

RFQ 35130
FISCAL YEAR 2004 AUDIT OF THE DEFENSE CIVILIAN PAY SYSTEM

Questions with Government Responses.
13 May 2004

Question 1. Do the contracting officers have the capability to open “zipped” files (using WinZip software) and ‘PDF’ files (using Acrobat software)? If so, may bidders submit electronic copies of their proposals in zipped files and/or PDF files to reduce file size and stay within the 3MB maximum file size?

Answer: Yes the Contracting Officer has the capability to open zipped files. You may send in PDF or multiple transmissions to break up large files.

Question 2. What are the anticipated contract award and contract start dates?

Answer: These dates are TBD.

Question 3. Instructions for the Pricing Proposal indicate that offerors should include “[a]n estimated price for each task (per year of effort), tasks organized into the proposed organization structure” (RFP page 3, Pricing Proposal, #1).

a. Does the Government want the offeror to propose option year pricing?

Answer: No, only propose the base level of effort

b. Are “tasks” the same as the “phases” outlined in the SOW? Or are offerors expected to propose their own “tasks” under each “phase”?

Answer The tasks are not the same as the phases.

Question 4. May offerors include information on more than three contracts/task orders in the Past Performance section? If so, will this additional information be evaluated?

Answer: Additional information beyond the three contracts will not be evaluated.

Question 5. Are commitment letters required for only proposed key personnel?

Answer: Yes

Question 6. Which DoD agencies or Departmental components does the offeror need to demonstrate Organizational Conflict of Interest (OCI) independence? (e.g. IG DoD, DFAS, DISA)

Answer: In order to make a determination of the contractors independence, the government needs to have an understanding of the extent and type of work that the contractors have performed at DFAS and DISA that may have involved DCPS.

Question 7. Can the Government provide guidance on the scope of the DCPS review relating to feeder systems? For example, is the time and attendance process included in the scope? What work, if any, is required for the interfaces identified in 3.4 (page 3) of the Statement of Work (SOW)?

Answer: No feeder systems review is required. The scope of the audit is limited to the 3 payroll processing centers, four web servers, and the DISA mainframe. The contractors will be required to test interfaces with feeder systems.

Question 8. Section 2.0 ("Objectives") of the Statement of Work (SOW) states that the contractor will test compliance with the Business Management Modernization Program Systems Compliance Criteria. However, this requirement is not stated in section 5.2 ("Deliverables").

a. Is it permissible to put the results of the compliance testing in the technical report?

Answer: Yes

b. Will you provide a copy of (or a web-link to) the Business Management Modernization Program Systems Compliance Criteria? The scope of work in section 2 ("Objectives") of the SOW states that the contractor will test general and application controls. Will the testing of application controls, such as testing application interfaces, require the contractor to analyze the accuracy and integrity of data flowing through the application, as well as the controls?

Answer: We will post the criteria on the IG website. The contractor will only be required to test controls that ensure the accuracy and integrity of data flowing through the application.

Question 9. Section 5.2.1.7 of the SOW states that "the contractor shall identify the general control techniques that appear most likely to be effective and should therefore be tested to determine if they are in fact operating effectively." Can we assume that the description of the business process and user controls will be provided by DoD management?

Answer: No. The owners of the system should have this information and to the extent that it is available DoD management will provide it. However, one should not assume that all information needed to assess the controls will be provided. The contractor will be required to determine and document the business process and user controls during the planning phase.

Question 10. Section 6.3.1 ("Key Personnel") of the SOW requires the contractor to give the Procuring Contracting Officer (PCO) a list of key personnel at the senior level and above who will work on the contract. We have defined "senior level" as a responsibility level, not a labor category. Please clarify your intent regarding the term "Senior Level."

Answer: The IG DoD is defining senior level as those individuals responsible for managing and directing the project.

Question 11. The RFQ states that the cost proposal shall be based on current GSA Schedule contract labor rates. We plan on using GSA's Financial and Business Solutions (FABS) Schedule 520-7. Please confirm this is appropriate.

Answer: The offerors should use the labor rates that will provide the overall best value to the Government.

Question 12. Section 3.4 documents the DCPS systems interfaces. According to DoDIG Report D-2002-044, DoD had developed a Financial and Feeder Systems Compliant Process to ensure compliance with applicable Federal financial management systems requirements. Has any work been done on these systems to ensure compliance under this process and, if so, have they been assessed as compliant?

Answer: See Question 7

Question 13. Page 2 Cover letter. The description of the technical proposal contents requires resumes and letters of commitment for all proposed staff (last bullet). Subsequent sections reference information being required for only seniors and above. Would the government please clarify the resume requirement.

Answer: This information is required for seniors and above only.

a. Additionally, the deliverables list and section 6.3.3 require subcontractor information at contract award. Would the government please clarify the extent to which subcontractor staff resumes and letters of commitment will be required upon proposal submission. Given the short response period for this procurement, and assuming section 6.3.3 stands as written would the IG DoD please provide more details as to how subcontractor participation and capabilities will be assessed during proposal evaluation.

Answer: Please provide information that allows the government to understand your ability

to subcontract with firms who are capable of this work.

Question 14. Page 3 Cover letter. The pricing proposal instructions call for an “estimated price for each task (per year of effort)”. Similarly, page 6 references option years. Although the deliverables list indicates final deliverables are to be completed by October 1, 2004, the cover letter seems to contemplate work beyond the current fiscal year. Would the government please clarify its intent for the duration of this award, especially given the significant extent of work called for in the statement of work.

