassing organized and efficient manner to pool resources to provide goods and services.

The State, through the DOA P&C, is seeking proposals from qualified Vendors, to establish a STC to provide for the State's need of pre-qualified Vendors for supplemental internal auditing assurance, accounting and managerial advisory services through subsequently issued Statements of Work (SOW) to be further competed to awarded qualified vendors, on an "**As-Needed"** basis, if and when requested by State Departments, Agencies, Higher Education Entities, and Other Eligible Entities during the contract period. The intent of this Request for Proposals (hereinafter, "RFP") is to receive pricing from Vendors who will offer savings to the State and who confirm, through Vendors' submission of proposals, an ability to meet the State's needs.

The Contract resulting from this RFP is **mandatory** for State Departments, most State Agencies, and State Higher Education Institutions (except under the conditions specified in G.S. 115D-58.14(a) and G.S. 116-13). The Contract may also be utilized by non-mandatory State Agencies and Other Eligible Entities.

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

1.2 BACKGROUND

The NC General Assembly passed Session Law 2007-424 creating the Council of Internal Auditing (Council) and requiring most State agencies and universities to establish an internal audit function. There are forty-seven (47) State agencies and Universities with mandated internal audit functions. The Council identified staffing shortages in many State agency and university internal audit functions. Further, pursuant to NCGS 143D, the State Governmental Accountability and Internal Control Act, mandates that all state agencies continually improve their internal controls and agency procedures to ensure the agency's governing body, management, and other personnel, have designed their operations and systems to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. To comply with the above statutory mandates, agencies on a periodic basis will need to secure professional services of auditors, accountants, data analyst and managerial advisors who assist in the performance of these critical business functions.

The State is soliciting Vendors under this RFP to address staffing shortages. State agency and university locations are listed in Exhibit 1 attached.

1.3 CONTRACT TERM

The Contract shall have a term of *five (5)* years, beginning on final Contract execution. The State reserves the right to extend a contract term after the last active term.

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

1.4 ESTIMATED SPEND

Based on the historical usage of the STC, the estimated annual spend is $2,500,000.00. The inclusion of accounting, finance, managerial advisory and data analytic services, will likely increase annual spend significantly.

This amount is not guaranteed and could be more or less than the estimated spend during the contract period. No maximum or minimum quantities are guaranteed.

2.0 GENERAL INFORMATION

2.1 REQUEST FOR PROPOSAL DOCUMENT

This RFP is comprised of the base RFP document, any attachments, and any addenda released before Contract award, which are incorporated herein by reference.

2.2 E-PROCUREMENT FEE

ATTENTION: This is an NC eProcurement solicitation facilitated by the Ariba Network. Pursuant to current state law, no e-procurement fees will be imposed upon approved vendors who provide services associated with this solicitation.

General information on the E-Procurement Services can be found at: http://eprocurement.nc.gov/.

What is the Ariba Network?

The Ariba Network is a web-based platform that serves as a connection point for buyers and vendors. Vendors can log in to the Ariba Network to view purchase orders, respond to electronic requests for quotes, participate in Sourcing Events, and collaborate with buyers on contract documents.

For training on how to use the Sourcing Tool to view solicitations, submit questions, develop responses, upload documents, and submit offers to the State, Vendors should go to the following site:

http://eprocurement.nc.gov/training/vendor-training.

2.3 NOTICE TO VENDORS REGARDING RFP TERMS AND CONDITIONS

It shall be the Vendor's responsibility to read the Instructions to Vendors, the North Carolina General Terms and Conditions, all relevant exhibits and attachments, and any other components made a part of this RFP and comply with all requirements and specifications herein. Vendors are also responsible for obtaining and complying with all Addenda and other changes that may be issued in connection with this RFP.

If Vendors have questions, issues, regarding any component of this RFP, those must be submitted as questions in accordance with the instructions in the PROPOSAL QUESTIONS Section. If the State determines that any changes will be made as a result of the questions asked, then such decisions will be communicated in the form of an RFP addendum. The State may also elect to leave open the possibility for later negotiation of specific provisions of the Contract that have been addressed during the question-and-answer period, prior to contract award.

Other than through the process of negotiation under 01 NCAC 05B.0503, the State rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Vendor's proposal or otherwise. This applies to any language appearing in or attached to the document as part of the Vendor's proposal that purports to vary any terms and conditions or Vendors' instructions herein or to render the proposal non-binding or subject to further negotiation. Vendor's proposal shall constitute a firm offer that shall be held open for the period required herein ("Validity Period" above).

The State may exercise in its discretion to consider Vendor proposed modifications. By execution and delivery of this RFP Response, the Vendor agrees that any additional or modified terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect, and will be disregarded unless expressly agreed upon through negotiations and incorporated by way of a Best and Final Offer (BAFO). Noncompliance with, or any attempt to alter or delete, this paragraph shall constitute sufficient grounds to reject Vendor's proposal as nonresponsive.

2.4 RFP SCHEDULE

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time
Issue RFP	State	July 14, 2023
Urged & Cautioned Pre-Proposal Conference	State	July 27, 2023 @ 2:00 PM EST
Submit Written Questions	Vendor	August 2, 2023 @ 5:00 PM EST
Provide Response to Questions	State	August 8, 2023
Submit Proposals	Vendor	August 22, 2023 @ 2:00 PM EST **Microsoft Teams meeting** **Join on your computer, mobile app or room device** Click here to join the meeting Meeting ID: 258 653 933 303 Passcode: 5booFX **Join with a video conferencing device** ncgov@m.webex.com Video Conference ID: 117 730 666 7 Alternate VTC instructions **Or call in (audio only)** +1 984-204-1487,,184281593# United States, Raleigh Phone Conference ID: 184 281 593#
Contract Award	State	TBD
Contract Effective Date	State	TBD

2.5 URGED AND CAUTIONED PRE-PROPOSAL CONFERENCE

Date: July 27, 2023
Time: 2:00 PM Eastern Time
Location: **Microsoft Teams Meeting**
Join on your computer, mobile app or room device
Click here to join the meeting
Meeting ID: 212 589 357 587
Passcode: tztzDQ
Join with a video conferencing device
ncgov@m.webex.com
Video Conference ID: 116 055 337 0
Alternate VTC instructions
Or call in (audio only)
+1 984-204-1487,,895953297# United States, Raleigh
Phone Conference ID: 895 953 297#

Contact #: Melinda Tomlinson
984-236-0238
Melinda.tomlinson@doa.nc.gov

Instructions: Vendor representatives are URGED and CAUTIONED to attend the pre-proposal conference and apprise themselves of the conditions and requirements which will affect the performance of the work called for by this RFP. A non-mandatory pre-proposal conference is scheduled for this RFP. Submission of a proposal shall constitute sufficient evidence of this compliance and no allowance will be made for unreported conditions which a prudent Vendor would recognize as affecting the performance of the work called for in this RFP.

Vendor is cautioned that any information released to attendees during the pre-proposal conference, other than that involving the physical aspects of the facility referenced above, and which conflicts with, supersedes, or adds to requirements in this RFP, must be confirmed by written addendum before it can be considered to be a part of this RFP and any resulting contract.

2.6 PROPOSAL QUESTIONS

Upon review of the RFP documents, Vendors may have questions to clarify or interpret the RFP in order to submit the best proposal possible. To accommodate the Proposal Questions process, Vendors shall submit any such questions by the "Submit Written Questions" date and time provided in the RFP SCHEDULE Section above, unless modified by Addendum.

Questions related to the content of the solicitation, or the procurement process should be directed to the person on the title page of this document via the Sourcing Tool's message board by the date and time specified in the RFP SCHEDULE Section of this RFP. Vendors will enter "**RFP # DPC-646236801-MT – Questions**" as the subject of the message. Question submittals should include a reference to the applicable RFP section. This is the only manner in which questions will be received.

Questions or issues related to using the Sourcing Tool itself can be directed to the North Carolina eProcurement Help Desk at 888-211-7440, Option 2. Help Desk representatives are available Monday through Friday from 7:30 AM ET to 5:00 PM ET.

Questions received prior to the submission deadline date, the State's response, and any additional terms deemed necessary by the State will be posted in the Sourcing Tool in the form of an addendum and shall become an Addendum to this RFP. No information, instruction or advice provided orally or informally by any State personnel, whether made in response to a question or otherwise in connection with this RFP, shall be considered authoritative or binding. Vendors shall rely *only* on written material contained in the RFP and an addendum to this RFP.

2.7 PROPOSAL SUBMITTAL

IMPORTANT NOTE: This is an absolute requirement. Late bids, regardless of cause, will not be opened or considered, and will be automatically disqualified from further consideration. Vendor shall bear the sole risk of late submission due to unintended or unanticipated delay. It is the Vendor's sole responsibility to ensure its proposal has been received as described in this RFP by the specified time and date of opening. Failure to submit a proposal in strict accordance with instructions provided shall constitute sufficient cause to reject a Vendor's proposal(s). Solicitation responses are subject to Sealed Bidding requirements.

Vendor's proposals for this procurement must be submitted through the Sourcing Tool. For training on how to use the Sourcing Tool to view solicitations, submit questions, develop responses, upload documents, and submit offers to the State, Vendors should go to the following site: https://eprocurement.nc.gov/training/vendor-training

Questions or issues related to using the Sourcing Tool itself can be directed to the North Carolina eProcurement Help Desk at 888-211-7440, Option 2. Help Desk representatives are available Monday through Friday from 7:30 AM EST to 5:00 PM EST.

Tips for Using the Sourcing Tool

1. Vendors should review available training and confirm that they are able to access the Sourcing Event, enter responses, and upload files well in advance of the date and time response are due to allow sufficient time to seek assistance from the North Carolina eProcurement Help Desk.
2. Vendors may submit their responses early to make sure there are no issues, and then submit a revised response any time prior to the response due date and time. The State will only review the most recent response.
3. Vendors should respond to all relevant sections of the Sourcing Event. Certain questions or items are required in order to submit a response and are denoted with an asterisk. The Sourcing Tool will not allow a response to be submitted unless

all required items are completed. The Sourcing Tool will provide error messages to help identify any required information that is missing when response is submitted.

4. Simply saving your response in the Sourcing Tool is not the same as submitting your response to the State. Vendors should make sure they complete the submission process and receive a message that their response was successfully submitted.

P&C recommends the following naming conventions when uploading files:

- **Solicitation Number-Proposal Response-Vendor Name**
- **Solicitation Number-Proposal Response-Vendor Name-Pricing Catalog**
- **Solicitation Number-Proposal Response-Vendor Name-Attachment**

Example:

- **DPC-467952775-BJ -Office Supplies-Response-Xyz Corporation**
- **DPC-467952775-BJ -Office Supplies-Response-Xyz Corporation-Pricing Catalog**
- **DPC-467952775-BJ -Office Supplies-Response-Xyz Corporation-Attachment D**

If confidential and proprietary information is included in the proposal, also submit one (1) signed, REDACTED copy of the proposal. Such information may include trade secrets defined by N.C. Gen. Stat. § 66-152 and other information exempted from the Public Records Act pursuant to N.C. Gen. Stat. §132- 1.2. Vendor may designate information, Products, Services or appropriate portions of its response as confidential, consistent with and to the extent permitted under the statutes and rules set forth above. By so redacting any page, or portion of a page, the Vendor warrants that it has formed a good faith opinion, having received such necessary or proper review by counsel and other knowledgeable advisors, that the portions determined to be confidential and proprietary and redacted as such, meet the requirements of the Rules and Statutes set forth above. However, under no circumstances shall price information be designated as confidential.

If the Vendor does not provide a redacted version of the proposal with its proposal submission, the Department may release an unredacted version if a record request is received.

2.8 PROPOSAL CONTENTS

Vendors shall provide responses to all questions and complete all attachments for this RFP that require the Vendor to provide information and upload them to the Sourcing Event in the Sourcing Tool. Vendor may not be able to submit its response in the Sourcing Tool unless all required items are addressed. Vendors shall provide authorized signatures where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion.

Vendor shall include the following items and attachments in the Sourcing Tool:

a) Title Page: Include the company name, address, phone number and authorized representative along with the Proposal Number.

b) Completed and signed version of all EXECUTION PAGES, along with the body of the RFP.

c) Signed receipt pages of any addenda released in conjunction with this RFP, if required to be returned.

d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1

e) Completed version of ATTACHMENT A: COST PROPOSAL

f) Completed and signed version of ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION

g) Completed and signed version of ATTACHMENT E: CUSTOMER REFERENCE FORM

h) Completed and signed version of ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR

i) Completed and signed version of CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and OMB STANDARD FORM LLL

j) Vendor's Response and Documentation for:

   a. Legal Right to practice in the State of North Carolina
   b. External Review and Regulatory Action

c. Financial Statements

2.9 ALTERNATE PROPOSALS

Unless provided otherwise in this RFP, Vendors may submit alternate proposals for comparable services, various methods or levels of Service(s), or that propose different options. Alternate proposals must specifically identify the RFP requirements and advantage(s) addressed by the alternate proposal. Each proposal must be for a specific set of Services and must include specific pricing. Each proposal must be complete and independent of other proposals offered. If a Vendor chooses to respond with various offerings, Vendor shall follow the specific instructions for uploading Alternate Proposals in the Sourcing Tool.

2.10 DEFINITIONS, ACRONYMS, AND ABBREVIATIONS

Relevant definitions for this RFP are provided in 01 NCAC 05A .0112 and in the Instructions to Vendors found in the Sourcing Tool, which are incorporated herein by this reference.

The following definitions, acronyms, and abbreviations are also relevant to this RFP:

a) **COBIT**: Control Objectives for Information and Related Technology (COBIT) issued by the Information Systems Audit and Control Association

b) **GAGAS**: Generally Accepted Government Auditing Standards issued by the United States General Comptroller.

c) **IIA**: International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditor's.

d) **ISO Standards**: Issued by the International Organization for Standardization.

e) **GAAP** – Generally Accepted Accounting Principles issued by the Financial Accounting Standards Board.

3.0 METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS

3.1 METHOD OF AWARD

North Carolina G.S. 143-52 provides a general list of criteria the State shall use to award contracts, as supplemented by the additional criteria herein. The Services being procured shall dictate the application and order of criteria; however, all award decisions shall be in the State's best interest. All qualified proposals will be evaluated, and awards will be made to the Vendor(s) meeting the specific RFP Specifications and achieving the best final evaluation, based on the criteria described below.

While the intent of this RFP is to award a Contract(s) to multiple Vendors, the State reserves the right to make separate awards to different Vendors for one or more line-items, to not award one or more line-items or to cancel this RFP in its entirety without awarding a Contract, if it is considered to be most advantageous to the State to do so.

The State reserves the right to waive any minor informality or technicality in proposals received.

3.2 CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION

While this RFP is under evaluation, the responding Vendor, including any subcontractors and suppliers, is prohibited from engaging in conversations intended to influence the outcome of the evaluation. See Paragraph 29 of the Instructions to Vendors entitled COMMUNICTIONS BY VENDORS.

Each Vendor submitting a proposal to this RFP, including its employees, agents, subcontractors, suppliers, subsidiaries and affiliates, is prohibited from having any communications with any person inside or outside the using agency; issuing agency; other government agency office or body (including the purchaser named above, any department secretary, agency head, members of the General Assembly and Governor's office); or private entity, if the communication refers to the content of Vendor's proposal or qualifications, the content of another Vendor's proposal, another Vendor's qualifications or ability to perform a resulting contract, and/or the transmittal of any other communication of information that could be reasonably considered to have the effect of directly or indirectly influencing the evaluation of proposals, the award of a contract, or both.

Any Vendor not in compliance with this provision shall be disqualified from evaluation and award. A Vendor's proposal may be disqualified if its subcontractor and/or supplier engage in any of the foregoing communications during the time that the

procurement is active (*i.e.*, the issuance date of the procurement until the date of contract award or cancellation of the procurement). Only those discussions, communications or transmittals of information authorized or initiated by the issuing agency for this RFP or inquiries directed to the purchaser named in this RFP regarding requirements of the RFP (prior to proposal submission) or the status of the award (after submission) are excepted from this provision.

3.3 PROPOSAL EVALUATION PROCESS

Only responsive submissions will be evaluated.

The State will conduct a One-Step evaluation of Proposals:

Proposals will be received according to the method stated in the Proposal Submittal Section above.

All proposals must be received by the Division of Purchase and Contract not later than the date and time specified in the RFP SCHEDULE Section above, unless modified by Addendum. Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the State.

At the date and time provided in the RFP SCHEDULE Section above, unless modified by Addendum, the proposal from each responding Vendor will be opened publicly and all offers (except those that have been previously withdrawn, or voided bids) will be tabulated. The tabulation shall be made public at the time it is created. When negotiations after receipt of bids are authorized pursuant to G.S. 143-49 and 01 NCAC 05B.0503, only the names of offerors and the Services offered shall be tabulated at the time of opening. If negotiation is anticipated, cost and price shall become available for public inspection at the time of the award. Interested parties are cautioned that these costs and their components are subject to further evaluation for completeness and correctness and therefore may not be an exact indicator of a Vendor's pricing position.

At their option, the evaluators may request oral presentations or discussions with any or all Vendors for clarification or to amplify the materials presented in any part of the proposal. Vendors are cautioned, however, that the evaluators are not required to request presentations or other clarification—and often do not. Therefore, all proposals should be complete and reflect the most favorable terms available from the Vendor.

If negotiation is anticipated under 01 NCAC 05B.0503, pricing may not be public until award.

Upon completion of the evaluation process, the State will make award(s) based on the evaluation and post the award(s) to the electronic Vendor Portal (eVP), https://evp.nc.gov under the RFP number for this solicitation. Award of a Contract to one Vendor does not mean that the other proposals lacked merit, but that, all factors considered, the selected proposal was deemed most advantageous and represented the best value to the State.

The State reserves the right to negotiate with one or more vendors, or to reject all original offers and negotiate with one or more sources of supply that may be capable of satisfying the requirement, and in either case to require Vendor to submit a Best and Final Offer (BAFO) based on discussions and negotiations with the State.

3.4 EVALUATION CRITERIA

In addition to the general criteria in G.S. 143-52 which may or may not be relevant to this RFP, all qualified proposals will be evaluated, and award made based on considering the following criteria, to result in an award most advantageous to the State. Note that absolute requirements of verified documentation are required for further evaluation, to include:

1. Legal Right to practice in the State of North Carolina
2. External Review and Regulatory Action

Evaluation Criteria	RFP Section	Points
Vendor's Relevant Background and Experience	4.4, 4.5	300
Financial Statements	4.8	200
Personnel	4.11	350
Cost Proposal	4.9, Attachment A	150
TOTAL	**700 required for award**	**1000**
NC License to Practice	4.6	Pass/Fail
External Review/Regulatory Action	4.7	Pass/Fail

3.5 PERFORMANCE OUTSIDE THE UNITED STATES

Vendor shall complete ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR. In addition to any other evaluation criteria identified in this RFP, the State may also consider, for purposes of evaluating proposed or actual contract performance outside of the United States, how that performance may affect the following factors to ensure that any award will be in the best interest of the State:

a) Total cost to the State
b) Level of quality provided by the Vendor
c) Process and performance capability across multiple jurisdictions
d) Protection of the State's information and intellectual property
e) Availability of pertinent skills
f) Ability to understand the State's business requirements and internal operational culture
g) Particular risk factors such as the security of the State's information technology
h) Relations with citizens and employees
i) Contract enforcement jurisdictional issues

3.6 INTERPRETATION OF TERMS AND PHRASES

This RFP serves two functions: (1) to advise potential Vendors of the parameters of the solution being sought by the State; and (2) to provide (together with other specified documents) the terms of the Contract resulting from this procurement. The use of phrases such as "shall," "must," and "requirements" are intended to create enforceable contract conditions. In determining whether proposals should be evaluated or rejected, the State will take into consideration the degree to which Vendors have proposed or failed to propose solutions that will satisfy the State's needs as described in the RFP. Except as specifically stated in the RFP, no one requirement shall automatically disqualify a Vendor from consideration. However, failure to comply with any single requirement may result in the State exercising its discretion to reject a proposal in its entirety.

4.0 REQUIREMENTS

This Section lists the requirements related to this RFP. By submitting a proposal, the Vendor agrees to meet all stated requirements in this Section as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the State to receive a better proposal, the Vendor is urged to submit these items in the form of a question during the question-and-answer period in accordance with the Proposal Questions Section above.

4.1 PRICING

Proposal price shall constitute the total cost to the State for complete performance in accordance with the requirements and specifications herein, including all applicable charges for handling, transportation, administrative and other similar fees. Complete ATTACHMENT A: PRICING FORM and upload in the Sourcing Tool. The pricing provided in ATTACHMENT A, or resulting from any negotiations, is incorporated herein and shall become part of any resulting Contract.

4.2 INVOICES

Vendor shall invoice the Soliciting Agency. The standard format for invoicing shall be single invoices meaning that the Vendor shall provide the Purchasing Agency with an invoice for each order. Invoices shall include detailed information to allow the Soliciting Agency to verify pricing at point of receipt matches the correct price from the original date of order. The following fields shall be included on all invoices, as relevant:

Vendor's Billing Address, Customer Account Number, NC Contract Number, Order Date, Buyer's Order Number, Item Descriptions, Price, Quantity, and Unit of Measure.

INVOICES MAY NOT BE PAID UNTIL SERVICES ACCEPTED BY THE AGENCY'S DESIGNATED CONTRACT MANAGER.

4.3 HUB PARTICIPATION

Pursuant to North Carolina General Statute G.S. 143-48, it is State policy to encourage and promote the use of small, minority, physically handicapped, and women contractors in purchasing Goods and Services. As such, this RFP will serve to identify those Vendors that are minority owned or have a strategic plan to support the State's Historically Underutilized Business program by meeting or exceeding the goal of 10% utilization of diverse firms as 1st or 2nd tier subcontractors. Vendor shall complete ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION.

4.4 VENDOR EXPERIENCE

In its Proposal, Vendor shall demonstrate experience with public and/or private sector clients with similar or greater size and complexity to the State. Vendor shall provide information as to the qualifications and experience of all executive, managerial, legal, and professional personnel that were assigned to similar projects.

a) In its proposal response the Vendor shall include background information on its company and should give details of experience with similar projects that would substantiate the Vendor's qualifications and capabilities to perform the services described in Section 5.2 Audit, Accounting, Data Analytic and Managerial Advisory Service category.

4.5 REFERENCES

Vendor shall provide a list of at least five (5) contracts for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2, within the last five (5) years. This list shall identify the client and a description of the services performed, for use as references (including names and telephone numbers of contact persons who are familiar with the work performed). The evaluators will randomly select and contact at least three (3) of these references, but the evaluators reserve the right to contact all the references listed, if information from the three references contacted warrant further inquiry.

The evaluators may check all public sources to determine whether a Vendor has listed all contracts for similar work within the designated period. If the evaluators determine that references for other public contracts for similar work were not listed, the evaluators may contact the public entities to make inquiry into the Vendor's performance of those contracts and the information obtained may be considered in evaluating Vendor's proposal. It is highly recommended the Vendor list all services provided to any North Carolina State agencies and/or the University of North Carolina including all campuses no matter the procurement method used to obtain these services.

4.6 LEGAL RIGHT TO PRACTICE IN NORTH CAROLINA

Proposal may be rejected solely on the basis of this information

In its proposal response, Vendor must demonstrate that it is legally authorized to practice in North Carolina. This may include but is not limited to:

1. Articles of Incorporation
2. DBA filed with NC Counties
3. Licensee information from the NC State Board of CPA Examiners
4. Other associated documents that provide evidence the vendor is authorized to practice and provide services in North Carolina

4.7 EXTERNAL REVIEWS AND REGULATORY ACTION

Proposal may be rejected solely on the basis of this information

a. In its proposal response, Vendor shall provide a copy of its most recent external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies noted in the peer review. Vendor must have received an unqualified opinion on its system of quality control and the peer review must have been performed within the last three (3) years. The Vendor's failure to provide an external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies will result in the rejection of the Vendor's proposal. Vendors are encouraged to explain any deficiencies described in the above-mentioned documents and to provide documentation supporting those explanations.

b. Vendors not subject to the American Institute of Certified Public Accountants external review requirements must provide detailed information regarding all aspects of the Vendor's formal internal quality control program/process. This should include but is not limited to: quality control policies and procedures; any independent evaluation or self-assessment of the quality control program; summary results of client surveys; or any other data supporting the success of the quality control process.

c. In its proposal response, Vendor shall include a statement asserting whether or not any regulatory sanctions have been levied against it or any of its partners, officers, directors, employees, or agents by any state or federal regulatory agencies within the last three (3) years. As used herein, the term "regulatory sanctions" includes the revocation or suspension of any license or certification, the levying of any monetary penalties or fines, and the issuance of any written warnings. If any such action has been taken, the Vendor shall include a complete description of the action and the circumstances that resulted in the action.

d. In its proposal response, The Vendor shall include a statement asserting whether or not any regulatory investigations are pending against the vendor or any of their officers, directors, employees, and agents by state or federal regulatory agencies. If any such investigations are pending, the vendor shall include a complete description of the pending investigation.

e. In its proposal response, Vendors shall include a statement certifying it has no outstanding liabilities to the Internal Revenue Service, other government entities or unpaid final judgments for which it remains liable.

4.8 FINANCIAL STATEMENT

a. For Vendors required by law to have financial statement audits provide the following information in the proposal response:

1. Recent audited or reviewed financial statements prepared by an independent certified public accountant (CPA) that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement) and cash flow statement **and**, if the audited or reviewed financial statements were prepared more than six (6) months prior to the issuance of this RFP, the vendor shall submit its most recent internal financial statements (balance sheet, income statement and cash flow statement or budget with entries reflecting revenues and expenditures from the date of the audited or reviewed financial statements to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP); or

2. Recent compiled financial statements prepared by an independent CPA that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement) and cash flow statement **and**, if the compiled financial statements were prepared more than three (3) months prior to the issuance of this RFP, the Vendor shall submit its most recent internal financial statements (balance sheet, income statement and cash flow statement or budget with entries reflecting revenues and expenditures to date), and other evidence of financial stability such as most recently filed income tax return, evidence of a line of credit/loans/other type of financing with statement of amount in use/outstanding balance (e.g., a complete copy commitment letter, loan agreement, billing statement reflecting the line of credit or statement from lender acknowledging the commitment to fund the vendor's stated financing), performance bond, personal guaranty with copies of personal income tax filing and statement of net worth or such other evidence that is accurate, reliable and trustworthy regarding the

vendor's financial stability.

b. For Vendors not required by law to have a financial statement audit, provide the following information in the proposal response:

    1. Most recent internal financial statements: a balance sheet, income statement (i.e. profit/loss statement), and cash flow statement from the most recent financial reporting period and to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP), and other evidence of financial stability such as most recently filed income tax return, evidence of a line of credit/loans/other type of financing with statement of amount in use/outstanding balance (e.g., a complete copy commitment letter, loan agreement, billing statement reflecting the line of credit or statement from lender acknowledging the commitment to fund the vendor's stated financing), performance bond, personal guaranty with copies of personal income tax filing and statement of net worth or such other evidence that is accurate, reliable and trustworthy regarding the Vendor's financial stability.

Note: Recent shall be defined as financial statements that were prepared within the 12 months preceding the issuance date of this RFP.

Consolidated financial statements of the Vendor's parent or related corporation/business entity shall not be considered, unless: (1) the Vendor's actual financial performance for the designated period is separately identified in and/or attached to the consolidated statements; (2) the parent or related corporation/business entity provides the State with a document wherein the parent or related corporation/business entity will be financially responsible for the Vendor's performance of the contract and the consolidated statement demonstrates the parent or related corporation's/business entity's financial ability to perform the contract, financial stability and/or such other financial considerations identified in the evaluation criteria; and/or (3) Vendor provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.

The Vendor's failure to provide any of the above-referenced financial statements or failure to submit all the requested financial statements may result in the rejection of the Vendor's proposal. Vendors are also encouraged to explain any negative financial information in its financial statements and are encouraged to provide documentation supporting those explanations.

All financial information, statements and/or documents provided in response to this proposal requirement may be kept confidential, **IF THE VENDOR COMPLIES WITH SECTION VI PARAGRAPH 28 BID SUBMISSION IN THE INSTRUCTIONS TO VENDORS ON SUBMITTING PROPOSALS BY MARKING THE FINANCIAL INFORMATION, STATEMENTS AND/OR DOCUMENTS CONFIDENTIAL.**

4.9 COST PROPOSAL

Vendors that are awarded contracts by agencies will provide skilled audit professionals (skilled with documented expertise and experience) qualified in one (1) or more of the service categories described within Section 5.2 of this RFP.

Vendors shall indicate the service categories in which they wish to be considered by submitting base or upper rates for staff, supervisor, and executive hourly rate ranges for each on the pricing schedule (Attachment A). Vendors may provide rates for one (1) or more service categories but may not necessarily receive approval for all categories submitted.

For each service category, the Vendor shall provide the following:

Assurance Services (audits)

a. Auditor

1. *Base Rate:* The rate that the Vendor will provide an auditor that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.

2. *Upper Rate:* The maximum rate that the Vendor will provide an auditor with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Audit Supervisor
The audit supervisor may be responsible for planning and conducting the audit, directing a team of highly skilled and/or lower-level auditors, and assuring the audit engagement is completed timely. Vendors should provide an hourly rate for staff with these skill sets. Typically has 10 years of experience.

c. Audit Executive
The audit executive has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

Accounting Services

a. Accounting Staff

1. Base Rate: The rate that the Vendor will provide an associate accountant that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.

2. Upper Rate: The rate that the Vendor will provide an staff accountant that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Supervisor
The accounting supervisor is responsible for directing a team of highly skilled and/or lower-level accountants, and assuring the work is completed in a timely manner. Typically has 10 years of experience. Vendors should provide an hourly rate for staff with these skill sets.

Executive The accounting firm's partner or senior director who may be a Certified Public Accountant (CPA)and has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and clients are satisfied with completed work.

Managerial Advisory Services

a. Advisory Staff

1. Base Rate: The rate that the Vendor will provide an advisor/analyst that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.

2. Upper Rate: The maximum rate that the Vendor will provide an advisor/analyst with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Supervisor
The supervisor may be responsible for planning and conducting the advisory service, directing a team of highly skilled and/or lower-level advisors/analysts, and assuring the engagement is completed timely. Vendors should provide an hourly rate for staff with these skill sets. Typically has 10 years of experience.

c. Executive
Partner or senior director level has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

Data Analytics Service

a. Data Analytic Staff

1. Base Rate: The rate that the Vendor will provide a data analyst that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.

2. Upper Rate: The maximum rate that the Vendor will provide an data analyst with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Supervisor

The supervisor may be responsible for planning and conducting the data analytic service, directing a team of highly skilled and/or lower-level data analysts, and assuring the engagement is completed in a timely manner. Vendors should provide an hourly rate for staff with these skill sets. Typically has 10 years of experience.

c. Executive

Partner or senior director level has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

d. Other professional staff – At their discretion, responding firms may include hourly rates for additional professional advisory staff experienced in organizational operations, business administration, economic or revenue analysis and related managerial advisory tasks and functions.

