



April 17, 2020

To: Prospective Proposers

From: Contracts Administrator

Subject: Addendum No. 2 RFP S20032 Auditor General and Internal Audit Services

The following revisions are hereby incorporated into the Request For Proposal (RFP) documents. Each Proposer shall acknowledge receipt of this Addendum using the ADDENDUM ACKNOWLEDGEMENT FORM and submit with your proposal.

1. Section I, INSTRUCTIONS TO PROPOSERS, Paragraph A, Table 1 has been extended as follows:

Table 1

ACTIVITY	DATE/TIME
Deadline to Submit Proposal	May 4, 2020 at 4:00 p.m.
Interviews	May 22, 2020

Following are questions received from Prospective Proposers

1. Which firms received your RFP?

All firms that have downloaded the RFP documents are shown on the website. The automatic notification went out to everyone in the NAICS codes associated with this RFP.

2. Has VTA had auditor general, internal audit, and/or business consultative services performed in the past? If so,

- a. What are the most recent projects?

Projects completed and presented to the Governance & Audit Committee since the start of the current fiscal year (July1, 2019) are:

- Comprehensive IT Risk Assessment
- Fixed Assets and State of Good Repair Assessment
- BART SV Phase I Invoicing Audit

These reports have been made available for download under this RFP as has the Board-approved Internal Audit Work Plan for the current (FY20) and next (FY21) fiscal years.



b. Who conducted these services?

RSM US LLP.

c. How long ago were the services performed?

The previous contract duration was 2016-2020

d. May we receive a copy of any report that culminated from these services?

See response for Question 2a for relevant current examples.

e. What were the fees and hours expended for the most recent auditor general internal audit, and/or business consultative services project?

The Board-approved Internal Audit Work Plans for FY20 and FY21, made available for download under this RFP, indicate the Board-approved maximum amount for each project and activity for each year. This is generally representative of the actual costs.

It should be noted that the maximum amount for each discrete project and ongoing task for each fiscal year is proposed by the Auditor General, reviewed and revised as necessary by the Governance & Audit Committee, and approved by the VTA Board of Directors.

3. Are there special circumstances or events that generate the need for the requested services at this time?

No.

4. Page 7 - Please clarify Section I.J., Audit Report/Requirements, "Every Proposer that has been the subject of any audit report by any government or public agency or qualified independent CPA must attach with its Proposal the latest such audit report, including direct labor, materials, fringe benefits and general overhead."

a. If our firm has prepared audit reports, are we to include a sample or is this referring to our firm including our peer review report in our proposal?

Per the referenced section, this provision applies to firms that have been the subject of any audit report. As such, Proposers are required to include the most recent peer review report as well as any other qualifying audit reports in which their firm has been the subject.

b. What does VTA mean by, "including direct labor, material, fringe benefits and overhead"?

Any certified payroll and/or overhead audit would include these items.

5. Page 9, Section II. 2.C.1 - Under which section of our proposal should we include our peer review report?

Proposers can include a peer review report under "Profile of Firm".



6. Page 12, Section IV.B.4, Project Staffing, asks for “specific responsibilities on the project and the estimated person-hours of participation.” As this would depend on the requirements of each task order issued, how would you like us to address this in our proposal? We would typically provide the roles and responsibilities of each team member in their resumes submitted in the proposal and the hourly rates per classification in the cost proposal.

Submitting roles and responsibilities of each team member and hourly rates per classification with resumes is sufficient.

7. Page 13, Sections V.A and B - What does VTA consider “best efforts” to ensure that MWBE and SBE firms have an equitable opportunity to compete for subcontract work under this contract?

Although there is no set goal for this RFP, it is requested that if subconsultants are needed to provide these services, they are given an opportunity to do so. This is not a requirement.

8. Page 13, Section V (Business Diversity Program Policy) and Page 51, Exhibit A5, Small Business Enterprise (SBE) Requirements - Since the contract will be a Task Order type, wouldn't Form 5 (Listing of MWBE Prime and Subcontractors), Form 6 (Listing of SBE Prime and Subcontractors), and Form 7 (Designation of Subcontractors and Suppliers for Data Collection Requirements) be applicable at the Task Order stage instead of including in our proposal? Our need for subcontractors is not known at this stage and would depend on the requirements and subject matter expertise needed of each task order.

Proposers may include known subcontractors that typically provide services, at time of proposal.

9. Shall we include Attachment A, Acknowledgment Form (acknowledging addendum received), in our “Administrative Submittals” section of our proposal or elsewhere?

Please include the Acknowledgement Form in your Administrative Submittals.

10. Is there an incumbent currently providing these services? If so, can you provide me with the contract and/or contract number?

The most recent contract for these services was with RSM US LLP. A copy of Contract S16083 has been made available for download under this RFP.

11. Are the services in this RFP continually needed, even beyond the term of the resulting contract, and therefore may be bid out again.

The VTA Auditor General is an ongoing function that was established by a policy action of the VTA Board of Directors in 2008. It is codified in the VTA Administrative Code. Although the VTA Board has the ability to reverse this action, should it so desire, that is not foreseen and highly unlikely.