4.10 ADDITIONAL REQUIREMENTS

a. Work Papers

Any and all work papers, documents, and reports (hereinafter referred to as work papers) created or obtained under the agreement between the soliciting agencies and Vendor are the property of the soliciting agency. All work papers shall be provided to the agency and the Vendor shall not retain copies of any of the work papers unless the Vendor is required to comply with quality assurance review auditing standards and when the soliciting agencies agrees, in writing, to waive this requirement.

b. Personnel Matters

1. ***Professionalism*** - The Vendor's personnel shall adhere to the same professional and ethical standards of conduct required of State personnel. Vendor personnel shall not:
   i. Discuss with unauthorized persons any information obtained in the performance of work under any agency's solicitation document.
   ii. Use agency data for company or personal business other than work related to the solicitation document,
   iii. Conduct business not directly related to the solicitation document on the agency premises,
   iv. Use computer system, equipment and/or other agency facilities for company or personal business other than work related to the solicitation document, and
   v. Recruit on agency premises or otherwise act to disrupt agency business.

2. ***Training*** - The Vendor shall provide fully trained and experienced personnel required for performance of any solicitation document. This includes training necessary for keeping personnel abreast of industry advances and maintaining proficiency with auditing standards.

3. ***Authority*** - Vendor personnel shall not hold themselves out to be agents or representatives, in any capacity, of the State. In all communications with third parties, vendor personnel shall identify themselves as such and specify the name of the Vendor.

4. ***Vendor Staff Turnover*** - After the procurement process has concluded and Vendors have been selected by the state, approved Vendors selected by soliciting agencies who are working on agency audit engagements or related audit, accounting and managerial advisory services may experience Vendor staff turnover. The Vendor must provide equally qualified personnel to replace departing personnel resources who were previously working on the

engagement. The soliciting agency reserves the right to pre-screen or not approve of replacement personnel to engage in the same audit activities as the original departing personnel.

5. ***Vendor Staff Background Checks*** - After the procurement process has concluded and Vendors have been selected by the state, approved Vendors selected by soliciting agencies who are working on agency audit engagements may by the nature of the soliciting agency (e.g., law enforcement investigative agency) have access to agency files, records and information that involve criminal investigations or related sensitive matters. Soliciting agencies using state selected audit service Vendors, reserve the right to require that a satisfactory criminal or financial background check be completed for any or all Vendor audit, accounting and managerial advisory personnel assigned to the audit engagement. These background checks may be required as part of the agency solicitation document review process. The costs associated with these background checks may be paid by the soliciting agency or by the state approved services Vendor, at the election of the soliciting agency. The soliciting agency will keep all background check results confidential and will provide copies to the state approved audit service Vendor if the results serve as a basis to refuse Vendor services or Vendor employee participation in the audit engagement.

c. Confidentiality

Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Vendor under this agreement shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the soliciting Agency. The only exceptions are disclosure required by law, legal process or applicable professional audit standards.

d. Records Retention

The policy set forth by the North Carolina Council of Internal Auditing shall be followed for record retention. The policy for record retention requirements covers internal audit reports, other reports, working papers and any other documents that support any reports observations, conclusions, findings or results. Record retention requirements shall be consistent with any pertinent regulatory or other requirements and records shall be maintained for a minimum of ten years.

e. Travel

The state will not pay travel costs to and from the designated workplace for Vendor's personnel. In the event that Vendor personnel are required by the State to travel away from the regularly assigned work location to perform related tasks, the State will, upon preapproval, reimburse the Vendor in accordance with the North Carolina state travel guidelines in Chapter 5 of the North Carolina Budget Manual, which can be found at: *https://www.osbm.nc.gov/budget/budget-manual*

4.11 PERSONNEL

In its proposal the Vendor shall provide information as to the qualifications and experience of current audit, accounting, managerial advisors, and data analytics personnel that may be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications may include documentation citing educational background, experience with similar projects and related certification, as well as the number of years of experience with each type of service category, as identified in the Section 5 Scope of Works, Audit Service Categories.

Vendor warrants that qualified personnel shall provide Services under this Contract in a professional manner. "Professional manner" means that the personnel performing the Services will possess the skill and competence consistent with the prevailing business standards in the industry. Vendor will serve as the prime contractor under this Contract and shall be responsible for the performance and payment of all subcontractor(s) that may be approved by the State. Names of any third-party Vendors or subcontractors of Vendor may appear for purposes of convenience in Contract documents; and shall not limit Vendor's obligations hereunder. Vendor will retain executive representation for functional and technical expertise as needed in order to incorporate any work by third party subcontractor(s).

Should the Vendor's proposal result in an award, the Vendor shall be required to agree that it will not substitute key personnel assigned to the performance of the Contract without prior written approval by the Contract Lead. Vendor shall further agree that it will notify the Contract Lead of any desired substitution, including the name(s) and references of Vendor's recommended

substitute personnel. The State will approve or disapprove the requested substitution in a timely manner. The State may, in its sole discretion, terminate the Services of any person providing Services under this Contract. Upon such termination, the State may request acceptable substitute personnel or terminate the contract Services provided by such personnel.

4.12 VENDOR'S REPRESENTATIONS

If Vendor's Proposal results in an award, Vendor agrees that it will not enter any agreement with a third party that may abridge any rights of the State under the Contract. If any Services, deliverables, functions, or responsibilities not specifically described in this solicitation are required for Vendor's proper performance, provision and delivery of the Service and deliverables under a resulting Contract, or are an inherent part of or necessary sub-task included within such Service, they will be deemed to be implied by and included within the scope of the Contract to the same extent and in the same manner as if specifically described in the Contract. Unless otherwise expressly provided herein, Vendor will furnish all of its own necessary management, supervision, labor, facilities, furniture, computer and telecommunications equipment, software, supplies and materials necessary for the Vendor to provide and deliver the Services and/or other Deliverables.

Vendor warrants that it has the financial capacity to perform its obligations under the contract; that Vendor has no constructive or actual knowledge of an actual or potential legal proceeding being brought against Vendor that could materially adversely affect performance of The Contract; and that entering into a Contract is not prohibited by any contract, or an order by any court of competent jurisdiction.

4.12 AGENCY INSURANCE REQUIREMENTS

Default Insurance Coverage from the General Terms and Conditions applicable to this Solicitation:

☐ Small Purchases

☐ Contract value in excess of the Small Purchase threshold, but up to $1,000,000.00

☒ Contract value in excess of $1,000,000.00

5.0 SCOPE OF WORK

5.1 GENERAL

Audits, accounting, data analytics or managerial services are performed to either ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend improvements in efficiency and effectiveness of operations; adherence to laws and regulations, fill an unmet staffing needs, or provide forecasting .

Any agency may identify a need for internal audit assurance, accounting, data analytics or managerial advisory service short term staff through the issuance of a Scope of Work (SOW). The hiring agency's staffing needs may vary in terms of resources required, dates of service and length of assignment.

5.2 INTERNAL AUDIT ASSURANCE , ACCOUNTING & ADVISORY SERVICE CATEGORIES

The Vendors shall provide qualified, experienced staff to conduct or participate as a team member on one (1) or more of the following types of Services.

a. ***Operational/Performance Audit***

An operational audit is a systematic and independent evaluation of organizational activities. Financial data maybe used, but the primary sources of evidence are the operational policies and achievements related to organizational objectives. Internal controls and efficiencies may be evaluated during this type of review.

An operational audit tests an agency's internal systems and procedures for efficiency and effectiveness. These audits test operations for efficiency and effectiveness. Operational audits are usually a deeper review of an agency's operations than a financial audit, which is conducted in an after-the-fact audit process. Benefits from operational audits include objective opinions, improved workflow or cost allocation processes and quicker turnaround times.

An operational audit usually uncovers inefficient use of resources or wasted capital. Administrative departments may also be reviewed during the operational audit process. Administrative business processes may increase costs by employing too

many individuals or having an improper workflow. Slow internal business processes can delay critical operations. Auditors often test cost allocation processes during operational audits to determine the strengths and weaknesses of this system.

b. ***Investigative Audit***

An investigative audit is an audit that takes place as a result of an allegation of unusual or suspicious activity on the part of an individual or agency. It is usually focused on specific aspects of the work of the individual or agency.

In an investigative audit, allegations must be investigated and evidence gathered pertaining to complaints, allegations, and tips of suspected fraud. Data must be sorted, analyzed, and compared to support the opinion of with an allegation is substantiated or unsubstantiated.

Some specialization in forensic analytics, which is the analysis of electronic data to reconstruct, detect, or otherwise support a claim of fraud, may be required. The main steps in forensic analytics are (a) data collection, (b) data preparation, (c) data analysis, and (d) reporting. For example, forensic analytics may be used toreview an employee's purchasing card activity to assess whether any of the purchases were diverted for personal use. Forensic analytics might be used to review the invoicing activity for a Vendor to identify fictitious vendors.

c. ***Compliance Audit***

Audits limited to meeting the Federal Single Audit requirements are not within the scope of this RFP.

A compliance audit is a comprehensive review of specific activities in order to determine whether performance conforms to predetermined contractual, regulatory, or statutory requirements. It may also include adherence to internal policies and procedures prescribed by the agency. Compliance audits may include examination of the agency's vendors to ensure conformance with contract agreements or an agency's sub-recipients to ensure adherence to grant requirements.

d. ***Information Systems Audits***

Audits limited to an assessment of network vulnerabilities are not within the scope of this RFP." (see GS 143B-1341 in SL 2015-241, requiring agencies to get State CIO approval).

An information systems audit, or information technology audit, is an examination of the management controls within an information technology infrastructure. The evaluation of obtained evidence determines if the information systems are safeguarding assets, maintaining data integrity, and operating effectively to achieve the organization's goals or objectives.

1. General Controls Review - A review of the controls which govern the development, operation, maintenance, and security of application systems in a particular environment. This type of audit might involve reviewinga data center, an operating system, a security software tool, or processes and procedures (such as the procedure for controlling production program changes), etc.

2. Systems and Applications - An audit to verify that systems and applications are appropriate, efficient, and adequately controlled to ensure valid, reliable, timely, and secure input, processing, and output at all levels of a system's activity. This would involve an examination of the controls over the input, processing, and output of system data. Data communications issues, program and data security, system change control, and data quality issues are also considered.

3. System Development - An audit to verify that systems under development meet the objectives of the organization and to ensure that the systems are developed in accordance with generally accepted standards for systems development and State information technology requirements. This involves an evaluation of the development process as well as the product. Consideration is also given to the general controls over a new application, particularly if a new operating environment or technical platform will be used.

4. Client/Server - Telecommunications, Intranets, and Extranets. An audit to verify that telecommunication controls are in place on the client (computer receiving services)Re server, and on the network connecting the clients and servers.

e. *Data Analytics/Continuous Monitoring*

Data analytics is a process by which insights are extracted from operational, financial, and other forms of electronic data internal or external to the organization. These insights can be historical, real-time, or predictive and can also be risk-focused (e.g., controls effectiveness, fraud, waste, abuse, policy/regulatory noncompliance) or performance-focused. Types of data analytic projects include but are not limited to the following.

1. Descriptive analytics - Examination of data or content, usually manually performed, to answer the question "What happened?" (or What is happening?), characterized by traditional business intelligence (BI) and visualizations such as pie charts, bar charts, line graphs, tables, or generated narratives.

2. Diagnostic analytics - A form of advanced analytics that examines data or content to answer the question, "Why did it happen?" It is characterized by techniques such as drill-down, data discovery, data mining and correlations.

3. Predictive analytics - Describes any approach to data mining with four attributes:
   i. An emphasis on prediction (rather than description, classification or clustering)
   ii. Rapid analysis measured in hours or days (rather than the stereotypical months of traditional data mining)
   iii. An emphasis on the business relevance of the resulting insights (no ivory tower analyses)
   iv. (increasingly) An emphasis on ease of use, thus making the tools accessible to business users.

4. Prescriptive analytics: -A form of advanced analytics which examines data or content to answer the question "What should be done?" or "What can we do to make _____ happen?", and is characterized by techniques such as graph analysis, simulation, complex event processing, neural networks, recommendation engines, heuristics, and machine learning.

f. *Risk Assessment and Audit Plan Development*

The scope and objective of this assessment is to allocate limited internal audit resources to areas of the organization that are most critical to the success of the organization in reaching its goals. A well-developed risk assessment model will provide an efficient and systematic procedure to: determine the auditable areas of an entity; measure the risk of each unit and identify activities exposed to high risk; rank the units by risk; determine the time necessary to complete audits; distribute available resources in the most efficient manner; and develop an annual and/or long-term audit plans.

g. *Financial Audit*

Independent financial statement audits to attest to the fairness and accuracy of financial statements are not within the scope of this RFP.

A financial audit includes the verification of the financial statements, or a component of the financial statement, of a legal entity with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements.

1. Financial audits exist to add credibility to the implied assertion by an organization's management that its financial statements fairly represent the organization's position and performance to stakeholders. The audit is designed to increase the possibility that a material misstatement is detected by audit procedures. A misstatement is defined as false or missing information, whether caused by fraud (including deliberate misstatement) or error.
2. Other types of financial audits entail various scopes of work, including: (1) obtaining sufficient, appropriate evidence to form an opinion on single financial statements, specified elements, accounts, or items of a financial statement; (2) issuing letters for underwriters and certain other requesting parties; and (3) auditing compliance with applicable compliance requirements relating to one or more government programs.

   This type of audit must be performed in accordance with generally accepted auditing standards and requires verification and substantiation procedures. These procedures may include direct correspondence with creditors or debtors to verify details of amounts owed, physical inspection of inventories or investment securities, inspection of minutes and contracts, and other similar steps. The audit requires gaining an understanding of the entity's system of internal controls.

h. ***Accounting, & Financial Services***

These services include but are not limited to operational accounting, assisting full time agency finance staff with month end financial closings, annual preparation and support of the Annual Comprehensive Financial Report (ACFR), trial balance preparation, Governmental Accounting Standards Board (GASB) implementation efforts, general ledger accounting transactions, cash management and related operational accounting functions.

i. ***Managerial Advisory Services***

These services include, but are not limited to, organizational efficiencies, cost reductions, budget and revenue forecasting, economic forecasting, research, analysis of unmet demand for public services, strategic planning, project implementation, and front line public customer facing improvements to further a public agency's statutory mandates and directives.

5.3 VENDOR RESPONSIBILITIES

Soliciting Agencies shall complete a Statement of Work form (Exhibit 3 attached) and submit the form to at least one (1) qualified vendors in the requested category. The process is as follows:

1. The Soliciting Agency identifies their service needs and prepares a SOW that describes the requirements for audit, accounting, data analytic and managerial advisory services, including location and travel.
2. The Soliciting Agency will work with their agency's procurement office to develop and issue the SOW to the qualified vendors identified in the Statewide Term Contract under the desired category. Requests shall be submitted via email giving the vendors a minimum of ten (10) days to respond. If all requests are received prior to the minimum period, award of SOW may proceed.
3. The vendors, if they choose to respond, will prepare a response to the solicitation document and submit the response to the Soliciting Agency in the format structure required by the agency, as described in the SOW document. A vendor is not required to respond to all SOWs.
4. After evaluating the vendors' responses, the Soliciting Agency then prepares the award recommendation and makes the award. The Soliciting Agency must clearly document its internal business selection process. The documentation must include a written description of the selection process that describes how the vendor was selected, the number of alternative vendors considered, or the specific business reasons or criteria as to why the vendor was selected.
5. The Soliciting Agency will issue the SOW award and notify the awarded vendor. The Soliciting Agency must encumber the funds in accordance with its agency's policies and procedures. The using agency will manage all public record requests involved in the procurement process in accordance with this contract and the agency's retention policy.

5.4 PROJECT STAFFING

In its proposal the Vendor shall provide information as to the qualifications and experience of audit, accounting, data analytics and managerial advisory personnel to be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications should include resumes citing educational background, experience with similar services and related certification, as well as the number of years of experience with each type of service, as identified in the Section 5 Scope of Works, Service Categories. Project Staffing should align with the intended staff categories identified in Section 4.9 of this RFP.

5.5 TECHNICAL APPROACH

Vendor's proposal shall include, in narrative, outline, and/or graph form the Vendor's approach to accomplishing the tasks outlined in the Scope of Work section of this RFP. A description of each task and deliverable and the schedule for accomplishing each shall be included.

Key Personnel qualifications – Education/Background, experience

In its proposal response, Vendor must demonstrate how it performs services in accordance with any or all of the following professional standards.

1. Generally Accepted Government Auditing Standards (GAGAS) issued by the United States General Comptroller
2. International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditor's (IIA)
3. ISO Standards issued by the International Organization for Standardization

4. Control Objectives for Information and Related Technology (COBIT) issued by the Information Systems Audit and Control Association
5. Generally Accepted Accounting Principles issued by the Financial Accounting Standards Boards.

6.0 CONTRACT ADMINISTRATION

All Contract Administration requirements are conditioned on an award resulting from this solicitation. This information is provided for the Vendor's planning purposes.

State Contract Administrator: Melinda Tomlinson (Melinda.tomlinson@doa.nc.gov)

State Contract Manager: Kayla Glenn, (Kayla.glenn@doa.nc.gov)

Note: In the event the State's Contract Administrator or Contract Manager changes, notification will be sent to the Vendor's Contract Manager and the Contract Synopsis on the DOA P&C website will be updated.

6.1 CONTRACT MANAGER AND CUSTOMER SERVICE

The Vendor shall be required to designate and make available to the State a contract manager. The contract manager shall be the State's point of contact for Contract related issues and issues concerning performance, progress review, scheduling, and service.

Contract Manager Point of Contact	
Name:	Christopher Kessler, CPA, Principal
Office Phone #:	239-226-9903
Mobile Phone #:	239-488-0999
Email:	chris.kessler@CLAconnect.com

The Vendor shall be required to designate and make available to the State for customer service. The customer service point of contact shall be the State's point of contact for customer service-related issues.

Customer Service Point of Contact	
Name:	Same as above
Office Phone #:	
Mobile Phone #:	
Email:	

The assigned individual(s) must be responsible to all agency Statements of Work (SOW). Vendors must respond to a Soliciting Agency's SOW within the time frame stated on the individual SOW in order to be considered.

6.2 POST AWARD PROJECT REVIEW MEETINGS

The Vendor, at the request of the State, shall be required to meet periodically annually with the State for Project Review meetings. The purpose of these meetings will be to review project progress reports, discuss Vendor and State performance, address outstanding issues, review problem resolution, provide direction, evaluate continuous improvement and cost saving ideas, and discuss any other pertinent topics.

6.3 CONTINUOUS IMPROVEMENT

The State encourages the Vendor to identify opportunities to reduce the total cost the State. A continuous improvement effort consists of various ways to enhance business efficiencies as performance progresses.

6.4 ANNUAL MANAGEMENT REPORTS

The Vendor shall be required to provide annual Sales Management Reports, in the format of an Excel spreadsheet, to the designated Contract Manager. Additional Ad Hoc reports will be required as requested. The Annual Sales Management Report shall include, at a minimum: ***Sales Report (total cost) by state entity, to include agencies, community colleges, universities, school systems, local government entities. Sales Report (Detail) to include: Category, Item Description, Quantity, Unit of Measure, Contract Price, Ordering Entity, Order Date, and Delivery Date for finalized accepted audit***. Annual Management Reports shall be sent to PCReports@doa.nc.gov with the Contract Manager copied at the following e-mail address kayla.glenn@doa.nc.gov. Vendor shall include all issues identified by Vendor related to Vendor performance or to the State's usage of the Contract. Vendor shall submit the Annual Sales Management Reports by the 15th of the month following the end of the year. The Annual Management Report delivery schedule is included below:

By September 15, 2024: Year 1 Annual Management Report for September 1, 2023 – August 31, 2024

By September 15, 2025: Year 2 Annual Management Report for September 1, 2024 – August 31, 2025

By September 15, 2026: Year 3 Annual Management Report for September 1, 2025 – August 31, 2026

By September 15, 2027: Year 4 Annual Management Report for September 1, 2026 – August 31, 2027

By September 15, 2028: Year 5 Annual Management Report for September 1, 2027 – August 31, 2028

This schedule aligns with the State's fiscal year. If the Contract start date does not align with the start of a quarter, the initial Quarterly Management Report shall be for the period from the Contract start date to the end of the existing calendar quarter. Timely submission of all reports shall be a material term of this Contract and failure to do so shall constitute a default.

Additional related sales information and/or details on user purchases may be required by the State and must be supplied within thirty (30) days of any such request. A template for any such reports may be provided by the State, at its discretion.

Within thirty (30) business days of the award of the Contract the Vendor shall submit a sample report to the designated Contract Manager for approval.

6.5 BUSINESS REVIEW MEETINGS

Business Review meetings shall be scheduled on an annual basis (or as requested) and shall be presented by the Vendor and be inclusive of the following:

1. Spend Overview (State Agency Spend) FY Comparison
2. Challenges
3. Improvement Ideas
4. Tier 2 HUB Efforts and Spend

6. 6 DISPUTE RESOLUTION

During the performance of the Contract, the parties agree that it is in their mutual interest to resolve disputes informally. Any claims by the Vendor shall be submitted in writing to the State's Contract Manager for resolution. Any claims by the State shall be submitted in writing to the Vendor's Project Manager for resolution. The Parties shall agree to negotiate in good faith and use all reasonable efforts to resolve such dispute(s).

During the time the Parties are attempting to resolve any dispute, each shall proceed diligently to perform their respective duties and responsibilities under this Contract. The Parties will agree on a reasonable amount of time to resolve a dispute. If a dispute cannot be resolved between the Parties within the agreed upon period, either Party may elect to exercise any other remedies available under the Contract, or at law. This provision, when agreed in the Contract, shall not constitute an agreement by either party to mediate or arbitrate any dispute.

6.7 ELECTRONIC CATALOG

Ordering Instructions Solution

The State will allow for 'Ordering Instructions'. Vendor will be required to provide the sales representative's contact information at the time of award. If selected for contract award, the State will work with awarded vendors and the E-Procurement team to create catalogs that meet the requirements for ordering instructions depending on the complexity of the awarded contract and the number of items available.

6.8 CONTRACT CHANGES

Contract changes, if any, over the life of the Contract shall be implemented by contract amendments agreed to in writing by the State and Vendor. Amendments to the contract can only be through the contract administrator.

6.9 ATTACHMENTS

All attachments to this RFP are the copies found within the Ariba Sourcing Tool, and are incorporated herein, and shall be submitted by responding in the Sourcing Tool.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT 1: STATE AGENCY AND UNIVERSITY LOCATIONS

- Administrative Office of the Courts, Cary and Clerks of Court in 100 counties
- Commissioner of Banks, Raleigh
- Community College System Office, Raleigh and 58 Community Colleges throughout North Carolina
- Department of Administration, Raleigh and several offices throughout North Carolina
- Department of Adult Corrections, Raleigh
- Department of Commerce, Raleigh and other locations
- Department of Natural and Cultural Resources, Raleigh and seven museums and twenty-seven historical sites throughout North Carolina
- Department of Environmental Quality, Raleigh and seven regional offices across North Carolina
- Department of Health and Human Services, Raleigh and facilities throughout North Carolina
- Department of Information Technology
- Department of Insurance, Raleigh
- Department of Justice, Raleigh
- Department of Labor, Raleigh
- Department of Military and Veteran Affairs
- Department of Public Instruction, Raleigh and public schools across North Carolina
- Department of Public Safety, Raleigh and presence in every county
- Department of Revenue, Raleigh and eleven service centers across North Carolina
- Department of the Secretary of State, Raleigh
- Department of State Treasurer, Raleigh
- Department of Transportation, Raleigh and 14 division offices across North Carolina
- North Carolina Education Lottery, Raleigh
- North Carolina Housing Finance, Raleigh
- North Carolina Industrial Commission, Raleigh
- Office of the Governor, Raleigh
- Office of the State Auditor, Raleigh and four regional offices across North Carolina
- Office of the State Controller, Raleigh
- Office of State Budget and Management, Raleigh
- Office of State Human Resources, Raleigh
- Wildlife Resource Commission, Raleigh, and four educational centers across North Carolina

UNIVERSITY OF NORTH CAROLINA

- University of North Carolina – System Office, Raleigh

Campuses

- Appalachian State University, Boone
- East Carolina University, Greenville
- Elizabeth City State University, Elizabeth City
- Fayetteville State University, Fayetteville
- North Carolina Agricultural and Technical State University, Greensboro
- North Carolina Central University, Durham
- North Carolina State University, Raleigh
- University of North Carolina – Asheville, Asheville
- University of North Carolina – Chapel Hill, Chapel Hill
- University of North Carolina – Charlotte, Charlotte
- University of North Carolina – Greensboro, Greensboro
- University of North Carolina – Pembroke, Pembroke
- University of North Carolina – Wilmington, Wilmington
- University of North Carolina – School of the Arts, Winston-Salem
- Western Carolina University, Cullowhee
- Winston-Salem State University, Winston-Salem
- NC School of Science and Mathematics, Durham
- North Carolina State University and North Carolina Agricultural and Technical State University's Cooperative Extension Centers, in one hundred counties and the Eastern Band of Cherokee Indians

Proposal Number: DPC-646236801-MT *Vendor:* CliftonLarsonAllen LLP

EXHIBIT 2: EXAMPLE OF AUDITOR'S PROFESSIONAL QUALIFICATIONS

Service Category	Example of Base Rate Qualifications	Example of Upper Rate Qualifications
Operational/ Performance Audit	• Four-year degree in accounting, business administration, or finance • Three years operational/ performance audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years operational/performance audit experience • Certified Internal Auditor, Certified Government Auditing Professional or Certified Public Accountant • Expert understanding of IIA and GAO Standards
Investigative Audit	• Four-year degree in accounting, business administration, or finance • Three years investigative audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years investigative audit experience • Certified Fraud Examiner, Certified Public Accountant or Certified Internal Auditor • Expert understanding of IIA and GAO Standards
Compliance Audit	• Four-year degree in accounting, business administration, or finance • Three years compliance audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years compliance audit experience • Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner or Certified Internal Control Auditor • Expert understanding of IIA and GAO Standards
Information Systems Audit	• Four-year degree in accounting, business administration, information technology • Three years information system audit experience • General understanding of COBIT, IIA and GAO Standards	• Four-year degree in accounting, business administration, information technology • An information technology related Master degree • Over ten years information system audit experience • Certified Information Systems Auditor or Certified Information Security Manager • Expert understanding of COBIT, IIA and GAO Standards
Data Analytics Services	• Four-year degree in data analytics, data science, statistics, computer science or related degree. • Two years data analytics experience. • General understanding of statistics and statistical coding language or statistical programs.	• Four-year degree in degree in data analytics, data science statistics, computer science or related degree. • A data analytic, data science or related Master's degree • Over ten years data analytic experience • Expert understanding of statistics and statistical coding language or statistical programs. • Certifications related to data analytic
Construction Audit	• Four-year degree in accounting, business administration, or finance • Three years construction audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years construction audit experience • Certified Public Accountant or Certified Internal Auditor • Expert understanding of IIA and GAO Standards

Risk Assessment and Audit Plan Development	• Four-year degree in accounting, business administration, finance or risk management • Three years risk assessment/audit planning experience • General understanding of IIA Standards	• Four-year degree in accounting, business administration, finance or risk management • An accounting, business or risk management related Master's degree • Over ten years risk assessment experience • Certified Public Accountant or Certified Internal Auditor; Certified Risk Management Assurance Auditor • Expert understanding of IIA Standards
Financial Audit	• Four-year degree in accounting, business administration, or finance • Three years financial audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years financial audit experience. • Certified Public Accountant, or Certified Internal Auditor • Expert understanding of IIA and GAO Standards
Accounting Services	• Four-year degree in accounting, business administration, or finance • Three years operational accounting, fund accounting and related experience • General understanding of GAAP, GASB or other related professional standards	• Four-year degree in accounting, business administration • An accounting, business, law or other related master's degree • Over ten years operational, accounting, or financial services experience • Certified Internal Auditor, Certified Government Auditing Professional or Certified Public Accountant • Expert understanding of GAAP, GASB, IIA and GAO Standards
Managerial Advisory Services	• Four-year degree in accounting, business administration, economics, mathematics, law or other related fields • Three years operations improvement, cost reduction, strategy planning, project implementation, research or forecasting • General understanding of IIA, or other related standards	• Four-year degree in accounting, business administration, economics, or mathematics, law or other related fields • A business, economic accounting, mathematics or other professional master's degree. • Over ten years operations improvement, cost reduction, strategy planning, project implementation, research or forecasting • Certified Internal Auditor, Certified Risk Management assurance auditor, Certified Public Accountant Chartered Financial Analyst, Project Management Professional • Expert understanding of IIA, or other related standards

EXHIBIT 3: EXAMPLE OF STATEMENT OF WORK

NOTE: Items highlighted in yellow are for agency completion, remove highlighting and ( ) on issued documents.

STATE OF NORTH CAROLINA

REQUEST FOR QUOTES

SCOPE STATEMENT NUMBER – STC#8411A

Enter Agency Name, Request #Enter Agency Contract Number

TITLE:	Short Term Internal Audit, accounting, data analytic and managerial advisory Services Contract Number RFP# DPC-646236801-MT
ISSUE DATE:	(Date of Agency Issue)
NAME:	Scope Statement Number STC#8411A Agency Name # enter agency contract number **(Agency Add Audit Assurance, Accounting data analytic and Advisory Services Required)**
DUE DATE:	(Date of Opening)
USING AGENCY:	Agency Name
ISSUING AGENCY:	Agency Name Individual Name Individual Phone # Individual email address Agency Street address City, NC zip code

NOTICE TO OFFERORS

Emailed offers, subject to the conditions made a part hereof, will be received at Individual email address **until 2:00 PM on Enter Date, for** delivering of the audit service as described herein.

Offers are subject to rejection unless submitted on this form.

EXECUTION

In compliance with this Scope Statement, and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are bid, at the prices set opposite each item within the time specified herein. By executing this Scope Statement, the undersigned Vendor certifies that this proposal is submitted competitively and without collusion (G.S. 143-54), that none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and that it is not an ineligible Vendor as set forth in G.S. 143-59.1. False certification is a Class I felony. Furthermore, by executing this proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency. As required by G.S. 143-48.5, the undersigned Vendor certifies that it, and each of its sub-Contractors for any Contract awarded as a result of this Scope Statement, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes. G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public Contract; or awarding or administering public Contracts; or inspecting or supervising delivery of the public Contract of any gift from anyone with a Contract with the State, or from any person seeking to do business with the State. By execution of this response to the Scope Statement, the undersigned certifies, for Vendor's entire organization and its employees or agents, that Vendor is not aware that any such gift has been offered, accepted, or promised by any employees or agents of Vendor's organization.

Proposal Number: DPC-646236801-MT *Vendor:* CliftonLarsonAllen LLP

Failure to execute/sign offer prior to submittal shall render the Scope Statement invalid.

VENDOR:			
STREET ADDRESS:		P.O. BOX:	ZIP:
CITY & STATE & ZIP:		TELEPHONE NUMBER:	TOLL FREE TEL. NO (800)
PRINT NAME & TITLE OF PERSON SIGNING:		FAX NUMBER:	
AUTHORIZED SIGNATURE:	DATE:	E-MAIL:	

Offer valid for ninety (90) days from insert date.

ACCEPTANCE OF SCOPE STATEMENT

If any or all parts of this Scope Statement are accepted by the State of North Carolina, an authorized representative of the Agency name shall affix their signature hereto and this document, special terms and conditions specific to this Scope Statement, the specifications, and in accordance with contract DPC-646236801-MT awarded Month XX, 202X. A copy of this acceptance will be forwarded to the successful Vendor(s).

FOR STATE USE ONLY

Offer accepted and contract awarded this ____ day of _____, 20_____, as indicated on attached certification,

by _____

(Authorized representative of the Office of State Human Resources)

SUBMISSION INSTRUCTIONS:

Emailed offers to **Individual email address** by **2:00 PM on (insert date).**

LATE SUBMISSIONS: Regardless of cause, late submissions will not be accepted and will automatically be disqualified from further consideration. It shall be the Vendor's sole risk to ensure delivery to ***Individual email address*** by the designated time.

BASIS FOR REJECTION: Pursuant to ***01 NCAC 05B .0501***, the State reserves the right to reject any and all offers, in whole or in part; by deeming the offer unsatisfactory as to quality or quantity, delivery, price or service offered; non-compliance with the requirements or intent of this solicitation; lack of competitiveness; error(s) in specifications or indications that revision would be advantageous to the State; cancellation or other changes in the intended project, or other determination that the proposed requirement is no longer needed; limitation or lack of available funds; circumstances that prevent determination of the lowest responsible or most advantageous offer; or any other determination that rejection would be in the best interest of the State.

TRAVEL: Per Statewide Term Contact 8114A, the state will not pay travel costs to and from the designated workplace for Vendor's personnel. In the event that Vendor personnel are required by the state to travel away from the regularly assigned work location to perform related tasks, the state will, upon preapproval, reimburse the Vendor in accordance with the North Carolina state travel guidelines in Chapter 5 of the North Carolina Budget Manual, which can be found at: https://www.osbm.nc.gov/state-budget-manual.

Proposal Number: DPC-646236801-MT *Vendor:* CliftonLarsonAllen LLP

SECTION 1: SCOPE STATEMENT SCHEDULE

Scope Statement Questions

Due Date:	XX/XX/20XX
Time:	2:00 p.m. Eastern Time
Address:	**Individual email address**
Instructions:	Written questions will be received at **Individual email address** until date and time specified above. Please enter "Questions, Scope Statement # Agency contact number" as the subject for the email. Vendor will reference the scope statement section when submitting questions. Only written answers to submitted questions will constitute an official answer. The State will prepare responses to all written questions submitted as an addendum and shall provide via email to all Vendors on the eligibility list. Oral answers are not binding on the State. Vendor contact regarding this Scope Statement with anyone other than Agency contact person name may be grounds for rejection of said Vendor's offer. Agency contact regarding this Scope Statement with any Vendor may be grounds for cancellation of this Scope Statement.

Scope Statement Submittal

Due Date:	XX/XX/20XX
Time:	2:00 p.m. Eastern Time
Email Address:	**Individual email address**
Instructions:	The Vendor, by making an offer, expressly represents that the specifications herein have been read and understood, and that the offer complies with all aspects. Any change that is received after the due date and time, and that is not specifically solicited by the State, shall be rejected. Firm Offer: Prices and any other entry made hereon by the Vendor shall be considered firm and not subject to change.

SECTION 2: PURPOSE AND BACKGROUND

[Give brief description of the purpose/ objective of the contract and requested services and describe how the services fit into the using agency's function or new initiatives that necessitate these services, issues needing to be resolved, other solutions tried in the past, etc. This section should allow potential Vendors to judge whether they are interested in this RFP.

Further describe the services required using narrative or outline as appropriate. Include, as appropriate, high-level information on tasks, schedule, deliverables, milestones, environmental or regulatory constraints, state interfaces, etc.].

SECTION 3: CONTRACT TERM

The contract shall have a term of Enter the months, years, etc., or until completion and acceptance by the State of all scope of work requirement, beginning on the date of contract award (the "Effective Date") [this may be added but in no event not longer than enter the months, years, if applicable. Or you can add renewal option is needed].

SECTION 4: POSSESSION AND REVIEW

During the evaluation period and prior to award, possession of the Scope Statements and accompanying information is limited to personnel of the issuing agency, and to the committee responsible for participating in the evaluation. Vendors who attempt to gain this privileged information, or to influence the evaluation process (i.e., assist in evaluation) will be in violation of purchasing rules and their offer will not be further evaluated or considered.

After award, the complete Scope Statement file will be available to any interested persons with the exception of trade secrets, test information or similar proprietary information as provided by statute and rule. Any proprietary or confidential information, which conforms to NC General Statue, 132-1.2 **must be clearly marked as such in the offer when submitted.**

SECTION 5: METHOD OF AWARD

Contract will be awarded based on best value (**this statement should be deleted when developing your quote: agency may change this if desired, but it is recommended to use best value since this is a quote for services).** Prospective Vendors shall not be discriminated against on the basis of any prohibited grounds as defined by Federal and State law.

Offers will be evaluated, and award made, based on the below factors listed in descending order of importance:

(This statement should be deleted when developing your quote: agency may change the evaluation criteria listed below if desired)

- Methodology for Completion of Work
- Auditor Qualifications and Experience
- Cost

While the intent of this Scope Statement is to award a Contract(s) to a single Vendor, the State reserves the right to make separate awards to different Vendors, to not award one or more-line items or to cancel this Scope Statement in its entirety without awarding a Contract, if it is considered to be most advantageous to the State to do so.

The status of a Vendor's e-Procurement Services account(s) shall be considered a relevant factor in determining whether to approve the award of a contract under this Scope Statement. Any Vendor with an E-Procurement Services account that is in arrears by 91 days or more at the time of proposal opening may, at the State's discretion, be disqualified from further evaluation or consideration.

The State reserves the right to waive any minor informality or technicality in proposals received.

SECTION 6: SCOPE STATEMENT EVALUATION PROCESS

All qualified proposals will be evaluated, and award will be made to the Vendor(s) determined by Agency name sole discretion to be the best value.

At their option, the evaluators may request oral presentations or discussion with any or all Vendors for the purpose of clarification or to amplify the materials presented in any part of the proposal. Vendors are cautioned, however, that the evaluators are not required to request presentations or other clarification—and often do not; therefore, all Scope Statement responses should be complete and reflect the most favorable terms available from the Vendor.

Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the State.

The State reserves the right to reject all original offers and request one or more of the Vendors submitting proposals to submit a best and final offer (BAFO), based on discussions and negotiations with the State, if the State determines in its sole discretion this is in their best interest.

SECTION 7: TECHNICAL SPECIFICATIONS

a. Outsourcing an entire audit project: Yes __ No ____

b. Service Category: Enter appropriate category as identify in STC #8411A

c. Location of Work: Enter address or define if some of the work can be performed remotely.

d. Invoicing:
Invoices will be submitted no more then monthly and must included the individual's name, job title, hourly rate, number of hours worked and total amount per person. The Vendor may submit an invoice the combines all hours by title (see section 11) but **must** provide other documents that support the combine hours, and this document

must have the individual's name, associated hours and title as identify in Section 11. Agency name will withhold 10% of the contract to be paid upon final completions and acceptance of Vendors work.

e. Scope of Work:
Define the work to be performed and any deliverables required, be specific and provide enough information to allow the Vendors to fully understand the services you are needing.

SECTION 8: VENDOR CONTRACT ADMINISTRATORS

The Contract Administrators are the persons to whom all required notices shall be given and to whom all matters relating to the administration or interpretation of this Scope Statement shall be addressed. The Vendor shall designate a Primary Contract Administrator, who shall be the Vendor's primary contact with the Agency for all issues regarding this Contract and an Alternate Contract Administrator.

a. Vendor Primary Contract:
   i. Name and Title:
   ii. Telephone Number, office:
   iii. Address:
   iv. Email Address:
b. Vendor Secondary Contract Alternate Contact:
   i. Name and Title:
   ii. Telephone Number, office:
   iii. Address:
   iv. Email Address:
   v.

SECTION 9: METHODOLOGY FOR COMPLETION OF WORK

The Vendor should describe the approach and how the Vendor will accomplish the scope of work detailed above in Section 7.e. The vendor can use graphs or narratives to describe their approach and should include proposed timeline, milestones, or delivery dates for completion of services.

SECTION 10: AUDITOR, ACCOUNTING, DATA ANALYTIC AND MANAGERIAL ADVISORY QUALIFICATIONS AND EXPERIENCE

Vendor shall provide the names and qualifications of all personnel being submitted to meet the requirements of this Scope Statement, including their roles during the audit engagement. Resumes may be provided to meet this requirement. Any staff changes must be approved by the soliciting agency.

Demonstrate your experience with at least three (3) public and/or private sector clients, providing similar service as requested in this solicitation. The narrative must thoroughly describe the expertise and audit, accounting and managerial advisory services provided and the outcome identify to resolve the client need.

Provide the name, address, phone number and email address of three (3) prior clients that may be contacted.

SECTION 11: COST (AND PROJECT HOURS)

Vendor must complete the information below. Failure to provide will result in rejection of Scope Statement.

Vendor shall offer a firm fixed price, all inclusive of labor, materials, general and administrative overhead, and profit. The total amount to be paid by Agency name under this Contract shall not exceed the amount as stated in the table below. The State does not guarantee a minimum or maximum number of hours.

Proposal Number: DPC-646236801-MT *Vendor:* CliftonLarsonAllen LLP

(enter type of service)				
Position	**Hourly Rate**	**Number of Staff** (full time equivalent)	**Number of Hours**	**Total ($) Amount** (Rate x Staff x Hours)
Staff	$			
Supervisor	$			
Executive	$			
			TOTAL Estimated Not-to-Exceed	**$**

For multiple type of services, copy the table above for each type of service category with the scope of work.

Signed Addenda

SOLICITATION ADDENDUM

Issuing Agency:	Division of Purchase and Contract
Solicitation Number:	DPC-646236801-MT
Solicitation Description:	Supplemental Internal Audit Services
Solicitation Opening Date and Time:	August 29, 2023 @2:00 PM
Addendum Number:	01
Addendum Date:	August 1, 2023
Purchasing Agent:	Melinda Tomlinson

The RFP schedule is hereby modified as follows:

2.4 RFP SCHEDULE (REVISED)

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time
Issue RFP	State	July 14, 2023
Urged & Cautioned Pre-Proposal Conference	State	July 27, 2023 @ 2:00 PM EST
Submit Written Questions	Vendor	August 9, 2023 @ 5:00 PM EST
Provide Response to Questions	State	August 16, 2023
Submit Proposals	Vendor	August 29, 2023 @ 2:00 PM EST **Microsoft Teams meeting** **Join on your computer, mobile app or room device** Click here to join the meeting Meeting ID: 258 653 933 303 Passcode: 5booFX **Join with a video conferencing device** ncgov@m.webex.com Video Conference ID: 117 730 666 7 Alternate VTC instructions **Or call in (audio only)** +1 984-204-1487,,184281593# United States, Raleigh Phone Conference ID: 184 281 593#
Contract Award	State	TBD
Contract Effective Date	State	TBD

For assistance with the Ariba Sourcing or NC eVP, please contact the NC E-Procurement Helpdesk:

Call: 888-211-7440 (select option 2)

Email: vendor@nc.gov

Received by:

August 1, 2023

North Carolina Solicitation Addendum
Version Date: 11/2021
Page | 1

SOLCITATION ADDENDUM

Issuing Agency:	Division of Purchase and Contract
Solicitation Number:	DPC-646236801-MT
Solicitation Description:	Supplemental Internal Audit Services
Solicitation Opening Date and Time:	August 29, 2023 @ 2:00 PM ET
Addendum Number:	02
Addendum Date:	August 17, 2023
Purchasing Agent:	Melinda Tomlinson

Due to the volume and complexity of questions received, the State requires additional time to provide responses. Any updates or modifications will be posted as an addendum in the Sourcing Event.

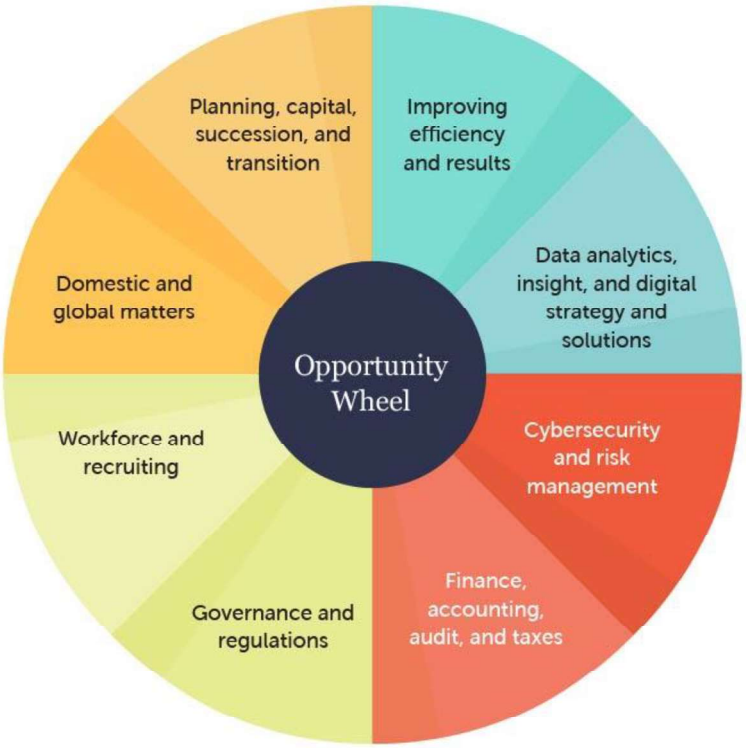
Received by:

August 17, 2023

Background and Experience

Support at every turn

This RFQ is asking for experience examples for a variety of services that will serve the needs of the State of North Carolina and the State's soliciting entities and agencies, and CLA is well positioned to serve the State in all of these services. With dedicated services specific to state and local governments, you have access to guidance on all aspects of your operations and projects of all scopes and sizes. Below is a summary of the services we provide to state and local governments and institutions of higher education.



- Affordable Care Act (ACA) reporting and compliance
- Audit, review, and compilation of financial statements
- Compliance audits (HUD, OMB Single Audits)
- COVID-19 funding support
- Cybersecurity
- Enterprise risk management
- Forensic accounting, auditing, and fraud investigation
- Fraud risk management
- Grant compliance
- Implementation assistance for complex Governmental Accounting Standards Board (GASB) statements
- Internal audit
- Outsourced business operations
- Performance auditing
- Purchase card (p-card) monitoring and analytics
- Risk assessments
- Strategic, financial, and operational consulting
- Telecom management services

Independence can easily become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed. If additional work is requested by the State outside of the scope of the audit, we will discuss with you our proposed fee for additional services prior to beginning the new services.

Breadth of services

CLA collectively offers a wide breadth of highly customized services and capabilities to meet our clients' wants and needs, including a sampling of the following:

- Financial statement and forensic audits
- Implementation assistance for complex accounting standards
- Data Analytics
- Operational and financial systems consulting
- Self-insured medical and PBM claim audits
- Fraud risk assessment and investigations
- Outsourced accounting and public administration
- Organizational and financial health assessment
- Telecom cost savings assessments
- Consulting
- Internal audit, risk assessments, and evaluations
- ACA Reporting
- Operations and performance improvement
- IT security and network vulnerability assessments
- Strategic, financial, and operational consulting
- Strategic, business, and capital planning
- Training and educational seminars

We pride ourselves on taking the initiative to meet each and every need of our clients, and therefore are always prepared to take on additional projects. However, independence is our first concern when providing additional services. Independence can easily become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed.

If additional work is requested by the State outside of the scope of the audit, we will discuss with you our proposed fee for additional services prior to beginning the new services.

4.4 Vendor experience

History of CLA

On January 1, 2012, two regional firms, Clifton Gunderson and LarsonAllen, merged to become CLA. They were driven by a shared vision to be a different kind of firm and a dream to be America's leading providers of professional services.

We're celebrating 11 years as CLA, but the roots of our culture reach back much further. Across decades, the philosophies that drove our legacy firms — from how they served clients and treated their people to how they did business — shared many attributes. We still find them present today in what we call the CLA Promise.



Firm overview

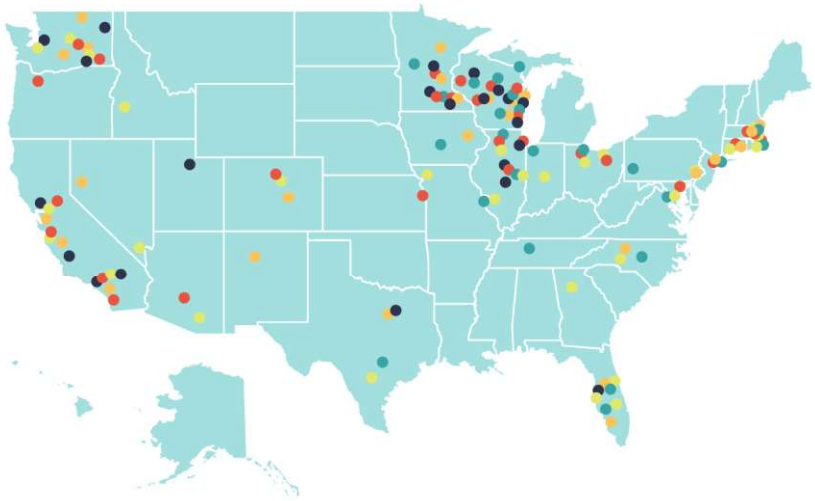
CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 8,500 people in nearly 130 U.S. locations and a global vision, we promise to know you and help you.

8,500+
PEOPLE

130
NEARLY 130 U.S. LOCATIONS

AN INDEPENDENT
NETWORK MEMBER OF
CLA Global



It takes balance

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.

For two consecutive years, CLA has been certified as a Great Place to Work®, based on employee feedback and workplace experience.

Great Place To Work. Certified JAN 2023-JAN 2024 USA

Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides the State the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,200 governmental clients nationwide. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the governmental services team members are well versed in the issues critical to complex governmental entities.

Our professionals have deep, technical experience in serving governmental entities. As a professional service firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials are faced with daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.



We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the State will benefit from working with members of our state and local government services team who understand the issues and environment critical to governmental entities.

State government experience

State and state agency governments are complex entities that require a high degree of skill and experience to complete effective and efficient audits and provide consulting assistance. CLA's vast experience in serving states and state agencies will benefit the State given our deep industry specialization with other states.

The tables below provide a sample of related and relevant projects CLA has successfully completed for various states and state agencies. Additionally, we currently are a pre-qualified vendor for the State of Florida's pooled contract performing similar services as requested on this RFQ. A full list of additional state agencies or reference information is available upon request.

State-wide Audits	
• Commonwealth of Pennsylvania • Commonwealth of Massachusetts • State of Delaware • State of Kansas • State of Maryland	• State of New Jersey (single audit only) • State of New Mexico • State of South Carolina • State of Texas (single audit only) • State of Vermont

State Agency Audits		
• Arizona Commerce Authority • Arizona Department of Corrections • Arizona Power Authority • Arizona, Supreme Court, Clerk of the Courts • California Department of Water Resources • California State Teachers' Retirement System • Champaign-Urbana Mass Transit District • Chesapeake Regional Information • Colorado Water Conservation Board • Colorado Department of Human Services • Department of Natural Resources • Colorado Department of Public Health and Environment • Colorado Department of Local Affairs • Colorado Division of Lottery - Office of State Auditor • College Assist • Connecticut Green Bank	• Maryland Workers' Compensation • Massachusetts Bay Transportation Authority • Massachusetts Convention Center Authority • Massachusetts Department of Revenue • Massachusetts Department of Transportation • Massachusetts Housing Finance Agency • Massachusetts Water Resources Authority • Minnesota Housing Finance Agency • Minnesota State Board of Investment • Minnesota State Retirement System • Mississippi Department of Education • Mississippi Department of Human Services • Mississippi Development Authority • Mississippi Marine Resources • Mississippi Public Safety • Missouri Veterans Commission	• New Mexico State Treasurer's Office • New Mexico Taxation and Revenue Department • New York State Education Department • North Dakota Department of Human Services • Office of Attorney General, Commonwealth of Pennsylvania • Office of Hawaiian Affairs • Ohio Fire Protection District • Oklahoma Health Care Authority • Pennsylvania Department of Corrections - SCI • Pennsylvania Department of Human Services • Pennsylvania Department of Transportation • Rhode Island Convention Center Authority • Rhode Island Convention Center Authority • Rhode Island Housing Mortgage and Finance Corporation

State Agency Audits

- Connecticut State Lottery
- Department of Housing and Community Development
- Dept. of Health & Mental Hygiene/Administration
- Division of Gaming
- Economic Development Partnership of North Carolina
- Employees Retirement System of Texas (ERS)
- Florida Department of Financial Services
- Georgia Lottery Corporation
- Idaho Department of Finance
- Idaho Soil Conservation Commission
- Illinois Department of Agriculture
- Illinois Department of Labor
- Illinois Department of Revenue
- Illinois Department of Transportation
- Illinois Municipal League Risk Management Association
- Illinois Office of the Comptroller
- Illinois Public Risk Fund
- Illinois State Board of Education
- Illinois State Toll Highway Authority
- Illinois Transportation Authority
- Indiana Legislative Services Agency
- Indiana State Board of Education
- Iowa Finance Authority
- Kansas Public Employees Retirement System
- Maryland Dept. of Housing & Community Development
- Maryland Health Care Commission
- Maryland Health Insurance Plan
- New Jersey Department of Transportation
- New Jersey Department of Treasury
- New Jersey Division of Pensions & Benefits
- New Jersey Higher Education Student Assistance Authority
- New Jersey Transit Authority
- New Jersey Water Supply Authority
- New Mexico Children, Youth and Families Department
- New Mexico Department of Game and Fish
- New Mexico Department of Health
- New Mexico Department of Homeland Security and Emergency
- New Mexico Department of Information Technology
- New Mexico Department of Tourism
- New Mexico Department of Transportation
- New Mexico Department of Workforce Solutions
- New Mexico Environment Department
- New Mexico Finance Authority
- New Mexico Gaming Control Board
- New Mexico Human Services Department
- New Mexico Lottery Authority
- New Mexico Office of Superintendent of Insurance
- New Mexico Office of the Attorney General
- New Mexico Public Education Department
- New Mexico Regulation and Licensing Department
- New Mexico Spaceport Authority
- Rhode Island Infrastructure Bank
- School Employees Retirement System of Ohio
- State of Delaware Department of Safety and Homeland Security
- State of Missouri Lottery
- State of New Jersey Department of Transportation
- State of New Mexico - Department of Finance and Admin.
- State of New Mexico General Fund
- State of Washington Department of Labor & Industries
- State of Wisconsin Investment Board (SWIB)
- State Teachers Retirement System of Ohio
- Texas Commission on Environmental Quality
- Texas Department of Transportation
- Texas Higher Education Coordinating Board
- Texas Workforce Commission
- The Arizona School Alliance
- The State Bar of California
- The State Lottery Commission of Indiana
- Virginia Department of Health, OEMS
- Virginia Department of Transportation
- Virginia Port Authority
- Washington Metropolitan Area Transit Authority
- Wisconsin Housing and Economic Development Authority

State Agency Audits		
• Maryland Transportation Authority		

Higher education experience

Higher education institutions are a dynamic, specific area of accounting and require constant attention and monitoring. Our knowledge of your industry is crucial to offering actionable strategies. As a firm with more than 60 years of experience, we possess an exhaustive understanding of your challenges and can respond promptly and effectively to help meet them.



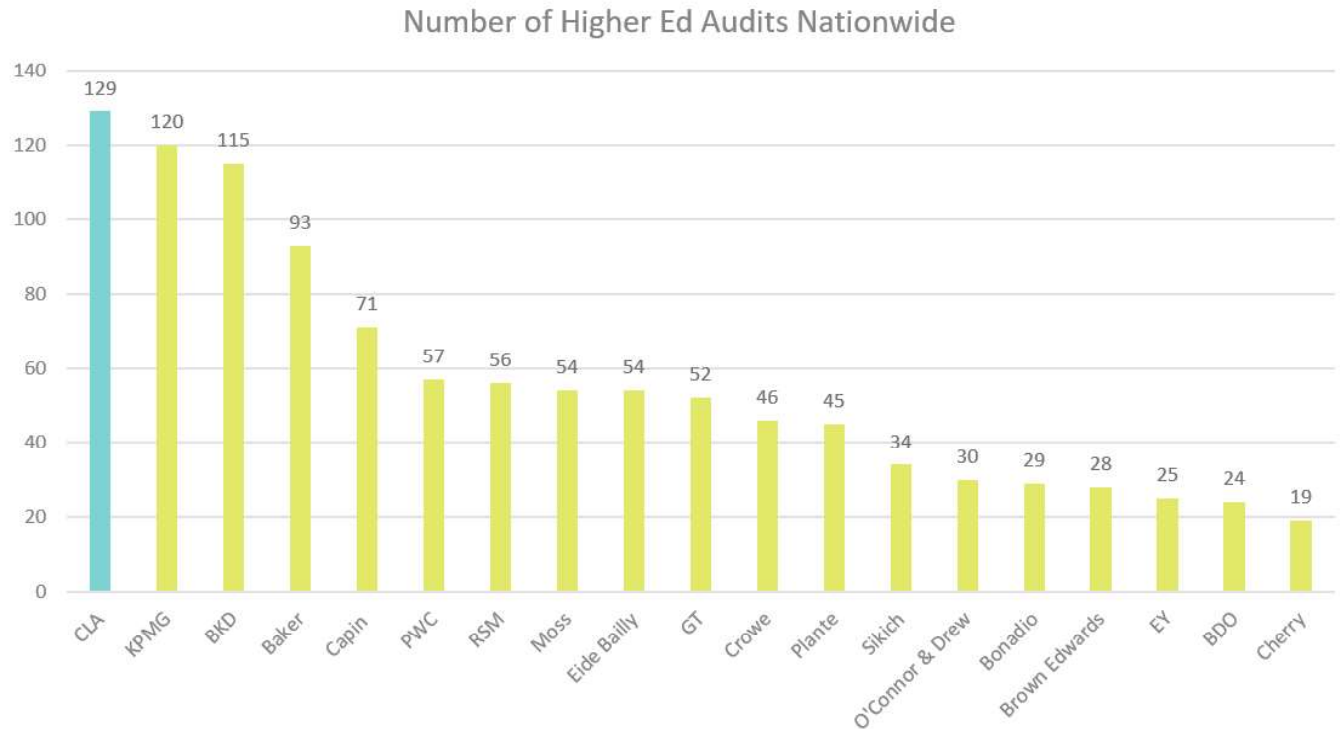
CLA provides audit, tax, and consulting services to higher education clients of all sizes across the United States. Our industry and local professionals can adequately address your financial responsibilities so you can better focus the State's efforts on your mission. Some common issues and attributes of our clients include:

- Proper accounting and cutoff for grants promised and made
- Changing regulations
- Demand for transparency, accountability, and verifiable impact
- Need for transparency at all levels
- Volatile investment markets and recessionary pressures
- Valuation of alternative investments

As a national leader in serving higher education, we have team members who are extremely knowledgeable about your industry and its challenges. From speaking at national, regional, and local conferences to assisting in developing new standards, we are actively involved in many audit and accounting changes and can proactively advise our clients on new opportunities.

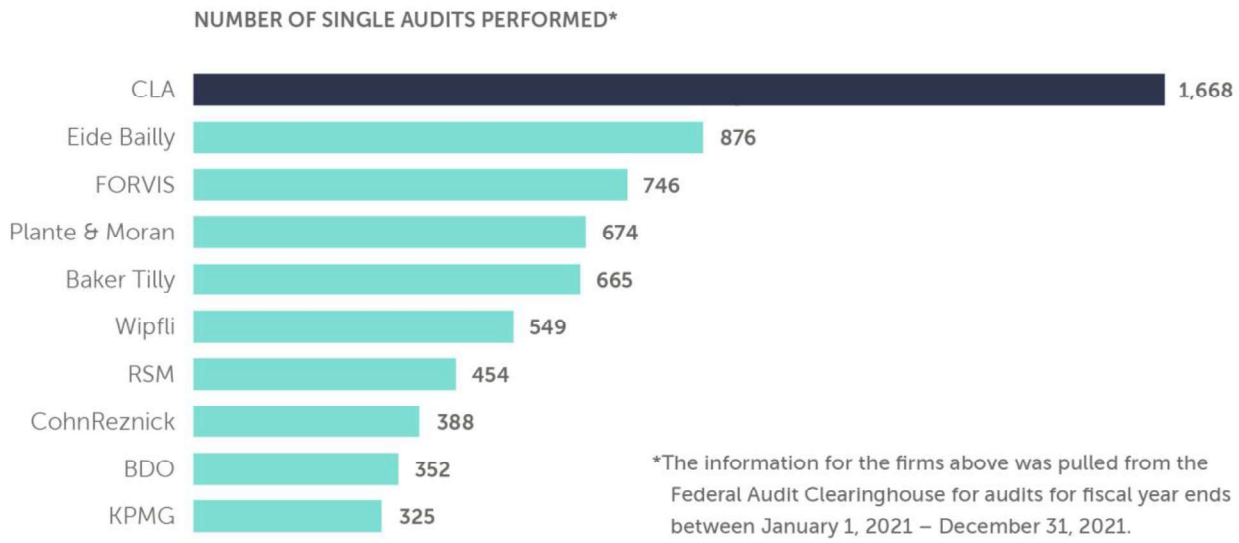
CLA is known for contributing to the standard and regulation setting process, including being a part of writing or influencing the nonprofit audit guide, new standards on auditing alternative investments, new audit guides from the Department of Education, regulations on employee benefit plan audits, and changes in the Form 990. The advantage to you is the understanding of emerging issues or changes before the public knows.

The following information was obtained from the Federal Audit Clearinghouse website, which accumulates data for organizations receiving federal grant funding. As shown below, CLA performed more audits of colleges and universities than any other firm. Please note the data shows the number of audits performed by each firm — not the total number of clients served.



Single audit experience

The chart below illustrates CLA's experience in serving organizations that receive federal funds and demonstrates our firm's dedication to serving the government and nonprofit industry. ***CLA performs the largest number of single audits in the United States. We audited nearly $278 billion dollars in federal funds in 2021.***



It is more important than ever to find qualified auditors who have significant experience with federal grants specific to the State and can enhance the quality of the State's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's Uniform Guidance and who can offer both knowledge and quality for the State. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

Single Audit Resource Center (SARC) award

CLA received the Single Audit Resource Center (SARC) Award for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey.

SARC Single Audit Resource Center

The survey queried more than 10,000 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2021 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

You'll need an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved and will benefit from CLA's experience in this area.

Internal audit experience

CLA provides internal auditing services under its business risk services line, as illustrated in the tables below.