12. Can you clarify the most recent audit period (referencing page 16 of 51)?

Each Internal Audit Work Plan defines the discrete projects and ongoing activities that the VTA Auditor General's Office will perform or initiate during the subject fiscal year (VTA's fiscal year is July 1 – June 30).

13. Can you please clarify the timeline (referencing page 16 of 51)?

See response for Question 12. In addition, the specific completion timeline for each discrete project is determined by agreement between the Governance & Audit Committee, Auditor General's Office, and VTA Administration. Initial projected timelines have on occasion been modified mid-year or mid-project to adjust to changed conditions.

14. What are the revenues and expenditures for the audit period requested?

This question is not relevant for the VTA Auditor General/Internal Audit function. See response for Question 2e for additional information.

15. What were the prior year audit fees?

See response for Question 2e.

16. Is the prior year audit report available and what were the findings?

See response for Question 2a for relevant current examples.

17. What is the budget for the current year?

VTA does not disclose the budget.

18. Can the VTA identify potential areas of risk it is aware of to address entering this next Auditor General (AG) contract period (i.e., areas the Audit Work Plan would need to address)?

Identifying potential areas of risk is the prime function of the VTA Auditor General. The Auditor General is responsible for assisting the Board, through the Governance & Audit Committee, with fulfilling its fiduciary responsibilities of overseeing risks and controls in financial reporting, financial integrity, reputation, operational efficiency, and public perception of VTA. The Auditor General provides independent expertise and counsel to the Governance & Audit Committee and the Board, primarily on identification, evaluation, and prioritization of potential risks facing the organization.

Previous risk assessments/risk refreshes conducted by the Auditor General included confidential conversations with various combinations of Board members, GM/CEO, VTA executive staff, managers and other key VTA staff, and also governing board members and/or key staff from other jurisdictions in Santa Clara County.



19. Are the audit areas identified in the current risk assessment which the VTA will want the new AG to perform?

It is possible that the Governance & Audit Committee will have the new AG undertake the projects in the FY20 Internal Audit Work Plan that were either not initiated or not fully completed. The same may be true for projects contained in the FY21 Internal Audit Work Plan.

It is likely that the Governance & Audit Committee (G&A) and the new Auditor General will agree that conducting a new risk assessment or refresh is in VTA's best interest. This activity will allow the organization to benefit from the new AG's expertise, fresh perspective, and experience in identifying, evaluating, and prioritizing for G&A consideration current and future potential risks affecting VTA. However, G&A and the new AG would have to reach agreement on the need for this endeavor as well as the cost and timing. The results of any risk assessment or refresh conducted could potentially include adding, deleting, and/or modifying projects and tasks contained in either the FY20 or FY21 Internal Audit Work Plans.

20. Can the VTA provide a list of audits completed, or planned to be completed, under the prior VTA Auditor General and Internal Audit Services contract in each of the past four fiscal years (2017 to 2020)?

This list has been made available for download under this RFP.

21. What is the representative number of audits and/or projects typically conducted by the AG in a given audit year?

Generally, between 6 to 8 major projects (audits and assessments) have been included on each approved annual Internal Audit Work Plan. This number can vary depending on numerous factors including: (A) current and upcoming issues and priorities; (B) urgency, complexity, resources required, and time needed to complete each project; (C) completion status of projects contained in previous Work Plans; and (D) projected availability of AG and VTA staff. The actual number of projects each year and their specific composition is subject to Governance & Audit Committee review and recommendation and Board of Director approval.

22. Can the VTA provide expenditure amounts for the prior VTA Auditor General and Internal Audit Services contract for each of the past four fiscal years (2017 to 2020)

The amount paid during the most recent fiscal years to RSM US LLP, the firm that most recently served as VTA Auditor General, is:

- FY17: \$486,900
- FY18: \$314,200
- FY19: \$372,359
- FY20: \$405,170

It should be noted that RSM s ended on February 14, 2020, and final billing and adjustments for FY20 may not yet be completed.



23. Would the VTA consider non CPAs for the role of Auditor General (individual) if they have equivalent experience and expertise?

No.

24. Can the VTA specify what the exact requirements are for the item identified in item 3 (page 32 of the RFP): “Contractor shall report indirect costs in accordance with the cost principles contained in 48 CFR Part 31, and follow the uniform administrative requirements set forth in 2 CFR Part 200, as modified by 2 CFR Part 1201.” 8. Please elaborate on what is to be included in the Cost Proposal Form.

- a. Is this for the total 4-year term?
Yes. Please submit rates for 4 years.
- b. What is the scope of work we are providing costs for?
Labor rates for classifications
- c. How can we provide a total cost when the work is based on a variable workload subject to what is approved for the internal audit workplan?
See item b above.
- d. What itemization should be attached for Subconsultant Costs and Other Costs?
Other direct costs should be listed on the price proposal form as with any anticipated subcontractor costs or rates.
- e. How does the VTA intend to evaluate the cost proposal?
Rates will be compared with other proposers received.
- f. Would the VTA consider using hourly rates as a basis for comparing proposers as opposed to the cost build up, by element, approach identified in Form 4?

Proposals will be evaluated using all the criteria as shown in the RFP documents.