Our teams will plan and complete the State's internal audit assignments that focus on:

- Identifying and evaluating risks
- Presenting a clear view of variables to which the State may be exposed
- Appreciation and understanding the State's specific challenges and operating environment
- Designing recommendations for a stronger control environment to help administer and monitor business processes effectively and efficiently

Internal Audit Related Services provided to Governmental Clients	
Internal audit (outsourced/co-sourced/program)	Performance audits
Regulatory compliance reviews	Quality assurance review
Contract and vendor compliance reviews	Enterprise risk management
Data mining and continuous monitoring	COSO-based enterprise risk management design and implementation
Fraud risk management and investigations	Program and UG audits
Financial department assessments	Operational assessments
Human resource department review (I-9 and other)	Data analytics training
Institute of Internal Auditors (IIA) Standards and Quality Assurance Review (QAR)	Internal audit function transformation
Sales tax consulting	Forensic accounting support
Health care provider assessments	Process improvement
Tax recovery services	Investment compliance review and fiduciary review
Telecom expense review	Employee benefit plan review

Technology Related Services provided to Governmental Clients	
Disaster recovery and business continuity planning	PCI compliance review
HIPAA risk assessment	IT general controls review
Internal network vulnerability assessment	Network and application penetration testing
Payment fraud assessments	Risk management capability assessment
Security awareness training	GDPR data impact assessment
Information technology application/system reviews	Wireless vulnerability assessment

Specific Tests Performed for Governmental Clients	
Concession audits	Oracle security user application testing
Oracle timecard auto approval review	HUD affordable housing needs study/assessment
Public safety overtime review and documentation	P-Card test of user access and transactions
Procurement and sole source testing	ERM efficiency review
Landfill internal control review	Cash drawer counts (organization wide)
Water utility implementation review	Internal control review
Inventory and evidence review (police and court)	Confidential informant funds review
Impact fee testing	Tax abatement compliance review
Self-insurance claims review (CLA health care team)	Feasibility stuff for trash collection services
Loan application review (state funding)	Governmental post-merger review
Data analytics training	Beneficiary payment review (federal program)
Parks and recreation cash collection review	Financial department assessment
Salary comparability study	Employee candidate interview and assessment
Construction audit review	Contract compliance review

Forensic experience



It is expected that most organizations will experience some form of waste, fraud and abuse, and studies performed by the Association of Certified Fraud Examiners (ACFE) have shown that occupational fraud, fraud orchestrated by an employee, costs an organization an average of five percent of annual revenues. CLA's forensic services practice focuses on helping resolve fraud matters and mitigating fraud risks, as well as assisting the State in matters involving compliance and internal controls. The forensic services we provide generally involve the application of specialized knowledge and investigative skills possessed by our CPAs and professionals. We collect, analyze, and interpret data and then, as needed, communicate our findings in the boardroom, courtroom, or other venues. Whether the State needs are reactive or proactive in nature, our team of highly credentialed professionals report the results of our work objectively.

Our team possesses extensive experience in forensic accounting, litigation services, regulatory compliance, and the use of forensic technology.

Throughout the application of our forensic audit services, we use the most cutting-edge data analysis technology and incorporate the knowledge and experience of trained investigators to identify fraud red flags and anomalies across all types of financial and non-financial information. Through our use of forensic data analysis, we can identify transactions related to potential inappropriate expenditures and activity. Once the relevant information and data is gathered and analyzed, the results aim to support the underlying efforts of the forensic audit. Our forensic professionals will assist you in obtaining your objectives in the most efficient and effective approach possible.

CLA Cybersecurity services group

CLA's Cybersecurity Services Group is the information security assessment and consulting arm of CLA, and is led by a team of seven principals, 18 directors and managers, and resources of over 80 professionals. We are a full-service consulting group with a depth of talent with specific experience with a number of enterprise data processing systems, operating systems and network protocols.

CLA has been performing a wide range of cybersecurity assessment services for over 25 years, including those requested by the State for this proposal. In this time we have performed more than 4,500 penetration tests, and thousands of IT audits and vulnerability assessments. Our core leadership team has been in place at CLA since the inception of the security services group as a standalone service line in 1999. Senior personnel have upwards of 25 years of experience in the information security and assessment field. We specialize in professional penetration testing, vulnerability assessment, IT and enterprise risk assessment, independent network security consulting, physical access controls and social engineering assessments, security incident response and computer forensics, and IT/security compliance against all major governance and compliance frameworks. We have client references for whom we have provided these services continuously for 10 or more years.

We have been providing PCI gap assessments and the underlying testing requirements (External and Internal Penetration Testing, Vulnerability Scanning and Assessment, Wireless Testing, and Social Engineering Assessments) for clients since the inception of the PCI DSS. Clients include financial institutions; non-profits and foundations; government agencies, counties, and municipalities; restaurant and retail; transportation; manufacturing; and higher education. CLA has been a certified QSA firm since 2011. CLA has developed a standard process/methodology that is mapped directly to the requirements set forth by the PCI Security Council.

We have been providing HIPAA Security readiness and compliance assessments and the underlying testing requirements (External and Internal Penetration Testing, Vulnerability Scanning and Assessment, Wireless Testing, and Social Engineering Assessments) for clients since the Security Rule was announced in 2005. Clients include nearly all the sub-industries within health care, as well as public agencies, and private companies required to be in compliance. CLA has developed a standard process/methodology that is mapped directly to the requirements set forth by the HIPAA Security Rule and the underlying NIST standards framework.

On an annual basis, CLA's cybersecurity professionals present at seminars and teach hands on classes focused on IT audit techniques, vulnerability assessment, and penetration testing. These seminars are offered through CLA directly several times per year, as well as our teaming with national, regional, state and local associations such as ISACA, the Minnesota Government IT Symposium, the Florida Government Finance Officers Association, the Independent Community Bankers of America, and many others. Our professionals are active in a variety of associations, and we actively sponsor Cyber Collegiate Defense competitions and Cyber Security training institutes in conjunction with the Minnesota Cyber Security Careers Consortium (mnc3.advanceitmn.org). They are actively sought out as instructors for the services we provide, including penetration testing, IT auditing, SSAE16 assessments and PCI-DSS.

Our professionals are people with character who invest their emotional capital in a vision they understand and adopt as their own to provide CLA's competitive advantage—emotional ownership. They want to succeed personally, they want our Firm to succeed, and above all, they want those they are serving to succeed.

Technical qualifications

Following is a listing of the information management systems and security tools that CLA has experience with as a result of previous projects.

Security Tools - Our security assessment services rely on a combination of tools that are developed internally by CLA security professionals, as well as open-source and commercially available software. While the core tools used by our practice remain the same, our professionals are constantly on the lookout for new tools and utilities to continually enhance their capabilities.

Internally developed tools to perform the following:

- Audit scripts for various database applications
- Automated drive mapping utility
- Keystroke loggers for remote monitoring
- Password changing utility
- Remote access command prompt management tool
- Remote host configuration auditing tool
- Various wireless attack programs and scripts

Free / Open-source tools

- Aircrack Suite
- AirSnort
- Autopsy Forensic Browser
- CAIN
- CIS software & benchmarks:
- RAT
- OS benchmarks
- Dictgen
- Nikto
- SET
- Dsniff
- Wireshark
- VirtualBox
- SQLmap
- Medusa
- THCSSLCheck
- rcracki
- DNSenum
- DirBuster
- DNSRecon
- IKEScan
- RAWR
- Sysinternals Suite
- LdapAdmin

- DumpACL
- Hydra
- John the Ripper
- Kismet
- Metasploit Framework
- Zed Attack Proxy
- Visual Studio
- MBSA
- BeEF
- W3af
- NBTEnum
- Netcat
- Netstumbler
- Nmap
- pwdump2
- Sleuthkit
- VNC
- SQLPing3
- Mana Toolkit
- libesedb
- Maltego
- Recon-ng
- Impacket
- Responder
- Mimikatz
- OllyDbg
- PowerSploit
- PowerShell Empire
- Veil Framework
- Windows Credential Editor

Commercial tools:

- EnCase Forensic Edition
- LC5
- Microsoft OS & apps
- Resource kits
- Enterprise Manager
- Query Analyzer
- Nessus
- pcAnywhere
- Sandstorm PhoneSweep
- Silent Watch
- SolarWinds
- SpyTech
- VMware Fusion
- Burp Suite
- IDA Pro
- Hyena
- SAINT
- Qualys Guard

Construction audit qualifications and experience

CLA's professionals possess the knowledge, experience, and bandwidth to successfully assess, plan, and analyze any requirement we are faced with, thus resulting in our current client base of government, higher education, and construction clients. The team of professionals we have assembled to assist the State's engagement come with experience in all areas deemed necessary. ***We have the depth and experience to fulfill the requirements of the engagement.***



We have performed construction audits or have long standing on call agreements with other universities, colleges, government, and private organizations including:

- Connecticut Department of Transportation
- Princeton University
- Yale University
- Williams College
- Dartmouth College
- Massachusetts Bay Transit Authority
- Colby College
- University of Massachusetts Building Authority
- Massachusetts Institute of Technology
- State Street Bank
- Massachusetts Port Authority

4.5 References

We have uploaded our completed ***References List*** separately in the Ariba sourcing tool.

Financial Statements

4.8 Financial statement disclosure

CliftonLarsonAllen LLP
220 South Sixth Street, Suite 300
Minneapolis, MN 55402-1436

phone 612-376-4500 **fax** 612-376-4850
CLAconnect.com

January 1, 2023

To Whom It May Concern:

CliftonLarsonAllen LLP (CLA) is a professional services firm delivering integrated wealth advisory, outsourcing and public accounting capabilities to enhance our clients' enterprise value and assist them in growing and managing their related personal assets. CLA is among the nation's top 10 accounting, consulting and advisory firms and has been providing quality, service and experience to clients for more than 65 years. CLA has annual revenues of roughly $2 billion and employs over 8,300 professionals at more than 120 locations throughout the United States.

As a privately held company we are not rated, nor do we provide financial information outside of the company. CLA is in good standing and maintains a D&B rating of 1R2.

Sincerely,

CliftonLarsonAllen LLP

Heidi E. Hillman
Chief Finance & Operations Officer
612.376.4620
Heidi.hillman@claconnect.com

Enclosure

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

Personnel

4.11 Engagement team experience

An experienced engagement team has been aligned to provide you with the most value. The team members have performed numerous engagements of this nature and can commit the resources necessary to provide top quality service throughout the engagement. All personnel will provide services to the State in a professional manner.



The most important resource any business has is people — *the right people.*

Following is a sampling of the various leadership and supervisory personnel with experience in the required categories:

Engagement Team Member	Role	Years of Experience
a. Assurance Services, Compliance Audits, Accounting Services, Managerial Advisory Services		
Christopher (Chris) Kessler, CPA	Principal	15+
William A. Early, Jr., CPA	Principal	25+
Sean Walker, CPA, CFE, CGFM, CGMS	Principal	24+
Christian (Chris) J. Rogers, CPA	Principal	28+
Christina (Chrissy) Bowman, CPA	Principal	20+
b. Investigative and Forensic Audit		
Jenny Dominguez, CPA/CFF, CFE	Principal	21+
c. Information System Audits		
James P. Kreiser, CISA, CRMA, CFSA	Principal	22+
Jeffrey Ziplow, MBA, CISA, CGEIT	Principal	35+
d. Data Analytics/Continuous Monitoring		
Mathew W. Anderson, CPA/CFF, CFE	Principal	24+

Detailed resumes are available in the ***Appendix*** of this proposal.

Additional staff – We have listed a sampling of key personnel that will be available to serve the State and its agencies to show our experience and key leadership of the various service needs, but as a firm of over 8,300 employees, we will tailor the engagement team for the specific project and state agency. Also, we will assign additional staff to your engagement based on your needs and their experience providing services to similar clients.

Continuity of service



We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. If and when it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have a number of qualified staff members to provide the State with quality service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.

CLA will not substitute key personnel assigned to the performance of the Contract without prior written approval by the Contract Lead. CLA further agrees that we will notify the Contract Lead of any desired substitution, including the name(s) and references of our recommended substitute personnel. The State will approve or disapprove the requested substitution in a timely manner. CLA understands the State may, in its sole discretion, terminate the Services of any person providing Services under this Contract. Upon such termination, the State may request acceptable substitute personnel or terminate the contract Services provided by such personnel.

Cost Proposal

4.9 Professional fees

We have uploaded our completed ***Attachment A: Pricing Form*** separately in the Ariba sourcing tool.

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added strategies. As part of our fee, we propose to hold routine, proactive quarterly meetings to review and discuss the impact of new accounting issues and other business issues you are facing. We'll help you decide how to handle challenges as they come up — and take advantage of every potential opportunity.

Our clients don't like fee surprises. Neither do we. We commit to:

- Being available for brief routine questions at no additional charge.
- Investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services.
- Transparency and fairness in our fee structure and discussions.
- Mutual, up-front agreement on any additional charges not discussed in this proposal.

Fee considerations

Our fees will be influenced by the following circumstances:

- The State personnel will help periodically throughout the year and during the assurance fieldwork regarding account analysis and provision of year-end account reconciliation workpapers and schedules.
- The assurance reports will be delivered in accordance with the State's deadlines.
- Satisfactory completion of our firm's normal client acceptance procedures.
- Professional standards and regulations currently in effect. We reserve the right to modify your proposed fee if professional standards or regulations change for any engagement period.
- No significant changes in the operations of the State after the date of this proposal.

Fee increase

Our fees are based on professional standards and regulations currently in effect and, barring any changes in the nature or requirements of the engagement, our annual fees will increase in accordance with our payroll and overhead costs. In addition, costs could increase due to substantial changes in your office locations, asset size, or operational structure.

Billing for phone calls and questions

It is not our policy or practice to bill our clients every time we receive a phone call or email. While providing our services, we will regularly consult regarding accounting, financial reporting, and significant business issues. If a specific project is complex or requires significant time or resources, we will discuss the scope of the project and its fee with you first.



NC License to Practice

4.6 License to practice

CLA is a limited liability partnership and is duly licensed to practice public accountancy in the state of North Carolina.

Firm Search

Firm Search Details:

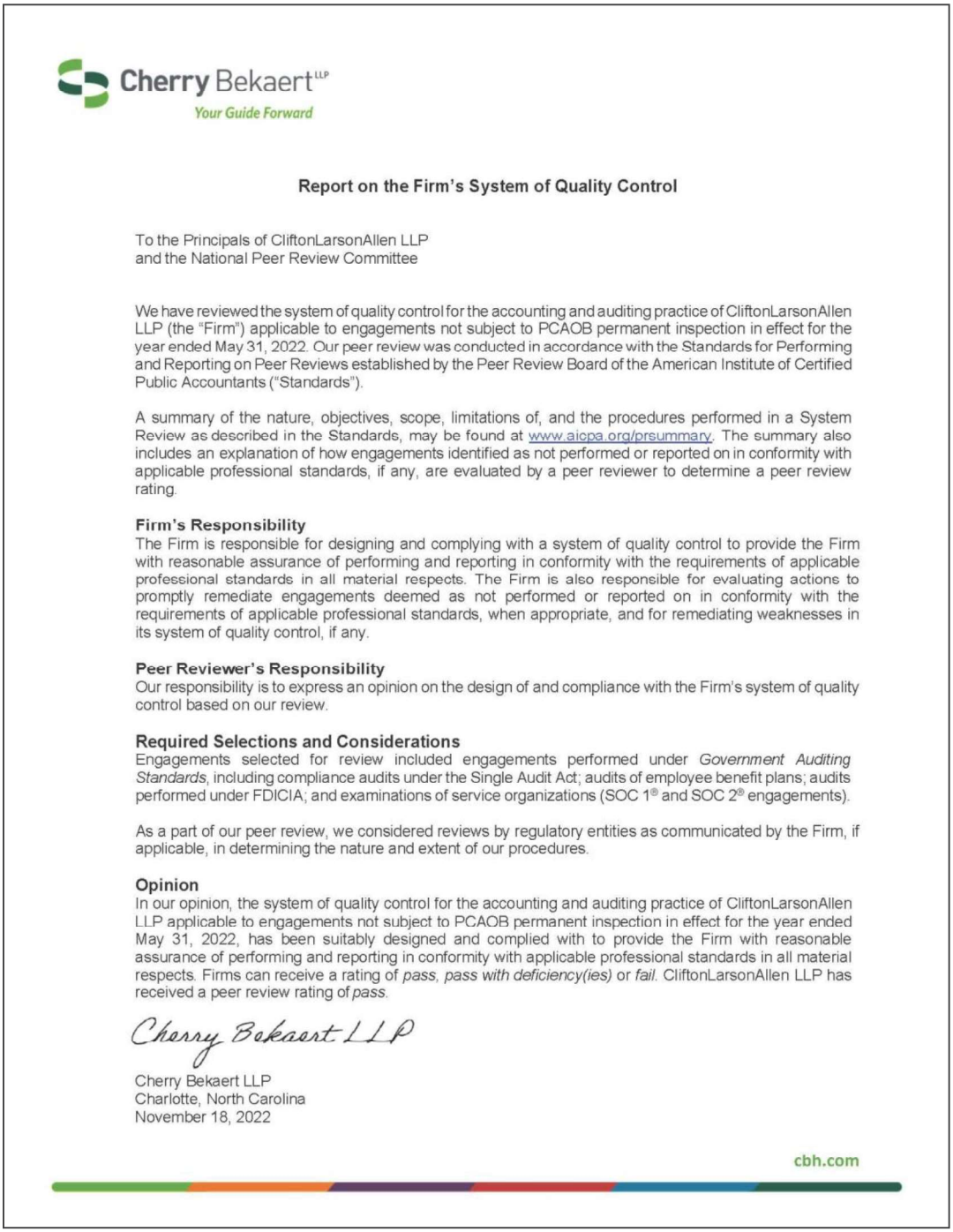
Firm Name	**CliftonLarsonAllen LLP**
Licensed As	CPA Firm Certificate
Firm Type	Limited Liability Partnership
Address	4601 Six Forks Rd Ste 350
City/State/Zip	Raleigh NC 27609
Telephone Number	919-781-3581
CPA Certificate Contact	Kevin Anthony Leder
Firm Registration Date	05/27/2016
Firm Registration Expiration Date	12/31/2023
Date of Last Peer Review	12/12/2019

External Review/Regulatory Action

4.7 External reviews and regulatory action

a. Most recent external peer review report

In the most recent peer review report, dated November 2022, we received a rating of ***pass***, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service.



Cherry Bekaert LLP
Your Guide Forward

Report on the Firm's System of Quality Control

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "Firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants ("Standards").

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards, may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The Firm is responsible for designing and complying with a system of quality control to provide the Firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of and compliance with the Firm's system of quality control based on our review.

Required Selections and Considerations
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
Charlotte, North Carolina
November 18, 2022

cbh.com

b. Quality control procedures



In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.

c. Regulatory sanctions

The firm and professionals within the firm presently do not have any regulatory or ethics inquiries outside the normal course of our practice.

d. Regulatory issues

From time to time, individuals in the firm are parties to an inquiry from a regulatory or ethics body. In all cases the individual, with the firm's backing, shall cooperate in providing the information required to respond appropriately to the inquiry.

e. Outstanding liabilities

CLA has no outstanding liabilities to the Internal Revenue Service, other government entities or unpaid final judgments for which it remains liable.

Services Approach

5.5 Technical approach

a. Internal audit approach

Each individual internal audit project will be performed with our six-phase internal audit methodology, as summarized below.

Phase 1: Define the engagement

- Validate overall project scope with key stakeholders
- Validate our understanding of the State's expectations, including:
    - Methodology and approach
    - Roles and responsibilities
    - Communication protocols
    - Detailed project plan and milestones
    - Resources and logistical arrangements
    - Strategies to mitigate disruption to the State's day-to-day operations
    - An orientation to introduce leaders to the internal audit services project, as requested by the State
- Our team will request pertinent data, including:
    - Organizational charts
    - Policies and standard operating procedures
    - Prior risk assessment reports, internal audit results, performance audit, third-party reports and external auditor's reports, and strategic plan

Phase 2: Develop risk model

Our team begins by understanding the State's business, risks, existing control structure, objectives, goals, and strategies and will gain a further understanding of auditable areas based on results of your previous assessments.

We will assess external and internal risks related to each program or function identified by the State. The factors identified in this phase allow CLA to focus on high-risk internal controls rather than basic control testing. This phase will leverage internal audit and enterprise risk assessment work already completed by the State.

Phase 3: Develop audit plan

Aligning the internal audit plan with the State's strategy, we will develop the plan using a risk-based approach that focuses the most attention and resources on the highest ranked risks. We will work with the State management to tailor a cost effective and efficient internal audit plan.

CLA will agree with the State's management on the scope and timing of the specific projects and schedule the internal audits during the least disruptive times for the State.

In addition, CLA will perform an ongoing assessment of the internal audit plan so it continues to align with key risks of the State. If changes occur, CLA will work with management to adjust the plan to meet key objectives and risks.

Phase 4: Design audit project program

For each internal audit project, our typical approach is as follows, and can be tailored as needed:

- Meet with the State's management 2 - 4 weeks prior to the start of each audit project to reconfirm scope and objectives and introduce key stakeholders
- Specifically tailor and design audit programs based on:
    - Standard industry and process templates
    - Background and history obtained through previous assessment reports

Phase 5: Execute audit project program

Our team will execute the specific operational, financial, regulatory, and information technology internal audits previously agreed to with the State management and conduct each audit in accordance with the Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors.

CLA will also provide the State with best practice recommendations in each process and risk area identified based on COSO and COBIT standards. Our team will:

- Assess the State's processes
- Determine areas where additional internal controls may be needed
- Identify where existing internal controls should be enhanced
- Compare the operations to widely accepted practices and recommend areas for improvement

Work procedures include:

- Determine if current internal controls are designed to mitigate identified risks
- Evaluate ability of current internal controls to effectively and efficiently achieve the specified purpose
- Provide detailed recommendations for improvements to internal controls

We will use a consistent internal audit service team, supplemented with dedicated resources or experience as needed. Any work required in the information technology area will be completed by our IT professionals.
A formal close/exit meeting will be conducted with the State management and personnel to communicate risk and control deficiencies noted during the audit. CLA will first validate our understanding of various risks and internal control deficiencies with process owners so there are no surprises at the meeting.

Phase 6: Deliver results and insights

Our team will draft an internal audit report with an executive summary describing the scope, objectives, approach, and overall conclusion of the internal audit project.

The report will detail internal control deficiencies, recommendations, and a risk ranking specific to each of the control deficiencies. We will collaborate with the State management to tailor the draft report to meet the needs of the State management and any relevant reporting committees.

Our internal audit reports are issued timely after the completion of our fieldwork. CLA's communication framework is set up to achieve value-driven results. We require our team to prioritize their findings and discuss drafts of internal audit reports with appropriate the State management and staff prior to issuance.

This approach:

- Confirms information in the report
- Reduces reaction to significant findings
- Encourages buy-in from process owners
- Increases likelihood of implementation of recommendations

Upon approval of the draft report, we will issue a final report to management and be available to meet with the board.

We maintain confidentiality of information on all our clients and have strict internal policies with no tolerance for any noncompliance.

b. Investigative audit

Effective communication is the key to a successful engagement, including the exchange of ideas and advice as the State considers or implements changes.

Phase I: Assessment

- Identify key management, staff, primary liaisons, and CLA contacts
- Establish the timetable
- Understand the nature and extent of previous work and any issues
- Discuss logistics and administrative matters
- Complete a preliminary risk assessment

Phase 2: Planning and strategy

- Establish approach and schedule
- Outline assistance required of the State's personnel
- Discussing concerns
- Establish reporting parameters and protocols
- Establish key contact(s)
- Gain an understanding of the State's internal control systems
- Review current and historical financial and statistical data — as well as budgeted data — to identify trends, fluctuations, and relationships that inform our risk analysis and areas of emphasis
- Identify areas that may have a significant impact on the engagement and propose strategies

Phase 3: Forensic evaluation

- Determine extent to which we will test additional transactions subject to control overrides and internal control weaknesses
- Review internal control systems
- Assess the potential for misconduct, misappropriation of funds, or improper payments

Phase 4: Testing and analysis

- Perform sample testing to identify transactions that resulted in misconduct, misappropriation of funds, or improper payments due to control overrides and internal control weaknesses
- Document and summarize the results of our testing

Phase 5: Reporting and follow-up

- Communicate the results of the work performed, observations made, and recommendations for improvements to internal controls
- Provide a draft report for review

c. Compliance audit

The OMB's *Uniform Guidance* (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes and how they could impact their entity. CLA professionals are available to provide guidance and tools tailored to the State's needs, and to assist in compliance with these rules.

The AICPA clarified auditing standard, AU-C 935 "Compliance Audits," requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We will conduct our single audit in three primary phases, as shown, below:



Phase 1: Risk assessment and planning

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with the State's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps

- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of direct and material compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit

Phase 2: Major program testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with *UG*.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the State's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

Phase 3: Final assessment and reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified
- Re-assess the risk and determine if we are required to audit additional programs
- Perform compliance testing at the entity wide level related to procurement and cash management requirements
- Perform testing to validate the status of prior year findings for those programs not selected for audit
- Prepare the Schedule of Findings and Questioned Costs
- Conduct exit conference with the State's management to review observations.

Throughout the single audit, we will maintain communication through periodic progress meetings with those designated by the State. These meetings will be on a set schedule, but as frequently as the State determines. During these meetings, we will discuss progress impediments and findings as they arise.

d. Capability to audit computerized systems

Many of our governmental clients we serve have highly sophisticated computerized accounting systems. Therefore, we have dedicated and experienced information system audit teams throughout the United States, comprised of dedicated information technology (IT) audit professionals. The team providing the State's audit includes members with major credentials such as Certified Information System Auditor (CISA).

We will continue to look at the State's IT systems using a risk-based approach — starting with mission-critical systems that provide information for the State's financial reports and management decisions. All other systems will be reviewed on a rotational basis based on risk.

Our team is accustomed to working with complex integrated IT environments and providing a great depth and breadth of exposure to server, mainframe, desktop, database, and ERP systems and environments. Automated accounting systems we have audited recently include:

- SAP
- Lawson
- CGI Advantage
- Sageworks
- Microsoft Dynamics
- Oracle
- Munis
- PeopleSoft
- Workday

In addition, we will plan the appropriate usage of our audit software to develop appropriate tests. Our audit personnel have worked extensively in utilizing client computer data and systems to generate needed work schedules and reports for the purpose of completing audits.

e. Data analytics

A distinguishing aspect of CLA's audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA's data methodology is a six-phase, systematic approach to examining an organization's known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.



Data analytics are utilized throughout our audit process, our **R**isk **A**ssessment, **D**ata **A**nalytics and **R**eview ("RADAR") is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.

3. Data acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

4. Technical data analysis

Technical analysis of the data requires the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is “normal” and, in turn, be better suited to spot anomalies, red flags, and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.

5. Interpret results and subsequent risk assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified, they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

6. Response and document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts, or summaries of both trends and anomalies are retained in audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client-specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100% data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

f. Risk assessment approach

Objective

Identify the IT and operational processes and assess the levels of risk within each of the functional areas. In addition, provide your management with visibility to process areas that contain the highest potential risk as determined by the IT risk assessment process. The scope of the IT risk assessment includes the following functional areas / processes within the organization:

IT Domain/Process	Detailed Coverage of Functional Area/Process
Vulnerability Management	Review internal standards, procedures and results related to - authentication, patch management, configuration standards, malware protection, and intrusion detection and prevention
Independent/Third Party Validation Processes	Review third-party procedures and results related to validation of authentication, patch management, configuration standards, malware protection, intrusion detection and prevention, security architecture, network perimeter, vulnerability scanning, and penetration testing
Servers and Databases	Policy statements governing server data security, network shared drive review, local audit policy review, and password parameter review
Change Management	Project administration, implementation and release, requirements gathering and analysis, end user training, program development, application/hardware changes, testing, emergency changes, data conversion, and patch management
Organizational Administration	Organization structure, IS governance, policies, standards and procedures, risk management policy, maintenance, and storage of sensitive information (electronic and paper)
Electronic Information Processing	Web-based applications, authentication standards, layered security, policies and procedures, password parameters, change management, and administration
Logical Access	Application access, network access, and complexity standards
IS Personnel Administration	Hiring, training, rotation of duties, employee termination, and contract resources
User Account Administration	Provisioning, de-provisioning, periodic validation, authentication, password management, and segregation of duties
Application Administration	Internally and externally hosted and managed applications, access permissions, validation, application data, and transaction process
Data Storage and Backup	Data storage types, backup schedule, inventory management, rotation, and backup restoration
Workstation Administration	Authentication, configuration, anti-virus, privileges, and encryption

IT Domain/Process	Detailed Coverage of Functional Area/Process
Vendor Relationship	Administration, due diligence, contractual agreements, responsibility, and oversight, third party relationships, and SSAE 16/SSAE 18 reports
Physical Security and Environment Controls	Facility access, data center access, detective controls, and environmental controls
Contingency Planning	Disaster recovery, incident response and business continuity, plan testing, responsibility, and plan maintenance

Phase 1: Planning and data gathering

Validate the IT risk assessment project scope based on consultation with key stakeholders as designated by you. Validate our understanding of your expectations for the project, including the following:

- Refine and tailor the methodology and approach to mirror your expectations
- Define roles and responsibilities
- Establish communication protocols to foster the most respectful and efficient working relationship at the very beginning of the process
- Define detailed project plan and milestones
- Identify resources to be utilized and logistical arrangements
- Develop strategies to mitigate disruption to your day-to-day operations

In addition, pertinent data is requested to utilize during the planning process. Requested documents and information includes, but is not limited to:

- Organizational chart
- IT network diagrams
- Policies and standard operating procedures
- Prior risk assessment reports, internal audit reports, external auditor's report
- IT strategic plan

Phase 2: Develop risk model and universe

Define the IT risk and create the risk framework. Risk is an event or condition that can negatively affect the ability of an organization to achieve its objectives. Risks are generally thought to be associated with taking actions. However, risks can also occur when no action is taken in the form of missed opportunities. We suggest the risk domains stated in the above "Objectives and Scope" section. Procedures consist of the following:

- Discuss your background – Locations/People/Operations
- Understand the information technology environment
- Identify centralized/decentralized IT processes
- Define and create the risk universe and risk model (risk map)
- Identify risk ranking criteria definitions (impact and vulnerability variables)
- Agree on measurement scale and deliverable format
- Prioritize the audit universe

Next, we define impact and vulnerability criteria applicable to you to be utilized as a tool for risk ranking procedures. In determining risk within the IT processes, we assess the impact of the process to the organization and the vulnerability that a risk would occur by evaluating the underlying attributes of the process and by assessing the effectiveness of the control environment around that process.

Phase 3: Develop IT risk assessment approach

Develop an IT risk assessment approach specifically tailored for your processes. Identifying various interview participants, including key risk owners, and conduct interviews, as applicable. Interview questionnaires are developed and specifically tailored for you. We work with your project liaison to schedule IT risk assessment interviews, and we hold onsite discussions whenever possible. The final IT risk assessment approach is approved by management.

Phase 4: Execute IT risk assessment approach

Facilitate discussions with key managers and stakeholders to conduct the IT risk assessment. In addition, take into consideration external audit reports, policies, and procedures provided to us as a starting point to facilitate detailed discussions and to gain an understanding of the current controls, process structure, personnel involved, and supporting technology defined in the assessment. Procedures consist of the following:

- Conduct interviews with identified stakeholders
- Document and summarize interview results and risks identified
- Perform initial ranking of risks identified based on CLA current understanding
- Review risks, recommendations, and risk rankings with you

Risks identified are prioritized and placed on a risk map. A risk map is a graphic tool that assists in plotting the risk's relative impact and vulnerability of a risk event for each of the key processes and/or business functions. Five impact criteria and seven vulnerability criteria are used to rank risks. By prioritizing and validating risks, you can align and prioritize resources to manage and mitigate risks appropriately. The ranking criteria are defined in terms of high, moderate, and low. The criteria assess risks both from a composite and residual perspective.

Phase 5: Deliver results and insights

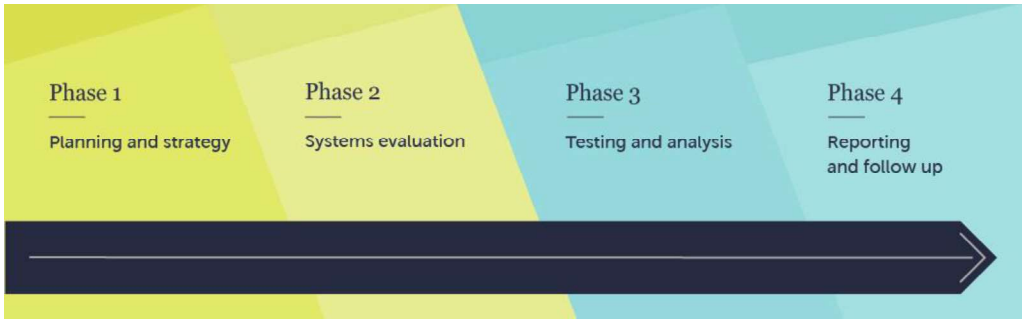
Draft an IT risk assessment report with an executive summary describing the scope, objectives, approach, and overall conclusion. In addition, our report communicates all detailed risks identified. Risks are aggregated by process and/or IT function and placed on a risk map within the report. The report identifies risk ranking and recommendations to mitigate the risk. The impact and vulnerability criteria used to rank the risks are embedded into the report to provide management a clear understanding on how the risk ranking was determined. We collaborate with you to tailor the draft report to meet the needs of your management and any relevant reporting committees.

Impact and vulnerability assessment

Additionally, the information gathered in the process is analyzed and summarized using the following process:

Risks identified are prioritized and placed on a risk map. The risk map is a graphic tool that assists in plotting the risk's relative impact and vulnerability of a risk event for each of the key IT processes areas.

g. Financial statement audit approach



Phase 1: Planning and strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures.

- Conduct an entrance meeting. Chris Kessler and staff will meet with the State agency personnel to agree on an outline of responsibilities and time frames
- Establish audit approach and timing schedule
- Determine assistance to be provided by the State personnel
- Discuss application of generally accepted accounting principles
- Address initial audit concerns
- Establish report parameters and timetables
- Progress reporting process
- Establish principal contacts
- Gain an understanding of your operations, including any changes in organization, management style, and internal and external factors influencing the operating environment
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using TeamMate Analytics and Expert Analyzer (TeamMate), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the State, and establish deadlines

We will document our planning through:

- **Entity profile** — This profile will help us understand the State's activities, organizational structure, services, management, key employees, and regulatory requirements.
- **Preliminary analytical procedures** — These procedures will assist in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General risk analysis** — This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations, and other key planning considerations.

- **Account risk analysis** — This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by client listing** — This document will contain a listing of schedules and reports to be prepared by the State personnel with due dates for each item.
- **Assurance Information Exchange (AIE)** — CLA uses a secure web-based application to request and obtain documents. This application allows clients to view detailed information, including due dates for all items CLA is requesting. Clients can attach electronic files and add commentary directly on the application.

A key element in planning this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner and will be in constant contact as to what we are finding and where we expect it will lead.

Using the information we have gathered and the risks identified, we will produce an audit program specifically tailored to the State that will detail the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

Phase 2: Systems evaluation

We will gain an understanding of the internal control structure of the State for financial accounting and relevant operations. Next, we will identify control objectives for each type of control material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles, not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the State has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated prepared by client listing based on our test results and anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application IS controls for applications significant to financial statements to conclude whether IS general controls are properly designed and operating effectively.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then assess the significant computer-related controls.

For IS-related controls we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support findings and will provide recommendations for improvement. For IS controls we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

Phase 3: Testing and analysis

The extent of our substantive testing will be based on results of our internal control tests. Audit sampling will be used only in those situations where it is the most effective method of testing.

After identifying individually significant or unusual items, we will decide the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use TeamMate to efficiently control and select our samples.

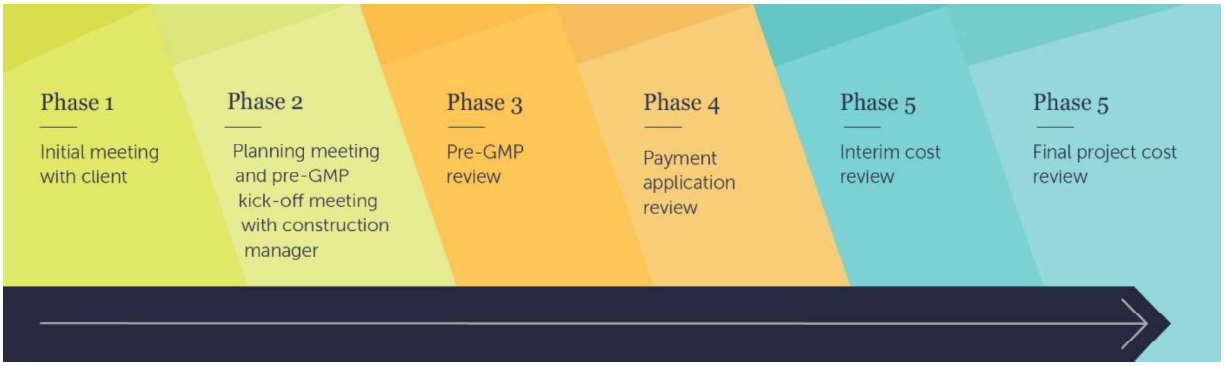
Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will provide the State with status reports and be in constant communication with the State to determine that all identified issues are resolved in a timely manner. We will hold a final exit conference with the State to summarize the results of our fieldwork and review significant findings.

Phase 4: Reporting and follow up

Once the final reviews of working papers and financial statements are completed, our deliverables, specific to the nature of the engagement, will be issued.

Construction audit approach – Pre GMP review

The CLA audit methodology utilizes a six-phase approach, as shown below.



When performing an audit, we are sensitive to and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

We begin the audit with an in-depth planning and preparation phase and culminate with the timely delivery of our reports. We will work with you immediately upon receipt of a signed engagement letter to coordinate and schedule the engagement to minimize any potential disruptions to your business. We will then work with you to finalize dates that accommodate your schedules.

Year-long support — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new existing projects and their potential impact, help with immediate problems including answers to brief routine questions, and share insights and best practices to assist you in planning for your future success.

Phase 1: Initial meeting

This is a critical part of the overall process. At this meeting we would appreciate the opportunity to meet with the point person(s) from the State as well as the State's personnel who are working on and overseeing the project. This initial meeting with these individuals accomplishes several things. To the extent that construction has started, one of the benefits is to gain a better understanding of what has ensued during the course of construction.

CLA's planning meeting

Once a project has been identified and we have met with the the State, we will have an internal team meeting to discuss the specifics of the project, the information gained from the meeting with the State as well as determine the information we will need from the Construction Manager (CM). Following are some of the things we will discuss:

- Size of the project
- Duration and overall timing of the project
- CLA's engagement timing
- Initial materiality determination
- Areas of focus and testing

Based on our past experience in reviewing and auditing similar projects, there are specific areas in which it is common for potential adjustments to exist. Examples of these areas are the CM's billing of their own labor and the hourly rates utilized as well as incorrect mark-ups on change orders.

Phase 2: Pre-GMP kick-off meeting with construction manager (CM)

The main purpose of this meeting is to assess CM readiness by gaining an in-depth understanding of the CM's overall financial and accounting system in place to account for and track all of the costs incurred on the individual project.

Some of the specific information we would review during our meeting includes:

- Process and controls in place to determine the allowability of costs incurred to be billed to the State
- Process and controls in place to determine the allowability of change orders issued and the overall determination as to how those are applied to the contract (e.g., charged to contingency, added to contract value)
- Specific breakdown of the hourly rates utilized in the billing of the CM's own labor. Particular attention would be paid to the labor burden portion of the hourly labor rates
- Review insurance coverage for project-specific insurances
- Cost codes utilized to track the costs incurred and the correlation of those cost codes to the agreed-upon schedule of values

- Source documentation available to support the costs incurred and ultimately billed to the State

Once the above information and understanding is obtained from the CM, we will utilize this information as well as the information gathered during the meeting with the State, to determine and identify the risks on the project. This risk determination is based on the current control procedures that are in place by the CM as well as our experience with similar construction projects.

Phase 3: Pre-GMP review

- Review the provisions in the contract documents to gain an understanding of the contract details
- Assessment of the financial and internal control procedures in place

Assess the effectiveness of the Construction Manager's internal controls and ability to comply with contract requirements by interviewing the Construction Manager's key project personnel, gaining an understanding of the applicable systems to be utilized, and reviewing applicable internal policies in procedures. The review is done in conjunction with the Pre-GMP kick-off meeting and take a more detailed look at the following:

  - Bid/Award process for subcontracts
  - Cost Reporting and Invoicing (including verifying the GMP proposal corresponds to the proposed payment applications schedule of values)
  - Change management
  - Self-Performed Work / Time Management
  - Payments to subcontractors and vendors
  - Billing controls around working on multiple the State projects, if applicable
  - Contract close out

- Review the Construction Manager's draft GMP proposal in order to determine whether it has been established in accordance with the provisions of the contract documents, and specifically:
- Review the proposed General Conditions in order to determine if they have been calculated correctly and reflect the anticipated staffing level for the project. Also, review the proposed General Requirements for accuracy of calculation and reasonableness
- Review the proposed project management and field labor rates, including labor burden calculations, to determine if the amounts are accurate, reasonable, and reimbursable in accordance with the contract documents
- Review equipment rental rates to determine if the amounts are accurate, reasonable and reimbursable in accordance with the contract documents
- Review the insurance rate backup (GL, SDI, Builder's Risk, etc.) in order to determine if the proposed amounts represent the Construction Manager's actual cost

Phase 4: Payment application review

Review of first payment application process to determine the construction managers systems are in line with the proposed application presentation as well as the review completed during the Pre-GMP audit.

Phase 5: Interim cost review

Once the above risks have been identified, we will also prepare a document request list to be given to the CM. This is a request to the CM for all of the information that we would require in order for us to complete our interim cost review and final project construction cost review.

Once the requested information is obtained, we will be in a position to perform the interim cost review. There are several components to the interim cost review. We have identified the main components as follows:

- Actual costs incurred and amounts ultimately billed to the State
- Hourly labor rates for CM personnel
- Subcontractor agreements and requisitions
- Evaluation and verification of all insurance costs
- Proposed change order procedures
- Related party and self-performed labor analysis

Specifics related to each item noted above are detailed below.

Actual costs incurred and amounts billed to the State

The focus of this portion of the interim cost review will center on the testing of the costs incurred and whether they are allowable under the contract to be passed along to the State. This will be accomplished by selecting certain costs and tracing back to the original source documentation. The ultimate number selected for testing will be based on the overall risk assessment completed at the beginning of the engagement as well as our past experience in this type of work. Based on this testing and review, we will be in a better position to quantify the total cost incurred and the portion of those costs that should be passed along to the State .

Hourly labor rates for CM personnel

Our understanding is that the rates will be tested in detail during the Pre-GMP phase and those audited rates will set the base for the project. The rates will then be subject to an annual escalation for the remainder of the project. After the rates are set from the Pre-GMP audit, CLA will test the rates at interim to confirm the proper agreed-upon rates and escalations were utilized. Should any new employees be added to the project after the Pre-GMP review, CLA will perform detailed rate calculations for those individuals to determine that actual cost is being utilized.

Insurance costs

We will vouch all insurance costs to relevant source documentation related to the different types of insurance. CLA will also perform a full reconciliation as it relates to SDI insurance.

Subcontractor agreements and requisitions

We will review the bid/award process for the subcontractors on the project to determine adherence with contractual requirements (typically test during Pre-GMP unless, if no subcontracts are signed it is completed during interim). We will obtain and review the subcontractor agreements between the CM and the subcontractors and reconcile the contract amounts to the schedule of values. Further, we will review the requisitions and agree the amount completed and stored to date to the detailed cost report to determine only costs incurred have been passed through to the State.

Proposed change order procedures

The starting point assists in determining that we understand the processes in place for the CM to determine when a change order is needed and ultimately how to account for the costs associated with that change order. There are several ways in which a change order can be accounted for on a Guaranteed Maximum Price (GMP) project. Below are the most common methods of accounting for a change order on a GMP project:

- Billed to the owner and contract value increased
- Billed to the owner and applied to the contingency
- Non-billable to the owner, cost incurred by CM
- Back-charged to the subcontractor
- Incorrect subcontractor mark-ups and labor rates
- Ultimate claim
    - Against CM or subcontractor
    - Against A/E – Errors and omissions

As you can see from the numerous ways in which to account for a change order, it is imperative to determine there is adequate information obtained from several sources during the course of the project to ultimately be able to make the determination as to how to charge it. Depending on the source of the information, the end decision could be impacted. For example, utilizing the contingency to charge off a change order could impact the CM if there is a "Shared Contingency Savings" program in place. The CM might be reluctant to charge the change order against that since they would be sharing in any of the unused portion of the contingency. One of our areas of focus is to make sure there are processes and procedures in place during the course of the construction of the project to determine that the necessary information is obtained and maintained.

Related party and self-performed labor analysis

Review the project for the inclusion of related party entities and determine they are financially performing in accordance with the contract. Many times, related parties are utilized for self-performed labor and the contracts have explicit language as to the process for award (to determine it is competitive) as well as mark-ups for overhead and profit on those costs.

Phase 6: Final project cost review

The final cost review is usually scheduled before the final requisition is issued by the CM and majority of the subcontractors have been closed out. The final cost review is similar to the interim cost review in regard to how we approach it and the overall work performed. We will review the results of the interim audit and update the overall testing for the period between the interim work and the completion of the project. In addition, we will update our schedules of the project to reflect the final costs incurred and the portion of those costs that are billable to the owner.

We will review specific contract closeout items including a review of the Construction Manager's closeout process as well as adherence to closeout requirements including but not limited to:

- Assess the Construction Manager's subcontractor closeout procedures, including preparation and use of the subcontractor closeout matrix (e.g., waivers of lien, certificate of substantial completion, warranty documentation, as-builts), Open Construction Item Deficiency Log (Punch List), and documentation of final subcontract value inclusive of change orders
- Verify that insurance cost reconciliations have been conducted and any necessary credits have been provided to the State

- Review the Construction Manager's various cost reports (e.g., job cost report) for completeness and accuracy, and verify that they reconcile with billings to the State
- Review the asset purchase listing to determine assets are tracked, properly valued, and the intended disposition of the items is discussed
- Review of the Punch List for impact to subcontractor closeout and retainage release
- Review of the Construction Manager's procedures for the turnover/commissioning process to determine that controls are in place for a smooth transition to the State and alignment with industry best practices and contractual obligations
- Verify that there are no outstanding open design items that could impact contract closeout
- Verify if there are any open claims or potential claims that could impact contract closeout

Summary of benefits

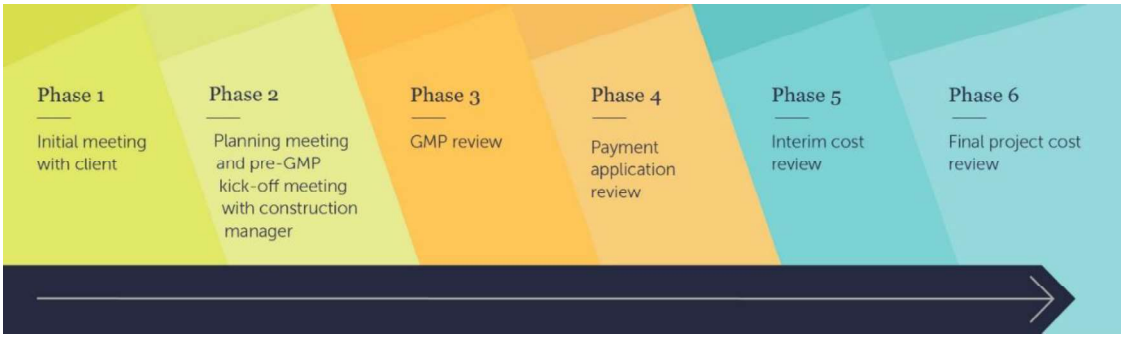
The State will realize the following benefits from CLA's services:

- An objective look at your operations to help you make sound business decisions
- Credibility only an outside professional can provide to your constituencies and stakeholders
- Confidence that accounting principles have been evaluated for application accuracy
- An opportunity to improve internal controls and accounting procedures, which increases reliability of accounting records and financial statements
- Improved efficiency and effectiveness of the assurance service, thus adding value to the process while reducing disruption to your operations

Construction audit approach – GMP review

The CLA audit methodology utilizes a six-phase approach, as shown below.

NOTE: Projects over $40 million in construction costs will have an interim and final cost audit conducted. Projects under the $40 million threshold will only have a final cost audit conducted.



When performing an audit, we are sensitive to and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

We begin the audit with an in-depth planning and preparation phase and culminate with the timely delivery of our reports. We will work with you immediately upon receipt of a signed engagement letter to coordinate and schedule the engagement to minimize any potential disruptions to your business. We will then work with you to finalize dates that accommodate your schedules.

Year-long support — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new existing projects and their potential impact, help with immediate problems including answers to brief routine questions, and share insights and best practices to assist you in planning for your future success.

Phase 1: Initial meeting

This is a critical part of the overall process. At this meeting we would appreciate the opportunity to meet with the point person(s) from the State as well as the State's personnel who are working on and overseeing the project. This initial meeting with these individuals accomplishes several things. To the extent that construction has started, one of the benefits is to gain a better understanding of what has ensued during the course of construction.

CLA's planning meeting

Once a project has been identified and we have met with the the State, we will have an internal team meeting to discuss the specifics of the project, the information gained from the meeting with the State as well as determine the information we will need from the Construction Manager (CM). Following are some of the things we will discuss:

- Size of the project
- Duration and overall timing of the project
- CLA's engagement timing
- Initial materiality determination
- Areas of focus and testing

Based on our past experience in reviewing and auditing similar projects, there are specific areas in which it is common for potential adjustments to exist. Examples of these areas are the CM's billing of their own labor and the hourly rates utilized as well as incorrect mark-ups on change orders.

Phase 2: Kick-off meeting with construction manager (CM)

The main purpose of this meeting is to assess CM readiness by gaining an in-depth understanding of the CM's overall financial and accounting system in place to account for and track all of the costs incurred on the individual project.

Some of the specific information we would review during our meeting includes:

- Process and controls in place to determine the allowability of costs incurred to be billed to the State
- Process and controls in place to determine the allowability of change orders issued and the overall determination as to how those are applied to the contract (e.g., charged to contingency, added to contract value)
- Specific breakdown of the hourly rates utilized in the billing of the CM's own labor. Particular attention would be paid to the labor burden portion of the hourly labor rates
- Review insurance coverage for project-specific insurances
- Cost codes utilized to track the costs incurred and the correlation of those cost codes to the agreed-upon schedule of values
- Source documentation available to support the costs incurred and ultimately billed to the State

Once the above information and understanding is obtained from the CM, we will utilize this information as well as the information gathered during the meeting with the State, to determine and identify the risks on the project. This risk determination is based on the current control procedures that are in place by the CM as well as our experience with similar construction projects.

Phase 3: GMP review

- Review the provisions in the contract documents to gain an understanding of the contract details
- Assessment of the financial and internal control procedures in place

Assess the effectiveness of the Construction Manager's internal controls and ability to comply with contract requirements by interviewing the Construction Manager's key project personnel, gaining an understanding of the applicable systems to be utilized, and reviewing applicable internal policies in procedures. The review is done in conjunction with the GMP kick-off meeting and take a more detailed look at the following:

    - Bid/Award process for subcontracts, if required
    - Cost Reporting and Invoicing (including verifying the GMP proposal corresponds to the proposed payment applications schedule of values)
    - Change management
    - Self-Performed Work / Time Management
    - Payments to subcontractors and vendors, including rates for change orders
    - Billing controls around working on multiple the State projects, if applicable
    - Accounting for OCIP, if applicable
    - Contract close out
- Review the Construction Manager's GMP proposal in order to determine whether it has been established in accordance with the provisions of the contract documents, and specifically:
- Review the proposed General Conditions in order to determine if they have been calculated correctly and reflect the anticipated staffing level for the project. Also, review the proposed General Requirements for accuracy of calculation and reasonableness
- Review the proposed project management and field labor rates, including labor burden calculations, to determine if the amounts are accurate, reasonable, and reimbursable in accordance with the contract documents
- Review equipment rental rates to determine if the amounts are accurate, reasonable and reimbursable in accordance with the contract documents
- Review the insurance rate backup (GL, SDI, Builder's Risk, etc.) in order to determine if the proposed amounts represent the Construction Manager's actual cost

Phase 4: Payment application review

Review of payment application process to determine the construction managers systems are in line with the proposed application presentation as well as the review completed during the initial meeting and GMP review.

Phase 5: Interim cost review

Once the above risks have been identified, we will also prepare a document request list to be given to the CM. This is a request to the CM for all of the information that we would require in order for us to complete our interim cost review and final project construction cost review.

Once the requested information is obtained, we will be in a position to perform the interim cost review. There are several components to the interim cost review. We have identified the main components as follows:

- Actual costs incurred and amounts ultimately billed to the State
- Hourly labor rates for CM personnel
- Subcontractor agreements and requisitions
- Evaluation and verification of all insurance costs
- Proposed change order procedures
- Related party and self-performed labor analysis

Specifics related to each item noted above are detailed below.

Actual costs incurred and amounts billed to the State

The focus of this portion of the interim cost review will center on the testing of the costs incurred and whether they are allowable under the contract to be passed along to the State. This will be accomplished by selecting certain costs and tracing back to the original source documentation. The ultimate number selected for testing will be based on the overall risk assessment completed at the beginning of the engagement as well as our past experience in this type of work. Based on this testing and review, we will be in a better position to quantify the total cost incurred and the portion of those costs that should be passed along to the State .

Hourly labor rates for CM personnel

Utilizing our understanding of the control procedures in place as well as NUs contract documents, we will request the required information from the CM to allow us to determine the specific components of the hourly labor rates utilized. These rates typically include the base hourly rate paid to the employee as well as several labor burden components, such as payroll taxes and related insurance. Based on this detailed information, as well as the allowable cost definition included in the contract, we will be able to determine whether the CM is billing at hourly labor rates that are allowed under the contract. To the extent they are not, we will be able to quantify the amounts that have been overbilled to the State.

Insurance costs

We will vouch all insurance costs to relevant source documentation related to the different types of insurance. To the extent that an OCIP is applicable, CLA will coordinate with the OCIP administrator and the construction manager to verify that the OCIP has been billed in accordance with the contractual terms.

Subcontractor agreements and requisitions

We will review the bid/award process for the subcontractors on the project to determine adherence with contractual requirements, if required. We will obtain and review the subcontractor agreements between the CM and the subcontractors and reconcile the contract amounts to the schedule of values. Further, we will review the requisitions and agree the amount completed and stored to date to the detailed cost report to determine only costs incurred have been passed through to the State.

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Further, CLA will test subcontractor labor rates utilized in calculating the value of proposed change orders.

Related party and self-performed labor analysis

Review the project for the inclusion of related party entities and determine they are financially performing in accordance with the contract. Many times, related parties are utilized for self-performed labor and the contracts have explicit language as to the process for award (to determine it is competitive) as well as mark-ups for overhead and profit on those costs.

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- Verify that insurance cost reconciliations have been conducted and any necessary credits have been provided to the State
- Review the Construction Manager's various cost reports (e.g., job cost report) for completeness and accuracy, and verify that they reconcile with billings to the State
- Review the asset purchase listing to determine assets are tracked, properly valued, and the intended disposition of the items is discussed
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Summary of benefits

The State will realize the following benefits from CLA's services:

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Management advisory services

CLA has the capability and experience in providing the series of services outlined in DMS' RFP. These services require a variety of approaches and teams depending on the specific needs of the contracting entity. Given the wide range capabilities that CLA can provide that fall into numerous services, we have listed services below that we believe are most relevant.

A key differentiator making CLA the firm of choice for the State is the scope, depth and breadth of special services we bring to the table. The size, diversity and skills of our governmental team means that you can be assured that CLA has the experience and resources to address your consulting needs. In addition to size and experience, we bring unsurpassed levels of technical excellence, commitment and dedication to our clients that have made us one of the most successful CPA firms serving this market segment in the country.

The following are a sample of consulting related services we can provide the State and their contracting entities:

Business Risk Services provided to Governmental Clients	
Internal audit (outsourced/co-sourced/program)	Management strategy and process improvement
Regulatory compliance reviews	Operational assessments
Contract and vendor compliance reviews	Business Process Analysis (BPAs)
Data mining and continuous monitoring	Enterprise risk management
Fraud risk management and investigations	COSO-based enterprise risk management design and implementation
Finance Department assessments	Program and UG Reviews
Human Resource Department reviews	Data Analytics Training
Quality Assurance Review (QAR)	Internal audit function transformation
Sales Tax Consulting	Forensic accounting support
Health care provider assessments	Investment Compliance Review and Fiduciary Review
Telecom Expense Review	Employee Benefit Plan Review
Technology Related Services provided to Governmental Clients	
Disaster recovery and business continuity planning	PCI Compliance Review
HIPAA Risk Assessment	IT General Controls Review
Internal network vulnerability assessment	Network and application penetration testing
ERP system conversions and implementations	

Payment fraud assessments	Risk management capability assessment
Security awareness training	GDPR data impact assessment
Information technology application/system reviews	Wireless vulnerability assessment

Consulting experience

CLA offers the credibility, reputation, and resources typical of a leading professional services firm and we bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities.

The consulting teams provides access to a breadth and depth of resources — including process improvement experts — who are committed to your organization's success. Our consulting professionals are prepared to design strategic, sustainable and customized solutions that will meet the unique needs of the organization. We focus on the organizations' goals and objectives and help identify options and opportunities to achieve them, as well as the challenges and threats to meeting those objectives. Together we will plan for focus areas such as:

- Identifying and evaluating the operational risks, all while ensuring the existence of sufficient and appropriate processes to create effective and efficient operations and achieve compliance.
- Presenting a clear view of variables to which the organization may be exposed, whether internal or external, retrospective or emerging.
- Appreciation and understanding the organization's specific challenges and unique operating environment.
- Designing recommendations for a stronger operational environment that helps management administer and monitor their business processes effectively and efficiently.

More importantly, CLA helps to tie your operations together with industry insight. We can help make your life easier and your organization stronger. The power of technology combined with the power of CLA's industry experience will drive results to help you focus on building your business.

IT System consulting

We have extensive experience and a distinct ability to understand how automated systems can be utilized to improve the cost-effectiveness, efficiency, and internal control environment for state agencies.

We will gather data from its various different IT operations, IT infrastructure, application owners, and stakeholders. Part of our methodology will be to specifically identify and assess key controls in IT infrastructure, operations, and processes. Through these activities, we will not just look to conduct interviews, but to also validate and verify that information and feedback communicated to us are in alignment with documented standards, policies, protocols, system documentation, etc.

Our focus will also be to evaluate and assess the IT operations in the context of the overall objectives, mission, and strategies. We start by developing an understanding of the systems and the types of electronic and hardcopy information that is available. This includes the process and procedures for IT governance, user administration, change management, and computer operations. We then work with stakeholders to document and perform walk-throughs and interviews to identify the IT organizational structure and roles/responsibilities, internal controls and business processes. Understanding and documenting these internal controls will identify areas of potential weakness or ambiguity of process/monitoring and aid in directing where to focus further analysis and assessment. At the conclusion of our procedures we will present reports and related information.

A detailed description of the specific IT related control activities that we can assess are listed below.

Network Administration and Access Controls	
Objective	To determine if ongoing administration of network infrastructure is monitored by management and adequately segregated from IS personnel with other pervasive duties. Network infrastructure includes routers, switches, firewalls, intrusion detection/prevention systems.
Approach	CLA will review network administration and access controls, to assess the following: • Network architecture • Firewall(s) • Intrusion detection/prevention systems • Anti-Virus • Remote Access • Logging/Monitoring In addition, evaluate the overall security configuration management, including software patch management.
Server Administration and Access Controls	
Objective	Determine if access to servers within the organization is selectively restricted to protect from unauthorized use, damage, loss, or modification and to make sure server operating systems and patches are installed in a timely manner.
Approach	CLA will review server administration including access controls, to assess the following: • Logical access is limited to those individuals that have a business need to access the server(s). • Server activity is appropriately logged and monitored on a periodic basis.

Workstation Administration and Access Controls	
Objective	Determine if access to workstations (desktops/laptops) within the organization is selectively restricted to protect from unauthorized use, damage, loss, or modification and to make certain employees understand their responsibilities related to acceptable usage.
Approach	CLA will review workstation administration including access controls, to assess the following: • Logical/physical access is limited to those individuals that have a business need to utilize workstations. • Employees are restricted from installing/downloading unauthorized software and files. • Workstations are patched in a timely manner and anti-virus software is operating as intended to protect the workstation.
Software Administration and Development Controls	
Objective	To determine if policies and procedures relative to systems and program administration and development provide reasonable assurance that management objectives are met and that programs are adequately tested prior to implementation.
Approach	CLA will review the following related to application software administration and development controls: • Change Management Process • Software Installations • Software Upgrades • Release Management
Data/Database Security Administration and Access Controls	
Objective	Determine if access to data files and independent databases is selectively restricted to protect from unauthorized use, damage, loss, or modification and to make sure adequate segregation of duties over the various groups of authorized users.
Approach	CLA will review data file and database administration including access controls, to assess the following: • Logical access is limited to those individuals that have a business need to access data files. • Data file and database activity is appropriately logged and monitored on a periodic basis. • Data transfers, both internal between application systems and external between the company and external vendors to determine if data is exchanged via secure connections and appropriate reconciliations occur to validate completeness.

Application Security Administration and Access Controls	
Objective	Determine if access to application software systems is selectively restricted to protect from unauthorized use, damage, loss, or modification and to make sure adequate segregation of duties over the various groups of authorized users. User rights should be established with the principle of least privilege. Personnel should be assigned system rights consistent with their assigned position responsibilities.
Approach	CLA will review the system security administration and access controls, to assess the following: • Logical access controls support the systems of manual internal control. Our analysis will focus on the primary data processing system. • Review user profiles including authority and permissions for the primary data processing system. • User rights should be established with the principle of least privilege. Personnel should be assigned system rights consistent with their assigned responsibilities.
IT Systems Operational Controls	
Objective	To determine if existing controls provide reasonable assurance that computer operations are conducted according to management's authorizations from an input, processing and output perspective.
Approach	CLA will focus on the operational control aspects related to the core data processing system, including start up, close, and daily logging, specifically: • All authorized data – and only authorized data – is received and processed. • All data processing is conducted completely and accurately. • Only authorized personnel produce, control, and distribute output. • Daily and other periodic reconcilements are prepared on a timely basis by personnel outside the operations function. • Proper separation of duties. • All hardware and software problems are recorded, reported to applicable management, and resolved with management's specific authorization.
Physical Environment Controls	
Objective	To determine if controls exist that provide reasonable assurance that physical access to computer facilities is restricted to authorized personnel *and* that computer resources are protected from environmental hazards.
Approach	CLA will focus on the following related to physical security and environmental controls: • Access to facility/building that maintains information technology equipment or sensitive data.

	• Access to areas within a facility/building that maintain information technology equipment or sensitive data. • Environmental controls within areas that maintain information technology equipment including heat, humidity, water, electricity Our review will focus on preventative and detective controls that are in place as well as the on-going administration of granting, changing, and termination of physical security privileges.
Disaster Recovery / Contingency Planning	
Objective	To determine if back-up and recovery plans exist that provide reasonable assurance of timely resumption of computer processing following a short- or long-term interruption of service.
Approach	CLA will review the following related to disaster recovery / contingency planning: • Daily back-up of critical systems is completed on a timely and complete basis. • Backup media is rotated on an acceptable frequency • Proper back up media is available in the event of a disruption or disaster event. • Written Disaster Recovery Plan & tested periodically • Current IT and business operations within the company to determine if the infrastructure is properly supported by the disaster recovery plan.

Knowledge and approach to technology changes

In today's fast-paced environments, the State and the contracting entity faces a wide array of technology choices. From choosing software to network security, the decisions you make affect your organization—and your bottom line. If completed correctly, technology can be the driving force behind increased productivity, efficiency and profitability. Finding and implementing technology solutions that meet your specific needs is an import step in forming a strong business plan. We do not think any business plan is completed without an integrated technology component. We can help plan, deliver, support and train your staff so that you can leverage technology to help you succeed.

Focusing on information security can be a competitive advantage in the marketplace and minimize potential legal risks to DMS and the State. By making information security a priority within the organization, you demonstrate to employees that management understands the importance of protecting one of its most valuable assets—information. CLA provides several security-focused consulting services that can be customized to your specific requirements. CLA's Information Security Services Group has significant experience related to each of the described services and will identify exposures and risks that will assist you in implementing the proper controls and procedures to mitigate or eliminate the various risks.

Specifically, below are just a few areas that CLA can help with:

Information Security	
External Network and Web Application Penetration Testing	Network Penetration Testing – Wireless (802.11) Services
General Controls Review	Social Engineering Assessment
Internal Vulnerability Assessment	GLBA Information Protection Risk Assessment
Security Policy Review and Development	Security Awareness Training
Technology Solutions	
Network Security	Disaster Recovery Planning
Business and Accounting Software	Application Development
Infrastructure Planning and Consulting	Strategic Planning and Review

CLA has developed proprietary data analysis methodology that uses the most cutting edge Computer Assisted Audit Techniques (CAATs) that help detect trends and anomalies as well as analyze potential error or fraud. With this technology, we are able to process and analyze substantial amounts of financial and non-financial data quickly and effectively. Our technology tools have been used successfully in both proactive and reactive audit engagements, across a broad range of industries. Our analyses can be tailored and customized to each client to help analyze an array of information, including client specific and proprietary data.

We are able to use data analytics to investigate and analyze issues and concerns in the following areas:

- Accounts Receivable (fraud or payment misappropriation)
- Accounts Payable (fraud or payment error)
- Purchase Cards
- Related Party Transactions
- Travel and Related Expenses
- Manual Journal Entry Manipulation
- Payroll
- Earnings Management
- Customer-specific Analysis

Human resources

CLA serves many clients in this regard and offers the full suite of HR related services including HR recordkeeping and compliance, performance management, executive coaching, workforce planning, organizational design and development, employee benefits administration and design, compensation analysis, HR related training and recruitment. Compliance experience includes EEO and employee benefits among other competencies.

CLA will begin by conducting an HR Assessment to ensure we call attention to HR best practices and allow this to serve as blueprint to the organization. Areas that our HR specialists can address include:

- Compliance assessment - Covers federal and state regulations that impact recordkeeping, reporting and HR program administration
- Benefits program assessment - Review plan design, regulatory compliance, benefits processing and administration, and reporting
- Fair Labor Standard Act (FLSA) review of job classification and regulatory requirements
- Assess all other HR functional areas, including staffing and recruitment, job analysis and descriptions, compensation and benefits programs, performance management, employee relations and policies
- HR policy manual updates related to Welcome, Mission/Vision/Values
- HR policy manual updates related to Ethics policy, At-will employment statement
- HR policy manual updates related to EEO & Anti-Harassment Statements with compliant and investigation procedures, including anti-retaliation statement
- HR policy manual updates related to with Disabilities Act and related protected class notices, including procedures to request assistance or accommodation
- HR policy manual updates related to Acknowledgement and acceptance of policies and procedures
- HR policy manual updates related to Confidentiality and right to view employee record
- HR policy manual updates related to sections outlining the: employment, performance management, employee relations, employee benefits (including paid time off and holidays as well as all leave of absences entitlements, for DC and other relevant mandates), employee confidentiality, time and attendance, travel and related reimbursement and business policies, social media use, telecommuting/offsite work, hours of work and employee schedules, inclement weather policy, drug free workplace policy, safety and security policies, including IT and more depending on the needs identified in the HR Assessment

Following completion of the assessment we will provide a written report to:

- Identify gaps in HR compliance in regulatory areas
- Outline whether existing policies and practices are effective and followed
- Recommend best practices

After the HR Assessment is completed CLA will provide ongoing HR Consulting services based on anything the origination may need.

CLA HR professionals can also assist with organizational design and development to ensure that the right positions are created and the best organizational design is adopted. Workforce planning that begins early will serve the organization well and help guarantee the right talent is hired to meet the needs of the moment and the future.

GAAP accounting principle consulting

As detailed previously in our proposal, CLA has extensive experience with government audits and is therefore well-versed with governmental GAAP accounting principles. We have the knowledge and the experience to assist the State with understanding and interpreting new GASB, and other regulatory body statements issued during the term of the contract.

We take a very proactive approach related to new GASB pronouncements. We routinely review pronouncements in the exposure draft stage to determine their effect on our clients. When indicated, we work with clients and other organizations to help develop responses. We review final pronouncements and discuss the impact of them with clients well in advance of their implementation date. We also develop GASB update presentations for various groups.

Accounting process consulting

CLA can provide an experienced consultants to manage and review the organization's accounting and finance functions. This includes both the efficiency of the department and efficiency and structure of the systems.

Examples of specific tasks include, but are not limited to the following:

Design, develop, maintain, document, and monitor procedures, controls and processes to ensure integrity of a financial accounting system and record overall efficiency and effectiveness of accounting functions, timely payment and receipt of funds, and timely and useful financial reports; review reports, transactions, account balances, and project balances, and prepare adjusting journal entries to comply with accounting standards, regulatory requirements, and management reporting needs; manage finance and accounting technology platforms with IT contract staff to ensure optimal use, oversee software installations and upgrades, and manage relationships with software vendors; work closely and collaboratively with the organization's manager to assist with budgeting, fiscal planning, forecasting, and financial analysis; continually improve the finance function to better support program operations.

Recommendations of improvements to processes, systems and internal controls

CLA has a proven ability to recommend improvements to accounting controls and to increase efficiency and streamline processes.

We believe that a good consultant yields substantial information for management, and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. Our work with governmental entities also provide our clients with:

- An objective look at key policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- Protection for current and future resources through improved internal controls

Since understanding, testing and evaluating internal controls is such a significant portion of our government audits, our team is knowledgeable and experienced with recommending improvements to our consulting clients.

In addition to recommending internal control and efficiency improvements through our government services, CLA also provides specialized internal control evaluation services centered around a business risk approach. The business risk approach focuses on providing an opinion on the effectiveness of internal controls based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of Treadway Commission (COSO).

Grant compliance

CLA's team of grant compliance professionals will work with you to find solutions that help you throughout the grant-making and management process.

Effective grant compliance relies on having an in-depth understanding of the grant requirements, and the resources and personnel to meet them. This includes having the proper policies and procedures in place, and strong internal controls.

Our team has deep experience with the regulations that impact grant compliance. We have identified the issues that concern you most, and developed methods and tools for implementing effective changes. Our CPAs and grant compliance professionals are recognized in their fields and provide objective, insightful solutions tailored to your challenges.

Our work with numerous federal agencies and regulators gives us an in-depth understanding of grant compliance requirements, and the challenges organizations face in meeting those demands. We have helped states with grant management activities related to the Stafford Disaster Relief and Emergency Assistance Act, and numerous Federal and State programs. Our approach to grant management is so highly regarded, that Federal agencies have adopted many of our methods and approaches to monitoring and testing compliance.

Sampling of the Grant Management Services CLA Provides	
Grant application and proposal writing	Grant funding research and analysis
Indirect cost rate proposal preparation or review	Grant report preparation
Subrecipient monitoring assistance	Training on understanding compliance requirements
Training on Uniform Guidance implications	Grant management policies and procedures development and implementation
Single audit preparation	Organizational capacity assessment for new grant opportunities
Grant application review	Student Financial Aid (SFA) Consulting
Assistance responding to inquiry letters from awarding agencies	

Understanding business technology applications

The Partnership for Success – CLA & Intacct

CLA is your experienced source for Intacct software and its implementation to transform your business with comprehensive functionality — from core accounting to global financial management. We work with growing organizations to provide financial management and accounting applications that fit into your existing business infrastructure and integrate well with other key applications you use to run your business — giving you the freedom to choose and deploy the best applications for each of your departments. CLA not only helps you implement the AICPA-certified Intacct software but also offers many of our own applications for allocation management, and uploading and downloading large quantities of data. In fact, CLA was named Intacct Premier Partner of the Year for our success with the software.

We have partnered with Intacct since 2001, and have provided implementation services for hundreds of organizations. We believe that our experience in utilizing Intacct will enable you to maximize the capabilities of Intacct and allow you to deliver exceptional information in real-time.

Sustaining the paperless workplace – CLA & Bill.com

We offer special pricing & support packages, and have dedicated staff to assist with support, implementations, and integrations. CLA has professionals supporting our Bill.com clients in nearly 130 offices.

Traditional A/P and A/R processes and tools – such as ones that rely on paper invoices or checks – can be time-consuming, inefficient and expensive. Bill.com replaces those processes with an intuitive, automated solution that streamlines processes, and provides enhanced security from check-related fraud. You'll save time and get paid faster. You'll be more organized and in control.

Some of the key features of the Bill.com paperless online bill management system include:

- **Advanced Online Bill Payment:** Bill.com sends and tracks payments online; eliminates check printing, signing and mailing; provides robust fraud protection; works equally well with any US bank account; retains digital bills and cleared checks indefinitely; and eliminates the need for check stock.
- **Paperless Productivity and Collaboration:** Bill.com allows organizations to easily digitize bills, checks and contracts; securely exchange bills and financial documents with CLA; approve bills and make payments online; and access bills and financial documents anywhere, anytime, with no storage limits. It integrates seamlessly with Intacct, so there will be no interruption to office workflow.
- **System Security:** Bill.com uses the same data encryption used by banks; data is backed up in redundant US-based service centers; servers are protected with biometric security; system maintains a detailed audit trail of every approval and payment; user permissions enable multiple users with differing roles; and Bill.com undergoes an annual SSAE 18 SOC 1 Type II Audit by a leading national CPA Firm.

CLA has partnered with Bill.com since 2008, and has nearly 400 active clients on its Bill.com console. We believe that our experience will enable the consulting entity to maximize the effectiveness of Bill.com.

Adaptive Insights Finance Planning and Analysis Services

We understand unified business intelligence and corporate performance management from the software-side out. Our teams work with evolving organizations to provide financial applications that fit your industry and infrastructure. We are there for you from planning through implementation and beyond.

- Implementation
- Hands-on training
- Dedicated service team
- Partner support and training

Adaptive Insights is audited annually by a big-4 firm and currently maintains SOC 2 compliance with the Security, Confidentiality, Processing Integrity, and Availability trust service principles.

Commitment to communication with management

Continual communication starts when an engagement letter is issued and continues throughout the remainder of the year. This includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession. Our commitment to this practice encourages open lines of communication and often prevents or mitigates service delivery issues.

During the engagement, we will hold regular status meetings with the State to address and understand day-to-day operations, results, and outlying issues. Tracking and formally reporting the engagement status can:

- Provide a consistent technique for monitoring progress against plan
- Identify issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of audit recommendations on a timely basis

Services integration

An engagement such as outlined in this proposal requires the interaction of numerous individuals working within relatively narrow time frames. Our assurance and tax staff work as a team. We are in close, regular contact, keeping each other informed of our progress and any issues that arise. We emphasize communication — making sure that issues that cross disciplines are fully evaluated by the entire team.



Appendix

Engagement team resumes

Christopher (Chris) Kessler, CPA

CLA (CliftonLarsonAllen LLP)



Principal
Fort Myers, Florida

239-226-9903
chris.kessler@CLAconnect.com

Profile

Chris Kessler is a principal with CLA's state and local government services team. Chris has more than 15 years of experience in working with state and local governments throughout the country, including states, counties, municipalities, and state-wide municipal pension plans.

Because of Chris's extensive background in serving governments around the country, he is well known throughout the firm for providing his clients with innovative recommendations to the financial, operational, and regulatory challenges that governmental entities face daily.

Chris has authored numerous articles and speaks frequently on topics designed to assist and inform government finance officers of the emerging topics effecting their operations and to suggest recommendations to address the challenges that may result.

Technical experience

- Proficient knowledge of Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), governmental accounting, and Generally Accepted Governmental Auditing Standards (GAGAS)
- Member of the GFOA Special Reviewer Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program

Education and professional involvement

- Bachelor of science in accounting from University of South Carolina, Columbia, South Carolina
- Bachelor of science in finance from University of South Carolina, Columbia, South Carolina
- Certified Public Accountant licensed in South Carolina, Florida, Maryland, and Vermont
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Government Finance Officers Association
- Florida Government Finance Officers Association

Recent speaking engagements

- June 2023 – FGFOA Hillsborough Chapter – "Audit Findings and Effective Responses"
- May 2023 — CLA's 2023 Government Training Academy — "Grant Management"
- May 2023 — CLA's 2023 Government Training Academy — "GASB Update"
- February 2023 — Florida Court Clerks & Comptrollers Winter Conference — "Top Ten Data Analysis and CAAT (Computer Assisted Audit Techniques) Tips"
- June 2022 — Florida Government Finance Officers Association Annual Conference — "Data Mining Techniques and Data Analytics"
- May 2022 — CLA's 2022 Government Training Academy — "American Rescue Plan Act"
- May 2022 — CLA's 2022 Government Training Academy — "GASB Update"
- March 2022 — Florida Court Clerks & Comptrollers Winter Conference — "CARES Act and American Rescue Plan Act"
- March 2022 — Florida Court Clerks & Comptrollers Winter Conference — "Data Mining Techniques and Data Analytics"
- February 2021 – Public Trust Advisor's Annual Conference – "Preventing Occupational Fraud in a Remote Work Environment"
- January 2021 – Engaging Local Government Leaders Webinar – "Preparing for GASB 87"
- October 2020 – CLA Webinar Series for Florida Governments – "Audit Implications of COVID-19"

Authored articles

- American Rescue Plan Act — Evaluating the Impact on States and Governments – March 2021
- ERM Puts Governments Ahead of the Curve on Risk Management – November 2018
- Three Ways to Make Your Government's Financial Reports More User-Friendly – July 2017

Key relevant clients

- Baltimore City Public Schools
- Buncombe County, North Carolina
- Charleston County School District
- City of Asheville, North Carolina
- City of Fort Myers, Florida
- City of Cape Coral, Florida
- City of Sanibel, Florida
- Collier County, Florida
- Glades County, Florida
- Lee County Port Authority (Southwest Florida International Airport)
- Lee County, Florida
- Metropolitan Washington Airport Authority (Dulles International Airport and Reagan National Airport)
- Montgomery County, Maryland
- New Castle County, Delaware
- Sarasota County, Florida
- State of South Carolina
- State of Delaware
- State of Vermont
- State of North Carolina Office of the State Treasurer
- South Carolina Retirement System
- South Carolina Public Employee Benefit Authority – Insurance Benefits
- Town of Fort Myers Beach, Florida
- Town of Mount Pleasant, South Carolina
- Village of Estero, Florida

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William A. Early, Jr., CPA

CLA (CliftonLarsonAllen LLP)



Principal
Baltimore, Maryland

410-453-5586
bill.early@CLAconnect.com

Profile

Bill has more than 25 years of experience and is one of the few practitioners within the governmental auditing field that currently serves as a partner on a state-wide financial and single audit. In addition, he serves as the engagement principal and quality review principal for a wide range of large, complex governmental audit engagements. He has extensive experience specializing in government audits and assisting clients in increasing the efficiency of their operations. During his career, Bill has developed an area of experience for state and local government audit and accounting services. He is also well versed in OMB Uniform Guidance compliance audits, and has managed, planned, and performed single audits for a variety of governmental agencies.

Within CLA, Bill is one of the principals responsible for client relationships, work quality, and staff development. He serves on the public sector leadership team for the firm as the leader of the State and State agencies sub-niche. Bill brings innovative ideas coupled with practical experience to the firm's governmental clients so they can stay apprised of new accounting pronouncements, state laws, fiscal trends, and best practices. His personal approach to client service includes frequent communication with his clients and a genuine concern for their best interests. They know that whatever the problem, Bill will be there to get them through.

Bill has assisted governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award. He also routinely presents at the annually and quarterly conferences the Association of School Business Officials of Maryland and Washington, DC and the Maryland GFOA.

Technical experience

- Audits of States and State Agencies
- Assists governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award
- Provides risk assessment consulting services to governmental clients
- Provides consulting services to state and local governments with regards to the implementation of accounting pronouncements and internal controls
- Assists with agreed upon procedures involving internal audit outsourcing, compliance engagements and general consulting
- Throughout his career, Bill has worked with HUD activities on numerous engagements related to housing authorities and municipalities and understands the requirements of HUD

Education and professional involvement

- Bachelor of science in accounting from Salisbury State University, Salisbury, Maryland
- Associates of science in business management from Salisbury State University, Salisbury, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Maryland Government Finance Officers Association, *Board Member*
- Government Finance Officers Association
- Salisbury University Accounting Advisory, *Board Member*

Key relevant clients

- City of Newark, Delaware (*Engagement Principal)*
- Montgomery County, Maryland (*Quality Control Principal)*
- Harford County, Maryland (*Engagement Principal)*
- Town of Manchester (*Engagement Principal)*
- Town of Elkton, Maryland (*Quality Control Principal)*
- Baltimore City, Maryland Public Schools (*Quality Control Principal)*
- Baltimore County, Maryland Public Schools (*Engagement Principal)*
- Calvert County Public Schools (*Quality Control Principal)*
- Carroll County, Maryland Public Schools (*Engagement Principal)*
- Charles County, Maryland Public Schools (*Engagement Principal)*
- Howard County, Maryland Public Schools (*Engagement Principal)*
- Montgomery County, Maryland Public Schools (*Quality Control Principal; Engagement Principal*
- Charleston County School District, South Carolina (*Engagement Principal)*
- State of Delaware *(Engagement Principal)*
- State of South Carolina, *(CAFR and Single Audit Principal)*
- Commonwealth of Pennsylvania, *(CAFR and Single Audit Quality Control Review Principal)*
- State of Mississippi Department of Education, *(Financial Statement and Single Audit Principal)*
- New Jersey Housing and Finance Mortgage Agency, *(Financial Statement and Single Audit Principal)*

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Sean Walker, CPA, CFE, CGFM, CGMS



CLA (CliftonLarsonAllen LLP)

Principal
DC – Maryland - Virginia

414-881-3868
sean.walker@CLAconnect.com

Profile

Sean is the Eastern Region State and Local Government leader and has been serving regulated industry clients since 1999. Sean specializes in providing accounting, financial auditing, and consulting to large and complex governmental audit engagements. Sean is involved in the government industry on a national basis. He is a frequent speaker on government accounting, auditing, and single audits for professional associations around the country. He also serves as a consulting technical partner on CLA's clients on government accounting and auditing, including OMB Uniform Guidance.

Technical experience

- Leads financial and single audits of state and local clients
- Consulting technical principal on CLA's clients on government accounting and auditing including OMB Uniform Guidance

Education and professional involvement

- Master of business administration from Concordia University, Wisconsin
- Bachelor of business administration in accounting from University of Wisconsin – Milwaukee
- Certified Public Accountant
- Certified Fraud Examiner
- Certified Government Financial Manager
- Certified Grants Management Specialist
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- National Grant Management Association
- Association of Government Accountants
- Maryland Government Finance Officers Association
- Virginia Government Finance Officers Association
- Association of Local Governmental Auditors
- Institute of Internal Auditors
- GFOA Special Review Committee for the Certificate of Achievement for Excellence in Finance Reporting Program, *Past Member*
- AICPA State and Local Government Expert Panel, *Past Member*
- AICPA Government Audit Quality Center Executive Committee, *Past Member*
- AICPA National Governmental Accounting and Auditing Conference Planning Committee, *Past Member*

Key relevant clients

States and State Agencies

- State of Maryland
- Maryland Department of Transportation
- State of Delaware
- Delaware Department of Transportation
- Delaware Transit Corporation
- State of Kansas
- Kansas Department Of Transportation
- Commonwealth of Pennsylvania
- State of Vermont

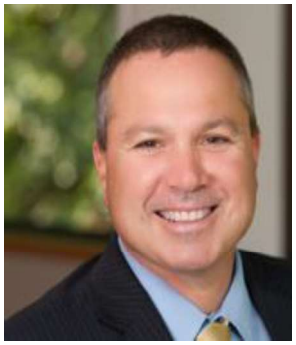
Municipalities

- Montgomery County, Maryland
- Prince George's County, Maryland
- Baltimore County, Maryland
- City of Milwaukee, Wisconsin
- City of Rockville, Maryland
- City of Annapolis, Maryland

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Christian (Chris) J. Rogers, CPA

CLA (CliftonLarsonAllen LLP)



Managing Principal, State and Local Government 781-402-6314
Quincy, Massachusetts chris.rogers@CLAconnect.com

Profile

Chris has more than 28 years of experience providing auditing, financial reporting, and consulting services to states, state agencies, local governments, public pension plans, and special purpose districts. He has served as the principal-in-charge on hundreds of government audit engagements. For 11 years Chris served as the co-founder of Sullivan, Rogers & Company LLC, (a Massachusetts based entity), whose sole focus was providing exemplary services to governmental units throughout the Commonwealth of Massachusetts. During this time, his partners and staff provided assurance and consulting services to more than 80 government entities and earned a trustworthy reputation as a premier governmental assurance and consulting firm. Chris is the co-author of the Massachusetts Department of Revenue's (Division of Local Services, Bureau of Accounts) publication titled, *A Practical Guide for Implementation of Governmental Accounting Standards Board statement 34 for Massachusetts Local Governments*.

Technical experience

- Governmental GAAP
- U.S. Generally Accepted Auditing Standards (GAAS)
- *Government Auditing Standards*
- Uniform Guidance
- Financial reporting

Education and professional involvement

- Bachelor of science in accounting from Quinnipiac University, Hamden, Connecticut
- Certified Public Accountant (Massachusetts, Oregon, and Vermont)
- American Institute of Certified Public Accountants (AICPA)
- Massachusetts Society of Certified Public Accountants (MSCPA)
- MSCPA Governmental Accounting and Auditing Committee
- Association of Government Accountants
- Government Finance Officers Association (GFOA)
- Public Pension Financial Forum (P2F2), *Associate member*
- GFOA Special Review Committee for the Certificate of Achievement for Excellence in Finance Reporting Program, *Past Member*
- AICPA State & Local Government Expert Panel, *Past Member*

Key relevant clients

- State of Vermont
- Massachusetts Water Resource Authority and OPEB Trust
- Massachusetts Housing Finance Agency
- City of Brockton
- City of Newton
- City of Waltham
- City of Worcester

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Christina (Chrissy) Bowman, CPA

CLA (CliftonLarsonAllen LLP)



Principal
Baltimore, Maryland

410-308-8064
christina.bowman@CLAconnect.com

Profile

Chrissy has more than 20 years of experience in auditing and accounting, specializing in institutions of higher education. She has managed financial statement audit engagements as well as internal audit and compliance engagements. Such services include internal control reviews and audits of federal program expenditures in accordance with OMB Uniform Guidance (i.e., single audits). Chrissy serves on the firm-wide committee responsible for preparing the content and presenting internally on the topic of auditing student financial aid.

Technical experience

- Financial statement audits
- Student financial aid assistance
- Specialized higher education and nonprofit accounting

Education and professional involvement

- Bachelors of science in computer accounting from Stevenson University, Stevenson, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants (AICPA)
- Maryland Association of Certified Public Accountants (MACPA)

Publications

- June 2017 – “Three Internal Control Weaknesses in Higher Education and How to Fix Them”
- December 2016 – “New NSLDS Enrollment Report Helps You Understand and Correct Errors”
- May 2016 – “Slow Down and Assess Needs Before Hiring a New Higher Education Employee”
- September 2015 – “New Wire-Transfer Scam Can Ravage Higher Education Schools’ Funds”
- April 2015 – “Private Colleges Brace for FASB’s Proposed Accounting Standards”

Speaking engagements

- August 2016 – “Pensions Revisited- Review and Lessons Learned from GASB 68/71 Implementation”
- March 2016 – “Trends in Cyber Crime and How to Protect Your Institution”

Key relevant clients

- Anne Arundel Community College and Foundation
- Prince George's Community College and Foundation
- Montgomery College and Foundation
- Carroll Community College and Foundation
- Community Colleges of Baltimore County and Foundation
- Harford Community College and Foundation
- Baltimore City Community College Foundation
- Pennsylvania State System of Higher Education
- Cheyney University of Pennsylvania
- West Chester University of Pennsylvania
- West Virginia State University
- Bluefield State College
- Washington College

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James P. Kreiser, CISA, CRMA, CFSA

CLA (CliftonLarsonAllen LLP)



Principal, Business Risk and IT Services
Harrisburg, Pennsylvania

717-558-0860
james.kreiser@CLAconnect.com

Profile

Jim is a principal in the CLA specialized advisory services group. He has 22 years of professional services experience in providing consulting and advisory services. Jim spent 10 years of his experience working at a Big 4 firm in their business risk and technical risk services groups. His experience also includes internal audit roles at CitiBank, AMP, and Capital BlueCross. Jim has held roles of chief risk officer, general auditor, and others. His focus has primarily been in the governmental sector, health care, and financial institutions. At CLA, Jim has focused on clients particularly on consulting, IT, internal audit, and third-party reporting services.

Technical experience

Jim's experience includes managing and leading projects, which include engagements related to outsourced and co-sourced internal auditing, IT audit, third-party reviews and performance audits, enterprise risk management processes, IT security and auditing services, SSAE 16 reporting (SOC 1 and SOC2), operational improvements, process approaches and implementation for those approaches across the organization. His primary focus for the firm is in the Public Sector Group (State and Local Government, Higher Education, and Non-Profit organizations).

His service experience is business risk, IT, and internal audit services. Specific experience includes, but is not limited to, the following:

- Internal audit outsourcing and co-sourcing, including information technology, financial, performance audits, and operational audits.
- IT security and risk consulting
- Enterprise-wide risk assessments.
- IIA Quality Assurance Reviews (QAR)
- Vendor mangement and Implementation Assessment
- Compliance related activities and benchmarking
- Presentations and Training; including speaking at various conferences/professional organizations on IT controls, Security, ERM, and third-party reporting, and risk management.

Education and professional involvement

- Bachelor of Science from Carnegie Mellon University, Pittsburgh, Pennsylvania
  - BS of Managerial Economics
  - BS of Philosophy
- Certified Information Systems Auditor
- Certified in Risk Management Assurance
- Certified Financial Services Auditor

Key relevant clients

- Maryland Transportation Authority
- Washington State Department of Transportation
- The Pennsylvania State System of Higher Education
- Commonwealth of Pennsylvania
- State of Rhode Island
- Maryland Department of Budget and Management
- West Virginia Higher Education Policy Commission
- State of Delaware
- Haverford College
- California Housing Finance Agency

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Jeffrey Ziplow, MBA, CISA, CGEIT

CLA (CliftonLarsonAllen LLP)



Principal
West Hartford, Connecticut

860-561-6815
jeffrey.ziplow@CLAconnect.com

Profile

Jeff is a principal in the firm's business risk advisory service group. Over his 35-year career he has had significant experience working with organizations to assess their IT controls as they relate to business operations and helps to develop recommendations to mitigate risk. In this role, Jeff works with clients on data breach responses, cyber security risk assessments and provides insight and guidance on developing better security practices. In addition, he works on process control related projects to enhance operational efficiencies and provide tangible control recommendations.

Jeff also oversees various IT audits based on the AICPA's SSAE-18 (SOC-1) and AT-101 (SOC-2) compliance standards as well as working with the NIST based security standards. Over the past several years, he has been actively involved in providing cybersecurity and risk assessments presentations to municipalities, nonprofits, and various companies to enhance leadership in these areas. He also works with the attorney generals of Connecticut, Florida, and Indiana to provide guidance/support on cyber security matters.

Technical experience

- Risk management
- Information system
- Security assessments
- Processes and controls
- SOC-1 and SOC-2 audits
- HIPAA audits
- NIST compliance standards

Education and professional involvement

- Master of business administration from Boston College, Boston, Massachusetts
- Bachelor of arts from the University of Vermont, Burlington, Vermont
- Certified Information Systems Auditor
- Certified Governance of Enterprise IT
- Information Systems Audit and Control Association
- Government Finance Officers Association of Connecticut

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Jenny Dominguez, CPA/CFF, CFE



CLA (CliftonLarsonAllen LLP)

Principal
Glendora, California

626-387-8227
jenny.dominguez@CLAconnect.com

Profile

Jenny is a principal and leads CLA's national forensic services practice. She has more than 21 years of experience conducting complex forensic accounting and fraud investigation projects. Jenny is also experienced in conducting fraud risk assessments, internal control reviews, litigation support, and anti-fraud and ethics training. She has served clients in many industries, including education, state and local government, nonprofit, employee benefit plans, health care, construction, manufacturing, and other for-profit entities. Jenny has investigated numerous allegations of conflicts of interest, employee embezzlement schemes and other asset misappropriation, and deficient financial disclosures.

Technical experience

- Fraud investigations
- Litigation support – civil and criminal
- Fidelity and insurance claims
- Data analytics
- Forensic audit examinations and analysis
- Internal control reviews
- Conflict of interest investigations
- Contract and vendor fraud investigations
- Investigative interviews
- Anti-fraud and ethics training

Education and professional involvement

- Bachelor of science in business administration with an emphasis in accounting from California State Polytechnic University, Pomona
- Certified Public Accountant in the states of Arkansas, California, and Hawaii
- Certified Fraud Examiner (CFE)
- Certified in Financial Forensics (CFF)
- American Institute of Certified Public Accountants (AICPA)
- Association of Certified Fraud Examiners (ACFE)
- California Society of Certified Public Accountants (CalCPA)
- Inland Empire Chapter of the Association of Certified Fraud Examiners

Speaking engagements

- March 2022 – “Ehical Challenges in Business Decisions: Creating an Environment of Ethical Awareness to Prevent Fraud” – CLA hosted training academy for state and local governments
- April 2021 – “Fraud Prevention & Detection for State and Local Governments”
- April 2021 – K-12 Schools Series hosted by CLA – “Ten Important Internal Controls for Small K-12 Schools”
- March 2021 – Midwest Government Training Academy hosted by CLA – “Ethical Challenges in State and Local Government”
- July 2020 – K-12 Schools Series hosted by CLA – “Risks of Occupational Fraud Facing Schools”
- January 2020 – Arizona Society of CPAs – “Understanding the Impact of Fraud in Business”
- January 2020 – CliftonLarsonAllen LLP – “Risks of Occupational Fraud Facing Nonprofits”
- May 2019 – LAACFE – “Embezzlement: Case Studies in Employee Theft and Dishonesty”
- May 2019 – Accounting Day 2019 – “Responding to Fraud in the Workplace”
- March 2019 – OCACFE – “Embezzlement: Case Studies in Employee Theft and Dishonesty”

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Mathew W. Anderson, CPA/CFF, CFE

CLA (CliftonLarsonAllen LLP)



Principal
Denver, Colorado

303-265-7806
matt.anderson@CLAconnect.com

Profile

Mathew is a principal in CLA's Greenwood Village office and leads CLA's national data analytics and insights services group. He has 24 years' experience in data analytics, complex financial and accounting analysis, accounting reconstruction, forensic accounting, valuation, and financial consulting. Matt has provided financial and accounting advisory services to attorneys, corporations, nonprofits, and government entities. His primary industry focus is health care with clients including large and small health systems, hospitals, and physician groups.

Matt has been involved with forensic accounting assignments including financial statement fraud, embezzlement, misappropriation of assets, and various types of funds tracing. Matt has also provided commercial litigation dispute analysis and litigation support, including calculation of economic damages, complex electronic data analysis, royalty audit, and earnout dispute analysis. He has testified as an expert witness.

Technical experience

- Data analytics and business intelligence visualization
- Digital strategy
- Fraud investigation
- Valuation and financial consulting
- Complex financial and accounting analysis
- Complex commercial litigation experience in financial and accounting investigations and analysis related to securities and shareholder class action issues, *alter* ego, intellectual property disputes, accounting malpractice issues, and lost profits/breach of contract disputes

Experience serving clients

Data Analytics Consulting

- Business Intelligence – Transform raw data into timely, actionable insights; develop Key Performance Indicators and scenario models to enhance strategic decision-making; connect siloed data sources to deliver customized business intelligence.
- Health Care – Revenue cycle data analytics and business intelligence reporting using Microsoft Power BI® for physician practices, hospitals, and health systems.
- Health Care – Provider compensation analyses, financial analyses, and Stark Law and Anti-Kickback Statute analysis and consulting.
- Various Industry Data Analytics – Provided data analytics using risk based and attribute sampling techniques applied to analysis of 100% of the population of financial and non-financial data sets.

- Audit Assistance – Assisted our assurance practice with data analytics and fraud risk assessment for audit clients in the following industries: health care, automotive, manufacturing and distribution, organic dairy, trust services, online marketing, and insurance.

Fraud Prevention and Investigation

- Proactive Fraud Prevention – Assisted various clients with fraud risk assessment, internal audit functions, internal control assessment, and data analytics in the context of fraud prevention and mitigation.
- Reactive Fraud Investigation – Assisted various clients and individuals with fraud investigations including alleged asset misappropriation, financial fraud, and white collar crime.

Valuation and Financial Consulting

- Financial and tax compliance valuation – ASC 805 Business Combinations, ASC 350 Intangibles, Goodwill and Other, ASC 718 Stock Compensation, IRC Section 409A. Performed purchase price allocation valuation analysis for numerous clients in the following industries: healthcare, software, data center/colocation, agrochemical, manufacturing, transportation logistics, financial services, oil & gas.
- Valuation – Performed business valuations of various operating business entities for purposes including: potential sale, gift & estate tax, executive compensation arrangements.
- Due Diligence – Assisted various clients in financial and accounting due diligence with a focus on data analytics applied to Target company financial data.
- Royalty Consulting – Led royalty consulting engagements to assess the completeness, accuracy and comprehensibility of royalty reporting for various entities in industries including health sciences, consumer electronics, gaming, software, and web categorization.

Education and professional involvement

- Bachelor of arts in business/economics with an accounting emphasis from University of California at Santa Barbara
- American Institute of Certified Public Accountants
- Certified public accountant (CPA), certified in financial forensics (CFF)
- Colorado Society of Certified Public Accountants
- Association of Certified Fraud Examiners, certified fraud examiner (CFE)
- Board of Trustees, The Leukemia & Lymphoma Society, Rocky Mountain Chapter, 2010 to 2017

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Title Page

PROFESSIONAL FEES

August 29, 2023

Proposal to provide professional services to:

State of North Carolina

Company Name	CliftonLarsonAllen LLP (CLA)
Address	4601 Six Forks Road, Suite 350 Raleigh, NC 27609-5287
Phone Number	239-226-9903 | chris.kessler@CLAconnect.com
Authorized Representative	Christopher (Chris) Kessler, CPA, Principal
Proposal Number	DPC-646236801-MT

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4.9 Professional fees

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ATTACHMENT A: PRICING FORM

COST SCHEDULE

Vendor shall provide its best hourly rates in the form of base rate and upper rate for an auditor, audit supervisor and audit executive in the appropriate columns provided below or a duplicate of this form. For staff, supervisor, and executive descriptions, see Section 4.9 of the RFP.

This table captures audit staff compensation rates only and does not include travel or related business expenses. All travel and business expenses, if any, will be subject to North Carolina state travel guidelines and requirements and are required to be presented as part of the issuance of a specific SOW, after approved Vendors have been selected. Chapter 5 of the North Carolina Budget Manual provides primary guidance on state travel guidelines and restrictions and can be found at:

https://www.osbm.nc.gov/budget/budget-manual

					OTHER PROFESSIONAL STAFF *Vendors may enter provide rates for additional staff categories, if applicable.*		
Services Category	**Staff Base Rate**	**Staff Upper Rate**	**Supervisor**	**Executive**			
Operational/Performance Audit	150	**250**	325	400	**NA**	**NA**	NA
Investigative Audit	225	350	400	525	NA	NA	NA
Compliance Audit	150	250	325	400	NA	NA	NA
Information System Audit	175	275	325	400	NA	**NA**	NA
Risk Assessment and Audit Plan	175	250	325	400	NA	NA	NA
Development	150	250	325	400	NA	NA	NA
Financial Audit	150	275	325	400	NA	**NA**	NA
Data Analytic Services	200	325	400	525	NA	NA	NA
Managerial Advisory Services	180	250	325	400	NA	NA	NA
Accounting Services	150	275	325	400	NA	**NA**	NA

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SOLICITATION ADDENDUM

Issuing Agency:	Division of Purchase and Contract
Solicitation Number:	DPC-646236801-MT
Solicitation Description:	Supplemental Internal Audit Services
Solicitation Opening Date and Time:	September 6, 2023 @ 2:00 PM ET
Addendum Number:	03
Addendum Date:	August 22, 2023
Purchasing Agent:	Melinda Tomlinson

FAILURE TO RETURN THIS ADDENDUM MAY SUBJECT YOUR RESPONSE TO REJECTION.

1. **The Solicitation is hereby modified as follows** (begin on page 2)**:**

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Modification #	Solicitation Section	Current Solicitation Language	Updated Solicitation Language
1	2.8 Proposal Contents	Vendors shall provide responses to all questions and complete all attachments for this RFP that require the Vendor to provide information and upload them to the Sourcing Event in the Sourcing Tool. Vendor may not be able to submit its response in the Sourcing Tool unless all required items are addressed. Vendors shall provide authorized signatures where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion. Vendor shall include the following items and attachments in the Sourcing Tool: d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1 e) Completed version of ATTACHMENT A: COST PROPOSAL f) Completed and signed version of ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION g) Completed and signed version of ATTACHMENT E: CUSTOMER REFERENCE FORM h) Completed and signed version of ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR i) Completed and signed version of CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and OMB STANDARD FORM LLL	Vendors shall provide responses to all questions and complete all attachments for this RFP that require the Vendor to provide information and upload them to the Sourcing Event in the Sourcing Tool. Vendor may not be able to submit its response in the Sourcing Tool unless all required items are addressed. Vendors shall provide authorized signatures where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion. Vendor shall include the following items and attachments in the Sourcing Tool: d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1 e) Completed version of ATTACHMENT A: COST PROPOSAL f) Completed and signed version of ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION g) Completed and signed version of ATTACHMENT E: CUSTOMER REFERENCE FORM h) Completed and signed version of ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR. i) Completed and signed version of ATTACHMENT G: CERTIFICATION OF FINANCIAL CONDITION. j) Completed and signed version of CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and OMB STANDARD FORM LLL
2	Section 4.11 Personnel	In its proposal the Vendor shall provide information as to the qualifications and experience of current audit, accounting, managerial advisors, and data analytics personnel that may be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications may include documentation citing educational background, experience with similar projects and related certification, as well as the number of years of experience with each type of service category, as identified in the Section 5 Scope of Works, Audit Service	Section 4.11 has been removed from the solicitation. It has now been incorporated into the RFQ. See revised Exhibit 3.

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<table>
<tr><th>Modification #</th><th>Solicitation Section</th><th>Current Solicitation Language</th><th>Updated Solicitation Language</th></tr>
<tr><td></td><td></td><td>Categories.

Vendor warrants that qualified personnel shall provide Services under this Contract in a professional manner. "Professional manner" means that the personnel performing the Services will possess the skill and competence consistent with the prevailing business standards in the industry. Vendor will serve as the prime contractor under this Contract and shall be responsible for the performance and payment of all subcontractor(s) that may be approved by the State. Names of any third-party Vendors or subcontractors of Vendor may appear for purposes of convenience in Contract documents; and shall not limit Vendor's obligations hereunder. Vendor will retain executive representation for functional and technical expertise as needed in order to incorporate any work by third party subcontractor(s).</td><td></td></tr>
<tr><td>3</td><td>Section 5.3 Vendor Responsibilities</td><td>Soliciting Agencies shall complete a Statement of Work form (Exhibit 3 attached) and submit the form to at least one (1) qualified vendors in the requested category.</td><td>Soliciting Agencies shall complete a Statement of Work form (Exhibit 3 attached) and submit the form to at least two (2) qualified vendors in the requested category.</td></tr>
<tr><td>4</td><td colspan="3">Section 3.4 Evaluation Criteria - Original RFP Evaluation Criteria
<table>
<tr><th>Evaluation Criteria</th><th>RFP Section</th><th>Points</th></tr>
<tr><td>Vendor's Relevant Background and Experience</td><td>4.4, 4.5</td><td>300</td></tr>
<tr><td>Financial Statements</td><td>4.8</td><td>200</td></tr>
<tr><td>Personnel</td><td>4.11</td><td>350</td></tr>
<tr><td>Cost Proposal</td><td>4.9, Attachment A</td><td>150</td></tr>
<tr><td>TOTAL</td><td>700 required for the award</td><td>1000</td></tr>
<tr><td>NC License to Practice</td><td>4.6</td><td>Pass/Fail</td></tr>
<tr><td>External Review/Regulatory Action</td><td>4.7</td><td>Pass/Fail</td></tr>
</table>
Modified RFP Evaluation Criteria
<table>
<tr><th>Evaluation Criteria</th><th>RFP Section</th><th>Points</th></tr>
<tr><td>Vendor's Relevant Background and Experience</td><td>4.4, 4.5</td><td>275</td></tr>
<tr><td>Financial Statements</td><td>4.8</td><td>150</td></tr>
<tr><td>Project Staffing</td><td>5.4</td><td>250</td></tr>
<tr><td>Technical Approach</td><td>5.5</td><td>200</td></tr>
<tr><td>Cost Proposal</td><td>4.9, Attachment A</td><td>125</td></tr>
<tr><td>TOTAL</td><td>700 required for award</td><td>1000</td></tr>
<tr><td>NC License to Practice</td><td>4.6</td><td>Pass/Fail</td></tr>
<tr><td>External Review/Regulatory Action</td><td>4.7</td><td>Pass/Fail</td></tr>
</table></td></tr>
<tr><td>5</td><td>Attachment A: Cost Proposal</td><td>See Current Attachment A</td><td>See Updated Attachment A – to provide for optional additional labor categories.</td></tr>
</table>

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Modification #	Solicitation Section	Current Solicitation Language	Updated Solicitation Language
6	**Section 5.1 General**	Audits, accounting, data analytics or managerial services are performed to either ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend Improvements In efficiency and effectiveness of operations; adherence to laws and regulations, fill an unmet staffing needs, or provide forecasting. Any agency may identify a need for internal audit assurance, accounting, data analytics or managerial advisory service short term staff through the issuance of a Scope of Work (SOW). The hiring agency's staffing needs may vary in terms of resources required, dates of service and length of assignment.	Audits, accounting, data analytics or managerial services are performed to either ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend Improvements In efficiency and effectiveness of operations; adherence to laws and regulations, or provide forecasting. Any agency may identify a need for internal audit assurance, accounting, data analytics or through the issuance of a Scope of Work (SOW).

2. The following are questions received about the Solicitation and the State's response to those questions:

Question #	Document Section	Vendor Question	State's Response
1.	Att. B	Is Attachment B: North Carolina Instructions to Vendors considered part of the body of RFP and required to be returned with response?	Attachment B: North Carolina Instructions to Vendors should be read in its entirety; however, it is not required to return it with your vendor response. Refer to section 2.8 Proposal Contents for the items that are required to be included in your vendor response.
2.	Att. C	Is Attachment C: North Carolina General Terms and Conditions considered part of the body of RFP and required to be returned with response?	Attachment C: North Carolina General Terms and Conditions should be read in its entirety; however, it is not required to return it with your vendor response. Refer to section 2.8 Proposal Contents for the items that are required to be included in your vendor response.
3.	Section 2.8 Proposal Contents	RFP p. 11, Section 2.8 Proposal Contents does not list Attachment G: Certification of Financial Condition as required, however, this form is issued in the Ariba Sourcing portal. Should this form be provided as part of the offeror's response to Section 2.8.j.c?	Vendors shall complete the Attachment G: Certification of Financial Condition provided in section 6.5 of the Ariba Sourcing Event. See solicitation modification #1 in previous section of this Addendum 2.

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Question #	Document Section	Vendor Question	State's Response
4.	Section 2.8 Proposal Contents	RFP p. 11, section 2.8 Proposal Contents lists items 2.8.a Title Page, 2.8.c Signed Addenda, 2.8.d Vendor's Proposal, and 2.8.j Response and Documentation. There are not specific line items in the Sourcing Tool portal for vendors to upload these items. Will the State consider adding specific sections in the Sourcing Tool portal for vendors to upload each of these items?	The State has assigned specific sections for vendors to submit the completed RFP attachments. Any additional required documents should be uploaded in section 6.1 labeled "*Return Solicitation Document*" within the Ariba Sourcing Event, unless specified otherwise.
5.	Sections 4.1 Pricing & 4.9 Cost Proposal	RFP Sections 4.1 Pricing and 4.9 Cost Proposal include no guidance on how the State will consider labor rate escalation over the period of performance of the STC. Will the State allow vendors to propose a process for labor rate escalation over the period of performance of the STC as part of their response to RFP Section 4.9?	Please refer to section 6.8 Contract Changes, for information regarding how to make changes over the life of the contract.
6.	Section 4.5 References	RFP p. 13, Section 4.5 References states, "Vendor shall provide a list of at least five (5) contracts for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2, within the last five (5) years." Are vendors to provide at least 5 contracts for each Section 5.2 type of service area that vendors are responding to (e.g., 5 contracts for Section 5.2.a, 5 contracts for Section 5.2.b, 5 contracts for Section 5.2.c, and so on) or provide a total of at least 5 contracts regardless of how many Section 5.2 services vendors are responding to?	Vendors should provide a total of at least five (5) references within the last five (5) years for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2.

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Question #	Document Section	Vendor Question	State's Response
7.	Section 4.7 External Reviews and Regulatory Action	RFP Section 4.7 External Reviews and Regulatory Action outlines a set of mandatory response and disclosure requirements. Subsection 4.7.a appears to specifically apply to vendors responding to the Compliance Audit (RFP Section 5.2.c), Financial Audit (5.2.g) and Accounting & Financial Services (5.2.h) service categories. Further, Subsection 4.7.b seems to clarify that Subsection 4.7.a does not apply to vendors responding to service categories that do not cover services subject to the "American Institute of Certified Public Accountants external review requirements." Could that State confirm that it agrees with this interpretation and that Subsection 4.7.a only applies to vendors responding to service categories 5.2c, 5.2.g, and 5.2.h?	No, the type of services a Vendor responds to has no impact on this requirement. Section 4.7a applies to Vendors that are required by the American Institute of Certified Public Accountant or a State's governing body to have a peer review.
8.	Sections 4.9 Cost Proposal and 5.2 Internal Audit Assurance...	RFP Sections 4.9 and 5.2 as well as Exhibit 2 and Attachment A are inconsistent in their representation of service categories. Can the State confirm that Section 5.2 represents the authoritative list of service categories for vendors to respond to?	Yes, Section 5.2 represents the list of service categories to which Vendors should respond.
9.	Section 4.9 Cost Proposal	RFP p. 17, Section 4.9 Cost Proposal states, "For each service category, the Vendor shall provide the following:". Should this language state, "For each service category that the vendor is proposing for, the Vendor shall provide the following:"?	Vendors should refer to the previous sentence in section 4.9 for clarity, which states, *Vendors may provide rates for one (1) or more service categories but may not necessarily receive approval for all categories submitted*.
10.	Section 4.9 Cost Proposal	RFP Section 4.9 Cost Proposal includes a paragraph allowing for the inclusion of additional labor categories under "d. Other professional staff...". The RFP apparently lists "d." as a subsection under the Data Analytics Services service category. However, the phrasing of the "Other professional staff" definition suggests that this might apply to other service categories as well, not just the Data Analytics Service category. Could that State confirm that vendors can propose additional labor categories, per the "Other professional staff" guidance, across all service categories?	Yes, "Other professional staff" may be applied across all service categories.

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Question #	Document Section	Vendor Question	State's Response
11.	Section 4.11 Personnel	RFP Section 4.11 Personnel appears to represent a proposal requirement. It is also an explicit evaluation factor under RFP Section 3.4. However, it is not included in RFP Section 2.8.d. Can the State confirm that vendors should include a response to RFP Section 4.11 in their respective proposal sections addressing RFP Section 2.8?	Vendors shall provide in their proposal the requirements requested in Section 4.11 Personnel.
12.		RFP Sections 4.11, 5.4, and 5.5 all speak to personnel and staffing requirements, but don't clearly define which personnel the State would consider to be Key Personnel (who would be subject to the substitution rules under 4.11). In our estimation it would be appropriate for vendors to propose a State Term Contract Manager and Service Category Leaders as Key Personnel at this time, but to defer naming all other Key Personnel to the order level. All other personnel highlighted in the proposal response would be W-2 employees of the vendor but would not be explicitly labeled as 'Key Personnel'. Would this be acceptable to the State?	Yes, the State is agreeable to Key Personnel being defined for: 1. Contract Manager 2. Service Category Leaders (as defined in Section 4.9 of RFP. Enough staff qualifications should be provided to support each service category that are included in a Vendor's proposal. Key personnel are individuals that have the responsibility for ensuring milestones, deadlines and/or accomplishment of project objectives are achieved. See Modification Section 1, #2. See updated Exhibit 3 for RFQ Process.
13.	Section 5.5 Technical Approach	RFP Section 5.5 Technical Approach is a required proposal response section under Section 2.8 Proposal Contents, but it is not part of the evaluation criteria under Section 3.4. Since (1) the responses to RFP Sections 4.4, 4.5 (technical capabilities) and 4.11 (Personnel qualifications) should comprehensively cover the vendor's ability to meet potential future order requirements under this Term Contract and since (2) there is no specific task order scope included in this RFP that vendors could respond to with an 'approach', would the State consider removing the first two paragraphs from RFP Section 5.5? Paragraph 1: "Vendor's proposal shall…" (redundant with Sections 4.4 and 4.5); Paragraph 2: "Key Personnel qualifications…" (to be addressed in Section 5.4)	No. **Response to (1)** - See Section 1, Modification #4 for updated Evaluation Criteria. See Section 1, Modification #2 for update to Section 4.11. **Response to (2)** – Sections 5.4 and 5.5 are relative to the Scope of Section 5, in its entirety. Vendors should provide Approach and Project Staffing approach based on the provided Scope of Work in Sections 5.1 – 5.3.
14.	Section 5.5 Technical Approach	For vendors proposing on service categories not commonly subject to the professional standards listed in RFP Section 5.5, would the government accept a brief narrative response outlining why the specific professional standard(a) does not apply to the vendor as a compliant response?	Yes. Vendors should provide a response to Sections 5.4 Project Staffing and 5.5 Technical Approach. for services that are commonly subject to the list of professional standards.

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Question #	Document Section	Vendor Question	State's Response
15.	Section 1.3 Contract Term and Section 4.1 Pricing.	Since this new State Convenience Contract for services is for a 5-year period, how many instances will the State allow rates to be increased to match market fluctuations during the term of the contract?	The State is unable to provide a specific number of instances that would allow for rate increases during the contract. Vendors are advised to review section 6.8 Contract Changes to understand the State's policy on contract modifications throughout the duration of the agreement.
16.	RFP Section 2.4 RFP Schedule	*Submit Proposals section. Also referenced on Solicitation Addendum 1 with new due date for submission 8/29/23 at 2 pm.* What is the purpose for this Teams meeting? What information will the State of North Carolina's Division of Purchase and Contract discuss or disclose during the meeting?	The public bid opening is scheduled for August 29, 2023, at 2:00 PM. At the time of the bid opening, vendor's names and pricing that is not subject to negotiation or two-step opening shall be announced. This includes all timely bids received, including those that may later be deemed non-responsive.
17.	4.10 Additional Requirements	4.10(a) Work Papers: Would the State agree to language clarifying that this section is not intended to impact the ownership rights of our existing intellectual property or administrative records, or any intellectual property developed outside of the scope of our services? 4.10(d) Records Retention: Would the State agree to a modification to the records retention requirement to address typical issues associated with information stored electronically and for compliance with applicable professional standards?	This section is intended to impact work papers created within the scope of this agreement. This is not intended to impact the ownership of intellectual property developed outside the scope of the agreement. Administrative records applicable to the completion of audit services are included. The State intends to adhere to the records retention requirement as outlined in the policy set forth by the North Carolina Council of Internal Audition.
18.	Att. C NC General Terms and Conditions	2. Default and Termination: Will the State consider industry standard modifications for the services contemplated such as language disclaiming further responsibility for work product delivered which is designated as incomplete as of the date of termination and that the State's remedy against Vendor for any default shall be the return of any fees paid to Vendor for such nonconforming deliverables or services? Additionally, would the State accept additional language providing that the Vendor may terminate the Agreement upon written notice to the State, if the Vendor determines continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or Vendor's client acceptance or retention standards?	The State reserves the right to negotiate this term of the contract prior to contract award.

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Question #	Document Section	Vendor Question	State's Response
19.	Att. C NC General Terms and Conditions	13. Access to Persons and Records: Would the State accept language clarifying that these rights are limited solely to our time, billing and reimbursable expense records for services performed under the Agreement?	The State reserves the right to negotiate this term of the contract prior to contract award.
20.	Att. C NC General Terms and Conditions	16. General Indemnity: 16(a): Will the State consider industry standard modification to this provision to limit our obligations to claims brought by third parties that arise from the gross negligence or willful acts or omissions by Vendor during the performance of its services? Additionally, would the State accept the addition of language providing that our total liability, except for our indemnification obligations, be limited to an amount equal to the fees we receive under the Agreement, and exclude indirect, consequential, exemplary or similar such damages?	The State reserves the right to negotiate this term of the contract prior to contract award.
21.	Att. C NC General Terms and Conditions	20. Care of State Data and Property: Paragraph 2, Sentence 2: Will the State consider adding the following language to the beginning of the second sentence in the second paragraph "Subject to the limitations of liability in the Agreement,..."?	The State reserves the right to negotiate this term of the contract prior to contract award.
22.	Att. C NC General Terms and Conditions	28. Federal Funds Provisions: 28(d)(2) and (3): Would the State accept our request to delete the liquidated damages provision, or substantive modifications to address failures to deliver which are outside of the Vendor's reasonable control? 28(i) Access to Records: Please see our Question in *13. Access to Persons and Records*. 28(k) Records Retention: Please see our Question in *20. Care of State Data and Property*.	The State reserves the right to negotiate this term of the contract prior to contract award.
23.	Section 4.3 HUB Participation	Do vendors need to meet 10% utilization of HUBs on this RFP? How does one become certified as WBE and Minority owned in North Carolina?	No. The 10% utilization applies to State agency's goal to spend at least 10% of their total expenditures with certified HUB vendors. For information about becoming a certified HUB vendor, please visit: https://ncadmin.nc.gov/divisions/historically-underutilized-businesses-hub/certifications

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Question #	Document Section	Vendor Question	State's Response
24.	Section 5.5 Technical Approach	Can you provide more clarity and detail on the requirements for Section 5.5 "Technical Approach"? If possible, can you provide an example?	The proposal from the Vendor must describe their plan for completing the tasks specified in the Scope of Work section of this RFP, using narrative, outlines, and/or graphs. The proposal must include details about each task and deliverable, as well as a schedule for completing each one. The State is unable to provide an example.
25.	5.0 Scope of Work (5.2.d)	Historically, how many audits and/or how many hours of the audit plan have been dedicated to Information Systems Audits for the in-scope agencies and campuses?	Last year for agency and universities information system audits completed were just under 20,000 hours. Not captured are 58 community colleges, 115 local education agencies and several regulatory boards that may use the new state term contract.
26.	5.0 Scope of Work (5.2.d)	Are there any information systems audits that are required to be performed annually as a part of compliance/regulatory requirements? a) Are those annual audits performed for all in-scope agency and campus locations? b) Are there pre-defined state audit programs to execute or is the provider responsible for developing the scope and approach for each audit?	Yes. There is only one(1) mandated information system audit requirement which is not within the scope of this RFP as identified in Section 5.2d.
27.	5.0 Scope of Work (5.2.d)	Has the state performed IT-specific risk assessments as part of this initiative? When were those last performed?	No IT-specific risk assessment was performed for this initiative.
28.	5.0 Scope of Work (5.2.d)	Is there a centralized IT department or IT Manager at the State that manages the scope and coordination of the IT audits?	The State has a centralized IT department however, that department has no responsibilities for overseeing or managing information system audits performed at state agencies or universities.
29.	5.0 Scope of Work (5.2.d)	According to the NCOSA website, the Information Systems Audit reports are not public, but what entity (in addition to the entity being audited) receives the results of the Information Systems Audit Reports? a) Will the vendor present at NCOSA Board/Audit Committee meetings? Or prepare materials for such meetings?	There is no NCOSA Board or Audit Committee. NCOSA has no responsibility for the governance of work performed under this state term contract. The soliciting agency is responsible for receiving and disseminating the results of any work completed by a Vendor. There is a mandate that requires all executive branch internal audit functions to submit reports to the council of internal auditing; however, reports with confidential information must be redacted prior to submission.
30.	5.0 Scope of Work (5.2.d)	Who determines the frequency of Information Systems Audits?	The soliciting agency requesting the audit.

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Question #	Document Section	Vendor Question	State's Response
31.	5.0 Scope of Work (5.2.d)	Does the state have any requirements for in-person execution or can the audits be performed remotely with in-person visits, as appropriate?	The execution of the audits will be determined by the soliciting agency requesting the audit services and be specified in the Request for Quote (RFQ). Refer to Exhibit 3 of the RFP.
32.	5.2.f. Risk Assessment and Audit Plan Development	Historically, how many hours have been dedicated to risk assessment procedures at each agency/campus?	Last year just over 9,300 was spent on risk assessment. Not captured are 58 community colleges, 115 local education agencies and several regulatory boards that may use this state term contract.
33.	5.2.g. Financial Audit	Can you confirm an opinion on financial statements is not within the scope of this RFP?	Opinions on financial statements are not within the scope of this RFP.
34.	Section 5.0	Do any entities anticipate on-demand services as they arise or is there a pre-determined cadence and amount of consulting support already identified?	The State cannot predetermine the needs of the individual agencies; however, soliciting agencies are required to complete a Statement of Work (Exhibit 3) and submit the form to at least one (1) qualified vendor in the requested category.
35.	Section 5.0	Would you anticipate needing local, on-site support, remote assistance, or both?	The need for local, on-site support, or remote assistance will be determined by the soliciting agency and specified in the Request for Quote (RFQ). Refer to section 5.3 of the RFP
36.	Section 5.0	How long will we have to respond to Statement of Work that arises from any of the entities included in this proposal?	The timeline for responding to the Statement of Work will be determined by the soliciting agency and specified in the Request for Quote (RFQ); however, vendors will have a minimum of ten (10) days to respond. Refer to section 5.3 of the RFP.
37.	Section 5.0	There is some overlap in areas in regards to expertise, team, experience, etc. When responding, for sake of brevity, may we reference previous responses with appropriate name/number guidance or would you prefer a complete separate response?	Staff/personnel qualification/experience/education, is only needed once for each type of service included in the Vendors proposal, in response to Sections 5.4 and 5.5.
38.	Section 5.0	When the State has a project need, will it contact all of the firms on this contract (within the applicable category in the RFP) and provide them with an opportunity to submit a proposal? If no, what selection process will be used when project needs arise?	Soliciting agencies must fill out the Statement of Work form (refer to Exhibit 3) and submit it to a minimum of two (2) qualified vendors in the desired category. Refer to section 5.3 of the RFP. See Section 1, Modification #3.
39.	Section 5.0	When the State has a project need, how much advanced notice is typically provided the consultant before the project needs to commence?	Soliciting agencies shall give vendor(s) a minimum of ten (10) days to respond. Refer to section 5.3.2 of the RFP.
40.	Section 5.0	How should we identify which areas we would like to considered for versus areas that are outside of our expertise?	Vendors shall indicate the service categories in which they wish to be considered by submitting base or upper rates for staff, supervisor, and executive hourly rate ranges for each on the pricing schedule (Attachment A). Refer to section 4.9 Cost Proposal.

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Question #	Document Section	Vendor Question	State's Response
41.	Section 5.0	Can we propose on all or just certain portions of the work?	State unable to determine details of this question. See Section 4.9 for details on how vendors should provide proposals for one (1) or more service categories.
42.	Section 5.0	Do we need to include different personnel for each type of work and different references, fees, etc. for each type of work that they list in the RFP?	See Response for Questions 12 and 13 above.
43.	Section 5.0	In the RFP, they ask for expertise with Construction Audits but it is not specifically listed as one of the services...do they consider Construction Audit as a separate service?	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
44.	Section 5.0	Do they have an estimated number of hours of support identified for each component?	The State does not have an estimated number of hours for support identified for each component. Vendors should inquire this information of the soliciting agencies.
45.	Att. C NC General Terms and Conditions	How should the Offeror provide exceptions to the State's contractual terms and conditions for the State's consideration?	Please refer to section 2.7 Notice to Vendors Regarding RFP Terms and Conditions.
46.	Att. C NC General Terms and Conditions, Section 2	In (a), would the State consider modifying the remedy for procurement of substitute services to provide that we may be found liable for such costs, since a party's damages should be based on the facts and circumstances and determined by dispute resolution processes? In (b), would the State consider providing a notice and cure period after which, if not cured, such termination for cause would be effective? Alternatively, if the State wishes to discuss specific language or better understand the concerns, would the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a potential amendment of this specific provision of the Contract as per Section 2.3 of the RFP?	The State is willing to negotiate any NC general terms and conditions if the Vendor's includes the modifications in their proposal as stated in Section 2.3.

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47.	Att. C NC General Terms and Conditions, Section 15	Would the State consider the clarifying modifications outlined below to align the insurance requirements with our industry-standard coverage? Alternatively, if the State wishes to discuss specific language, would the State please confirm that it is electing to leave open this section for later negotiation and amendment of this specific provision of the Contract as per Section 2.3 of the RFP? 2(ii)./3(ii). Commercial General Liability – General Liability Coverage on a Comprehensive Commercial Broad Form... 2(iii). Automobile – The minimum combined single limit shall be $250,000.00 bodily injury and property damage combined. ~~$250,000.00 uninsured/under insured motorist; and $2,500.00 medical payment.~~ 3(iii). Automobile – The minimum combined single limit shall be $500,000.00 bodily injury and property damage combined. ~~$500,000.00 uninsured/under insured motorist; and $5,000.00 medical payment.~~	The State is willing to negotiate any NC general terms and conditions if the Vendor's includes the modifications in their proposal as stated in Section 2.3.

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48.	Att. C NC General Terms and Conditions, Section 16	Can the indemnity be modified to be for third party claims for bodily injury, including death, or damages to real or tangible personal property to the extent directly and proximately caused by Contractor's negligence or Intentional misconduct In its performance of the services? We would propose the use of the following example. However, in the event the State does not agree with our example, we ask that the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a potential amendment of this specific provision of the Contract as per Section 2.3 of the RFP? "The Vendor shall indemnify, defend and hold and save the State, its officers, agents, and employees, harmless from (i) liability of any kind, including all claims and losses, in each case accruing or resulting to any other person, firm, or corporation furnishing or supplying work, Services, materials, or supplies in connection with the performance of the Contract as a subcontractor or vendor of Vendor, and also from (ii) any and all claims and losses accruing or resulting to any person, firm, or corporation that may suffer personal be injuryed or whose/which real or tangible property is damaged by the Vendor in the performance of the Contract, in each of cases (i) and (ii) that are attributable to the negligence or intentionally tortious acts of the Vendor, provided that the Vendor is notified in writing within 30 days from the date that the State has knowledge of such claims."	The State is willing to negotiate any NC general terms and conditions if the Vendor's includes the modifications in their proposal as stated in Section 2.3.
49.	Att. C NC General Terms and Conditions, Section 20	Would the State agree to clarify that the Vendor is responsible for the loss or damage to the State's real or tangible property and, as to Data, the cost to restore the State's most recent backup? Alternatively, if the State wishes to discuss specific language, would the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a potential amendment of this specific provision of the Contract as per Section 2.3 of the RFP?	The State reserves the right to negotiate this term of the contract prior to contract award.

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Question #	Document Section	Vendor Question	State's Response
50.	Att. C NC General Terms and Conditions	Prior to contract execution, would the State be willing to negotiate a mutual, aggregate limitation of liability for each party (other than for damages arising from a party's recklessness or intentional misconduct and any other damages for which a limit is specifically not allowed by State law)? We would propose the use of the following example. However, in the event the State does not agree with our example, we ask that the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a limitation of liability as per Section 2.3 of the RFP? "Each party shall not be liable to the other party for any claims, liabilities, or expenses relating to or in connection with this Contract or any statement of work ("Claims") for an aggregate amount in excess of the fees paid by the State to Vendor under such statement of work, except to the extent resulting from their recklessness, bad faith or intentional misconduct."	The State reserves the right to negotiate this term of the contract prior to contract award.
51.	Att. C NC General Terms and Conditions, Section	New Section – Disclaimer of Damages Would the State be willing to include a mutual disclaimer of consequential and punitive damages in the resulting Contract? We would propose the use of the following example. However, in the event the State does not agree with our example, we ask that the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a disclaimer of consequential and punitive damages as per Section 2.3 of the RFP? "In no event shall a party be liable to the other party for any consequential or punitive loss, damage, or expense, relating to or in connection with this Contract or any statement of work."	The State reserves the right to negotiate this term of the contract prior to contract award.
52.	Section 4.9 Cost Proposal	Should this read: The rate that the Vendor will provide an staff accountant with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.	The proposed rate provided by a Vendor will be the maximum rate that can be charged. The lower rate of for less experienced staff and the upper rate is for more experienced staff. The rate proposed will be the ceiling and vendor will not be able to charge soliciting agency high rates.

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Question #	Document Section	Vendor Question	State's Response
53.	Section 2.8 Proposal Contents/ Section 3.4 Evaluation Criteria	The proposal contents listed in section 2.8 require a response to RFP 5.4 (Project Staffing), but not to RFP 4.11 (Personnel). However, the evaluation factors in Section 3.4 state that personnel (RFP 4.11) will be evaluated and are silent on whether and how RFP 5.4 will be evaluated. Please clarify whether vendors should respond to 4.11 and/or 5.4 and how each will be evaluated.	See Response for Questions 12 and 13 above.
54.	Att. A Pricing Form	Would the State please consider allowing bidders to include additional Labor Categories, outside of base rate and upper rate for an auditor, audit supervisor and audit executive? Additional labor categories, particularly in between the base and upper rates, will provide the State with more flexibility in execution to tailor the qualifications of their teams to the specific SOW requirement.	Yes. See Section 1, Modification #5 (Attachment A: Cost Proposal Form), updated to reflect optional additional labor categories. Other professional staff – At their discretion, responding firms may include hourly rates for additional professional staff experienced in respective categories.
55.	Section 2.8 Proposal Contents	Please clarify where in the Sourcing Tool (Ariba) we should upload our response to Section 2.8 Proposal Contents, letter d ((d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1). We did not see a location specified in the tool.	The State has assigned specific sections for vendors to submit the completed RFP attachments. Any additional required documents should be uploaded in section 6.1 labeled "Return Solicitation Document" within the Ariba Sourcing Event, unless specified otherwise.
56.	ATT. G: CERTIFICATION OF FINANCIAL CONDITION	Should attachment G be added to the Evaluation Criteria table on page 12 and evaluated as pass/fail?	Although Attachment G is not part of the evaluation criteria, it is still required to be submitted along with the vendor's response to determine their level of responsiveness.
57.	Section 2.8 Proposal Contents	Would the State please provide Attachment E? It was not included with the Solicitation documents.	Attachment E Reference form has been added to section 6.3 of the sourcing event.
58.	Section 5.5 Technical Approach	Section 5.5. Technical Approach asks for "Key Personnel Qualifications - Education/Background, experience." This appears to be duplicative of what is required in sections 4.11 and 5.4. Would the State please clarify what is required for Key Personnel in section 5.5 and how it differs from section 4.11 and 5.4? Alternative, please state that the bidder can simply reference sections 4.11 and 5.4 in its response to section 5.5.	See responses for Questions 12 and 13 above.

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59.	Section 4.9 Cost Proposal	Please clarify how the 4 Services included in 4.9 Cost Proposal (Assurance Services, Accounting Services, Managerial Advisory Services, Data Analytics Services) relate to the 9 Service Categories included in Section 5.2 ((a) Operational Performance Audits...(i) Managerial Audit Services). Please also clarify how the 4 Services included in 4.9 Cost Proposal should be used in completion of Attachment A. Pricing Form.	Section 4.9 Assurance Services equates to the following service identified in Section 5.2: 1) operational/performance audits 2) investigation audits 3) compliance audits 4) information system audits 5) financial audits 6) risk assessments and Audit Plan Development Section 4.9 Accounting Services equates to Section 5.2 Accounting and Financial Services. Section 4.9 Managerial Advisory Services equates to Section 5.2 Managerial Advisory Services Section 4.9 Data Analytics Service equates to Section 5.2 Data Analytics/Continuous Monitoring
60.	General	My company is not based out of North Carolina and we plan on submitting a response to this RFP. I wanted to confirm if my firm can respond to this RFP as an out of state company?	Any vendor may submit a proposal for this solicitation.
61.	Section 5.2 References	I am reviewing your Excel spreadsheet and do not see attachment E? Alternatively, I can submit my own form with at least 5 references. I just want to make sure I am following the directions.	Attachment E Reference form has been added to section 6.3 of the sourcing event.
62.	Section 3.8 Proposal Contents	Item g, Attachment E: Customer Reference Form states that vendors are to include a, 'completed and signed version of Attachment E: Customer Reference Form." There is not an Attachment E form issued. Can North Carolina Division of Purchase and Contract issue Attachment E: Customer Reference Form?	Attachment E Reference form has been added to section 6.3 of the sourcing event.
63.	Section 2.4 RFP Schedule	RFP Schedule lists August 22, 2023 @ 2:00pm ET as due date and time for vendors to submit proposals. The Ariba Sourcing portal lists August 21, 2023 @ 2:00pm ET as due date and time for vendors to submit proposals. Can North Carolina Division of Purchase and Contract confirm the day and time responses for this opportunity are due by?	The bid opening date was revised in Addendum #1. The bid opening is now scheduled for September 6, 2023 @ 2:00 PM. Any further modifications to the RFP schedule will be posted via an addendum posted in the Ariba Sourcing Tool.
64.	Att. A Pricing Form	The event indicates that the Pricing Form should be an Excel file, but it's a pdf. Should we provide the table from the pdf in an Excel file?	The Pricing form provided in the sourcing event is a PDF document.

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65.	Att. A Pricing Form	Will NCDOA allow Vendors to submit additional roles (e.g., for Subject Matter Experts) and associated rates outside of the four roles (Staff Base/Upper Rate, Supervisor, Executive) listed within the pricing form?	At the end of Section 4.9 – "Other professional staff" can be added to any of the service categories.
66.	Att. C General Terms & Conditions	Can Vendors utilize offshore resources to support the scope of work listed in the solicitation?	It is possible depending on the specific set of circumstances in which offshore resources are being utilized.
67.	Exhibit 2: Example Auditor's Professional Qualifications	Within Exhibit 2: Example of Auditor's Professional Qualifications, most Base Rate qualifications require 2 or 3 years of experience within the service category. Are Vendors allowed to use resources that don't meet the minimum years of experience even if there is proper oversight of an individuals performance and quality of work?	Exhibit 2 are examples and not requirements. The expectation for rates are that less experience staff would garner a lower hourly rate and more experience staff would have a higher hourly rate.
68.	Page 21, para 5.2g. Financial Audit	Please clarify the narrative found in this section pertaining to Financial Audits. The summary statement opening this section reads "Independent financial statement audits to attest to the fairness and accuracy of financial statements are not within the scope of this RFP." However the text that follows appears to clearly define audit services as they are defined in relevant professional guidance. Please advise as to what services are envisioned by DOA under this category.	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP.
69.	Exhibit 2: Example Auditor's Professional Qualifications	Please reconcile the service category for Construction Audits found on page 27, Exhibit 2, last row with the pages 19-22 - scope of work section. This category does not appear to be included in the RFP's scope section, please advise.	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
70.	Section 4.10 Work Papers	Please confirm that bidders will be permitted to retain copies of work papers in order to comply with applicable professional standards (e.g. AICPA)	Per section 4.10a, Vendors shall not retain copies of any work papers unless the Vendor is required to comply with quality assurance review auditing standards and when the soliciting agencies agrees, in writing, to waive this requirement. Vendors required by the AICPA or a State governing body to maintain workpaper for external quality assurance review purpose will be allowed to retain copies but may not use any state data obtain during the scope of work, for any other purposes.

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71.	Section 4.10 (c) Confidentiality and North Carolina General Terms and Conditions	Would the State please consider the negotiation of limited data disclosure to third party vendors who perform various administrative and clerical functions for the Firm?	The State reserves the right to negotiate this term of the contract prior to contract award.
72.	North Carolina General Terms and Conditions	Would the State consider the negotiation of a Limitation of Liability provision?	The State reserves the right to negotiate this term of the contract prior to contract award.
73.	Section 4.10 (Work Papers) and North Carolina General Terms and Conditions	Would the State please consider the negotiation of a mutually agreeable IP Ownership provision as it relates to any resulting contract? We would seek to protect our organization's intellectual property and allow for residual knowledge rights related to our services.	The State reserves the right to negotiate this term of the contract prior to contract award.
74.	North Carolina General Terms and Conditions	Would the State please consider the negotiation of a reasonable opportunity to cure for any material deficiencies which results in the Vendor's breach of contract?	The State reserves the right to negotiate this term of the contract prior to contract award.
75.	North Carolina General Terms and Conditions	Would the State please consider the negotiation of limited changes to the general indemnity provision which holds the Vendor responsible for third party claims related to death, bodily injury, or damage to tangible property?	The State reserves the right to negotiate this term of the contract prior to contract award.
76.	Section 5.2g Financial Audits	We understand that independent financial statement audits attesting to the fairness and accuracy of financial statements are not within the scope of this RFP. However, this service category requests "verification of the financial statements, or a component of the financial statement, of a legal entity with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly." Can you please provide further distinction between "independent financial statement audits" and "financial audits" related to the scope of services being requested? Or confirm if these services are all out of scope for this contract?	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP.

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77.	Section 2.3 & North Carolina General Terms and Conditions	13. ACCESS TO PERSONS AND RECORDS - we request the following change: "...the State Auditor and any Purchasing Agency's internal auditors shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract, as provided in G.S. 143-49(9), upon reasonable advance written request."	The State reserves the right to negotiate this term of the contract prior to contract award.
78.	Section 2.3 & North Carolina General Terms and Conditions	6. GENERAL INDEMNITY - we request replacing Paragraph A with the following: "Provided that the Vendor is notified in writing within 30 days of the date that the State has knowledge of applicable claim, Vendor agrees to indemnify, defend and hold harmless the State (including, without limitation, its officers, directors, shareholders, employees, agents, successors, and assigns) from and against any and all claims, debts, liabilities, damages, demands, obligations, costs, expenses (including, without limitation, reasonable attorneys' fees and court costs), actions and causes of action arising from (a) the breach of any of the terms of the contract by Vendor or any party acting by or through Vendor (including, without limitation, any of its representatives); (b) the violation of any applicable law or regulations; or (c) a claim asserted by any third-party based on the negligence of the Vendor in the performance of the contract. This paragraph shall survive the termination of the contract including any renewal or extension thereof; provided, however, that the maximum aggregate liability of Vendor with respect to the indemnification obligations of this Contract shall not exceed the sum of ten million dollars ($10,000,000.00)."	The State reserves the right to negotiate this term of the contract prior to contract award.
79.	Section 2.3 & North Carolina General Terms and Conditions	20. CARE OF STATE DATA AND PROPERTY - we request the following change: "The Vendor shall notify the State of any security breaches within 24 48 hours..."	The State reserves the right to negotiate this term of the contract prior to contract award.

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80.	Section 2.3 & North Carolina General Terms and Conditions	28. FEDERAL FUNDS PROVISIONS, i) Access to Records, paragraph 1 - we request the following change: "Upon reasonable advance, written notice, The Vendor agrees to provide the Purchasing Agency, the Administrator of the federal agency providing funds hereunder, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Vendor which are directly pertinent to this Contract for the purposes of making audits, examinations, excerpts, and transcriptions."	The State reserves the right to negotiate this term of the contract prior to contract award.
81.	Section 4.10 Additional Requirements	d. Records Retention - we request the following change: "Record retention requirements shall be consistent with any pertinent regulatory or other requirements and records shall be maintained for a minimum of ~~ten~~ *eight* years.:	The State reserves the right to negotiate this term of the contract prior to contract award.
82.	Section 4.3 HUB Participation	Can the goal of 10% utilization be achieved with an MBE, WBE or Veteran firm?	The vendor is not required to meet the goal of 10%, but documenting the vendors status of small, minority, physically handicapped, and women contractors in purchasing Goods and Service **or** strategic plan, should be provided in the Attachment, to allow the State to pursue efforts for the State's goal of meeting the 10%.
83.	Section 4.9 Cost Proposal	Is the State seeking one rate for each professional level, to remain applicable for the duration of the five-year contract, or should bidders provide rates by level with applicable increases for each year?	Vendors must provide their best current hourly rates. Changes to the contract during its duration must be agreed upon by both the State and the Vendor and documented through written contract amendments.
84.	Section 5.1 General	Will the vendor be required to follow up on reported findings and recommendations?	The Vendor will only be required to conduct follow up work, if the soliciting agency requesting a quote includes follow up to recommendations in a scope of work.
85.	Attachment F, Location of Workers Utilized by Vendor	Attachment F indicates the State will evaluate the use of potential resources out of the U.S. Are you able to confirm whether the use of offshore resources will be allowed for this work? What percentage of the work can be estimated as needing to be done on-site at a State location vs performed remotely? I'm sure the nature of each audit will dictate that, but if there are no specific reasons (onsite physical observation of a data center for example) why on-site work would need to be performed is remote work acceptable?	Per Attachment F, The State will evaluate the additional risks, costs, and other factors associated with the utilization of workers outside of the United States prior to making an award. The State cannot estimate the proportion of on-site work versus remote work that is needed. The decision on whether remote work is acceptable shall be mutually agreed upon by the soliciting agency and the contracting vendor. Please refer to Exhibit 3 for more information.

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86.	General Solicitation	Do you envision any of this work being performed as staff augmentation where the State will supervise the vendor's resources, or would all resources needed to perform work be supervised by the vendor's management and leadership team?	No. The purpose of this solicitation does not include scope for staff augmentation.
87.	Section 4.8 Financial Statements	Related to the disclosure of financial statements, we are a privately held limited liability partnership and do not routinely disclose firm financial information like most large CPA firms. The RFP indicates financials are worth 200 points. Is it acceptable to provide you our insurance for liability claims and our bank contact information if you feel the need to discuss our firm's financial stability? This approach was acceptable the last time we bid on this same contract and want to ensure we do not lose points under this method as our firm is financially stable.	Yes. Section 4.8(b)(1) requires the vendor to provide "...such other evidence that is accurate, reliable and trustworthy regarding the Vendor's financial stability."
88.	Att. A Pricing Form	If offshore resources are allowed to be used per the above question (#88), how would you like us to document those rates since there is no specific place for "Other" rates on the form and those rates would be lower than our staff base rate listed on the form?	Section 4.9 last paragraph can be applied to any service category and states: Other professional staff – At their discretion, responding firms may include hourly rates for additional professional advisory staff experienced in organizational operations, business administration, economic or revenue analysis and related managerial advisory tasks and functions. A vendor should list Off-shore staff and the applicable rates.
89.	Section 4.10a Additional Requirements	If the State requires us to draft audit reports for internal audit work, would those reports be on our firm's letterhead or State of NC letterhead for the respective agency or university the report pertains to?	Audit reports should be on the firm's letterhead.
90.	Section 4.3 HUB Participation	The RFP seems to indicate 10% is the goal for the usage of minority, women, and disabled businesses (historically underutilized businesses per the form). Can you confirm that is the goal of this RFP such that if my firm is not considered one of these types of organization that we should plan on subcontracting 10% of this work to firm that is classified as one of these types of organizations?	The vendor is not required to meet the goal of 10%, but documenting the vendors status of small, minority, physically handicapped, and women contractors in purchasing Goods and Service **or** strategic plan, should be provided in the Attachment, to allow the State to pursue efforts for the **State's** goal of meeting the 10%. For information about becoming a certified HUB vendor, please visit: https://ncadmin.nc.gov/divisions/historically-underutilized-businesses-hub/certifications

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91.	Section 4.11 Personnel /5.0 Scope of Work	Many of our Internal Audit consultants can also do Managerial Advisory work since there is some overlap and crossover. Can you confirm It is acceptable to leverage some of the same individuals in multiple scope areas such as these provided those individuals possess the required skills?	Yes, this is acceptable.
92.	Section 5.0 Scope of Work	The RFP discusses Compliance audits and Financial Statement audits and seems to indicate that the vendor may be asked to perform these. Can you confirm contractual compliance (for example), but a formal opinion won't be required as an attest financial statement audit would these won't be considered attest audits, such that the vendor may test financial controls or controls related to?	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP.
93.	Section 2.8 Proposal Contents	Indicates we need to complete Attachment E – Customer Reference Form, but this did not seem to be on the portal to download. As discussed in the pre-proposal conference, can you add to the portal?	Attachment E Reference form has been added to section 6.3 of the sourcing event.
94.	Section 5.5 Technical Response	Section 5.5 says we should provide a "description of each task and deliverable and the schedule for accomplishing each". How would you like us to document this when no specific scope of work has been identified? Should we just provide a general description of how we typically perform an internal audit, forensic investigation, etc. for each in scope area?	Vendors are required to provide their organization and approach to accomplishing Sections 5.1 – 5.3, as the Scope of Work for conducting described type of audits, using their current business practices.
95.	Att. A Pricing Form	The rates listed are staff base rate, staff upper rate, supervisor, and executive. Can you confirm a staff upper rate would be similar to senior internal auditor and a supervisor would be similar to an internal audit manager role? Also, our firm, like many others, has a senior manager role. Can we document in the supervisor column on the form both a base rate for the manager role and an upper rate for a senior manager?	Do not deviate from the requirement in Att. A Pricing form. The prices provided are a ceiling rate. When a Vendor is responding to a request for quote from a soliciting agency, the rates provided in the quote may be lower but cannot be higher than the amounts provided in the Vendor's proposal. The Cost Proposal form has been updated to allow for additional position categories.

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96.	Section 5.0 Scope of Work/Exhibit 2	Construction audit shows in Exhibit 2 and the Pricing Form but is previously not mentioned as a requested service in Section 5 of the RFP. Can you clarify if this is in scope of this RFP and if we need to provide rates and technical experience in this area?	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
97.	General Solicitation	Does the Department of Information Technology in North Carolina provide the centralized governance standards that all other agencies in the state need to follow with regards to IT security, IT compliance, IT Systems Development and Acquisition, Baseline Configurations for Server Operating Systems and Databases, Identifying and Classifying their sensitive IT Systems and the frequency in which they are audited, etc.?	Yes.
98.	General Solicitation	Does North Carolina IT follow a particular governance standard for Information Technology and Information Security (e.g., NIST, ISO27001, other)?	You can view NC DIT Security, Privacy & Data Protection Policies & Forms here: State IT Policies | NCDIT
99.	General Solicitation	Does North Carolina have IT Security governance standards in place that each state agency using Third Party vendor hosted or cloud-based systems must follow?	Yes. There are specific requirements and approvals needed for storing States data in cloud-based third party hosting sites. You can view NC DIT Security, Privacy & Data Protection Policies & Forms here: State IT Policies | NCDIT
100.	General Solicitation	Does each North Carolina state agency support their own internal Infrastructure, or does the Department of Information Technology provide Managed Services IT support to state agencies?	It varies by agency but many cabinet agencies are supported by the Department of Information Technology (DIT) while most Council of State agencies are not supported by DIT and maintain their own infrastructure.
101.	SECTION 5.G.2 Financial Audits	Will the State provide more detail about the types of financial audits requested? Are previous audit results publicly available?	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP. An agency's internal audit reports are subject to public records request.

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102.	SECTION 2.8.B Proposal Contents	Can vendors provide proposal responses on their own letterhead and include the execution pages from the RFP, or must all responses be drafted and submitted within the RFP document?	All responses must include all execution pages, along with the body of the RFP (with response to all questions answered), along with any addenda and attachments required to be returned. Additionally, (See Section 2.8.d) vendors shall provide response to all free form response addressing required response on their own letterhead. All information should be uploaded to the Sourcing Tool. Failure to provide all required items or submitting incomplete items may result in the State rejecting their proposal.
103.	SECTION 5.0	Construction audit is listed in Exhibit 2 and Attachment A, but not in 5.0 Scope of Work. Can the State confirm if Construction Audit services are in-scope for this contract?	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
104.	SECTION 4.3	Can the State confirm that the 10% HUB utilization is not required for this proposal response but rather for future responses to Request for Quotes under this contract?	The vendor is not required to meet the goal of 10%, but documenting the vendors status of small, minority, physically handicapped, and women contractors in purchasing Goods and Service **or** strategic plan, should be provided in the Attachment, to allow the State to pursue efforts for the State's goal of meeting the 10%. For information about becoming a certified HUB vendor, please visit: https://ncadmin.nc.gov/divisions/historically-underutilized-businesses-hub/certifications
105.	SECTION 4.11	Can the State confirm which labor categories it is evaluating in 3.4 Evaluation Criteria: Personnel (4.11)? Is the State evaluating the following labor categories per service category, as the Attachment A: Pricing Form suggests? a. Lower staff b. Upper staff c. Supervisor d. Executive	Pricing categories are not being evaluated for staff qualifications. For each service category in Section 5.2 that is included in a Vendor's proposal, the Vendor is responsible for providing information on staff qualifications that supports the ability to perform the specific service. Vendors may provide resumes for executives, supervisors (manager), or staff.
106.	SECTION 5.2.f	Can the State provide information about how many auditable areas are there and expectation of time to complete each audit?	The number of auditable areas is unknown. There are 38 State agencies and universities, 58 community colleges, 115 local education agencies and several regulatory boards that may use this state term contract. The time to complete each audit should be specified by the soliciting agency in the Request for Quotes/Scope Statement. Refer to Exhibit 3.

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107.	SECTION 5.2.f	Does the State have personnel on staff to carry out some of the activities listed?	Soliciting agency requesting risk assessment and audit plan development may or may not have staff to carry out some of these activities. This would be indicated in the soliciting agency's Request for Quotes/Scope Statement.
108.	Section 4.5 References	Can the 5 projects be ongoing or do they have to be completed?	The projects may be ongoing.
109.	Section 4.4 a), Vendor Experience	May we provide a list of similar projects with client names and project titles, or does the State require short descriptions of each project as well? We will be submitting detailed project descriptions in our reference response.	Section 4.4 requires that Vendor demonstrate their experience with public and/or private sector clients with similar or greater size and complexity to the State. Vendor shall provide information as to the qualifications and experience of all executive, managerial, legal, and professional personnel that were assigned to similar projects. This information is different from what is requested in section 4.5.
110.	Section 4.7 a), External Reviews and Regulatory Action	Can we provide just the review letter and comments, not the whole report?	The Vendor must provide the opinion received and all deficiencies identified.
111.	Section 5.4, Project Staffing	May we provide a table with the names of consultants who may provide services, with columns indicating which service categories they would provide services for?	Yes. However, vendors must also provide information as to the qualifications and experience of audit, accounting, data analytics and managerial advisory personnel to be assigned to each of the service categories for which the Vendor submits a proposal.
112.	Section 5.5 Technical Approach	Does the state want a draft, detailed workplan for each service category, or would a more general description of our approach to each category be sufficient?	Vendors are required to provide their organization and approach to accomplishing Sections 5.1 – 5.3, as the Scope of Work for conducting described type of audits, using their current business practices. Vendors should provide a general description of the approach taken to complete each service category.
113.	Section 5.5 Technical Approach	What Key Personnel qualifications should be included in this part of our proposal? Is the State looking for principal, senior auditor, and project manager level qualifications?	Key personnel are individuals that have the responsibility for ensure milestones, deadlines and/or accomplishment of project objectives are achieved.
114.	General Solicitation	Due to technical issues with the eVP and Ariba systems, we were not able to access the Ariba event with the attachments and additional instructions until 7/31. Would the State consider extending the proposal due date to August 29th?	The proposal due date and bid opening has been changed to September 1, 2023.
115.	Exhibit 2	For the Qualifications listed in Exhibit 2, do these apply to all personnel working on the project or can they apply to only some?	These are examples that may relate to some personnel.
116.	Section 5.2e, Data Analytics /Continuous Monitoring	Are the firms providing Data Analytics services required to have audit experience?	No, firms providing data analytic skills are not required to have audit experience.

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117.	General Solicitation	Will the State favor vendors that can provide all of the service categories?	All qualified proposals will be assessed by the State according to the evaluation criteria and requirements stated in the RFP. The State will award based on what is deemed most advantageous for the State.
118.	Section 4.6 Legal Right to Practice in NC	Could the State kindly provide clarification on the requirements specified under Section 4.6? Specifically, we seek clarification on whether vendors are obligated to furnish one of the mentioned points or if vendors are required to provide all of them.	The Vendor must demonstrate it is legally authorized to practice in North Carolina. One item on the list would validate this legal right.
119.	Exhibit 3	Under section 11 COST (AND PROJECT HOURS), could the State please clarify how they want vendors to address column "Number of Staff"?	. Exhibit 3 will only be completed once a soliciting agency request a quote for services. The number of staff would be the full-time equivalent. Example: Vendor provides one full-time and one-part time staff to work on the projects continually, staff = 1.5
120.	Exhibit 3	Under section 11 COST (AND PROJECT HOURS), could the State please clarify if vendors have to provide the number of resources, they are proposing in column "Number of Staff"?	Additional clarification should be inquired of the soliciting agency.
121.	Section 5.4 Project Staffing	Could the State please clarify if they must provide actual or sample resumes? If actual resumes are required, can we replace these resources at the task order level if they are not available?	Vendors must show now staff qualification and if these staff leave the Vendor's employment or do not have capacity, staff of similar years and experience may take their place.
122.	Section 4.9 Data Analytics Service	Data Analytics Service, it says, "Other Professional Staff" Could the State please clarify what information or positions the State wants vendors to provide?	Section 4.9 last paragraph can be applied to any service category not just Data Analytics. The State is providing Vendors the opportunity to provide additional staff to the approved list. These would be subject matter experts such as economic or revenue analysis for data analytics or an organizational behavioral specialist for operational/performance audits.
123.	Section 4.9 Data Analytics Service	Data Analytics Service, it says "Other Professional Staff" could the State please clarify if vendors can provide any Data position under this category?	Section 4.9 last paragraph can be applied to any service category not just Data Analytics. The State is providing Vendors the opportunity to provide additional staff to the approved list. These would be subject matter experts such as economic or revenue analysis for data analytics or an organizational behavioralist for operational/performance audits
124.	Section 4.8 Financial Statement	Could the State please clarify if vendors only have to provide one of these points, not all?	Yes, just one of the points.

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125.	Section 4.7 External Reviews and Regulatory Action	Could the State please clarify if vendors who can provide point b but not point a are still eligible to bind on this solicitation?	Only vendors required by the AICPA are required to meet 4.7a. Vendors not required to obtain a peer review must 4.7b and fully describe the system of quality controls.
126.	Section 5.2 d Information Systems Audits	Could the State please clarify if they are looking for vendors to provide IT Staff Augmentation services to recruit the positions once the contract is awarded, or is the State looking for a vendor who has In-house personnel to fill the positions required?	Soliciting agency will drive the types of services needed. Agencies may solicit for a turn-key IT audit where the Vendor is responsible for planning, testing and report writing.
127.	Section 5.2 d Information Systems Audits	Could the State please clarify if this solicitation is for IT Staff Augmentation services or deliverable-based project services?	Deliverable based project services only.
128.	Section 4.3 HUB Participation	Could the State please confirm if it is mandatory to use a HUB subcontractor to bid on this solicitation?	It is not mandatory to use a HUB subcontractor.
129.	Section 4.5 References	Could the State please confirm if vendors can provide ongoing contracts as references?	Vendors may provide references for on-going contracts.
130.	General Solicitation	Could the State please confirm if this a new contract? If not, could the State please share the incumbent names?	The State is seeking to establish an new Statewide Term Contract (STC). Information regarding vendors on the current STC can be found here.
131.	Section 4.9 Cost Proposal	For the upper rate information systems auditor, can equivalent experience (such as 8 years) be substituted for a Master's degree?	Section 4.9 for assurance audits upper rate states: The maximum rate that the Vendor will provide an auditor with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services. Exhibit 2 provides examples only.

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Check **ONLY ONE** of the following options and return one properly executed copy of this Addendum prior to the Solicitation opening time and date.

☐ A response was submitted prior to this Addendum. An updated response has been submitted to address the changes resulting from this Addendum.

☐ A response was submitted prior to this Addendum. **NO CHANGES have resulted** from this Addendum.

☑ A response was **not** submitted prior to this Addendum. **ANY CHANGES resulting** from this Addendum are included in our response.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME

	September 6, 2023
Authorized Signature	Date
Christopher (Chris) Kessler, CPA	Principal
Printed Name	Title