Answer: There will be no option years awarded with this requirement. The period of performance is from time of award through 1 Oct 2004.

Question 15. Page 5 Cover letter. The evaluation criteria reference “quality of cooperation (with each other) of key individuals”. Would the government please clarify the type of documentation or evidence it is seeking to substantiate such cooperation.

Answer: The Government would like to know the level of cooperation that you have provided on similar projects. Any method of conveying this to the Government is acceptable.

Question 16. Is the IG DoD intending to support external to DoD customer requirements with the SAS 70 Type II review or DoD internal customers? Please clarify.

Answer: The IG DoD SAS 70 Type II report will support all entities relying on DCPS for financial statement reporting purposes.

Question 17. Page 6 Section 5. Section 5.1 of the statement of work references using FISCAM and SAS 70/88 as guidance to perform an audit. The deliverables list calls for draft and final “cross-referenced Audit Report(s)”. However, sections 5.2.3.1 and 5.2.3.2 specifically call for a SAS 70/88 Type II report. Given the short time frame for a SAS 70 Type II review to be performed under this procurement, would the IG DoD please clarify if it is seeking the specific SAS 70/88 Type II report called for in some parts of the statement of work or the more generic audit report based on SAS 70/88 guidance referenced in other sections.

Answer: The IG DoD requires a SAS 70 Type II report supported by a technical report containing details on the controls placed in operation and tests of operating effectiveness, as well as recommended corrective actions and the status of DITSCAP compliance.

Question 18. Can you please specify the SAS 70 reporting period? With final reports due on October 1, 2004, fieldwork would have likely have to end by July 31. Does the IG DoD anticipate that the reporting period will be 10/1/2003 through 7/31/2004? Please clarify.

Answer: The IG DoD wants 6 months of testing from the period 10/1/2003 through 8/15/2004.

Question 19. In order to facilitate the performance of a SAS 70 Type II Review and delivery of a SAS 70 report, DCPS management should prepare a description of the internal control environment over its payroll processing and develop the control objectives in accordance with SAS 70/88 standards. Has management performed this task yet? If so, may we obtain a copy of the objectives and internal control descriptions?

Answer: To the extent that management has described their internal control environment and control objectives, we will provide them to the contractor receiving the contract award.

a. If the above has not been performed, and in light time constraints¹, would the IG DoD consider an alternate SAS 70 Type II strategy? A two-year strategy would enable all objectives described within the SOW to be achieved except for the delivery of a SAS 70 Type II opinion on Oct 1, 2004. Given the time constraints, a suggested strategy would be that during the FY04 effort and in conjunction with performing an integrated FISCAM, FFMIA, and FISMA assessment we would perform a SAS 70 diagnostic review. This diagnostic review would facilitate management's development of a control environment description and identification of weaknesses requiring remediation. The results of the diagnostic would then provide the basis for a SAS 70 Type II evaluation for FY 05 whereby interim and year-end procedures could be performed to satisfy Type II examination requirements.

(If the SAS 70 period ends 7/31/2004; and if the task is awarded by 6/1/2004; and if the draft audit plan is due by 6/30; and if the final audit plan is accepted by 7/15, the current timeline does not permit the objectives of a SAS 70 Type II report to be met.)

Answer: No, the IG DoD will not consider the alternative. For the comment concerning the timeline for the SAS 70 report see question 18.

Question 20. Page 10 - 5.2.3.3 Technical Report. Please provide clarification to your request to document the control tests performed including test results and conclusions and recommendations. This would be the structure of a SAS 70 report. We suggest removing this reference.

Answer: No. The technical report will support in detail SAS 70 Type II report conclusions. The technical report will demonstrate the sufficiency of the review of relevant systems security features as required by applicable standards. The technical report will also provide corrective actions for any deficiencies identified during the review (see question 22).

a. In addition, since this is not a financial statement audit, the basis to determine if a control weakness is a reportable condition or material weakness is outside the scope of this SOW. We can assess whether the finding should be reported as a significant deficiency based on FISMA reporting guidance. We suggest revising this reference.

Answer: The reference is revised to read: The contractor must clearly develop each

significant deficiency based on relevant standards.

Question 21. Page 10 - 5.2.3.5 Management Letter. Under a financial statement audit model we understand that significant findings are reported with the Report on Internal Controls and the less significant are reported within a management letter. Under this SOW, would the IG DoD consider using one reporting format (technical or management letter) to report audit results and findings?

Answer: Yes. Use the technical report and SAS 70 Type II report.

Question 22. Page 11 - 5.2.3.4 Remediation Plan. Please provide clarification as to why you think the contractor should prepare the remediation plan. Our observations, conclusions, and findings will be reported to management as part of the Technical Report and/or Management Letter. The remediation plan is generally management's corrective action strategy to the audit finding and timeframes for implementing such actions.

Answer: Agree – delete the requirement to have the contractor prepare a remediation plan. The technical report will include corrective actions (see question 20), which was the intent of the remediation plan.

Question 23. Given the short time frame for the preparation of bids, the extent of our questions and the possible need to finalize subcontractor arrangements, would the IG DoD consider extending the proposal due date by one week?

Answer: An extension will be granted

Question 24. Section 6.8 identifies the requirement to submit a separate statement describing "all work and known future work ... with the Component or Agency." To comply with this request, please identify which specific Component or Agency applies to this procurement (e.g., the entire DoD; OIG DoD; or DFAS)?

Answer: DFAS or DCPS

Question 25. We believe that a more appropriate citation for the independence is Government Auditing Standard 3.12 (vs. 3.11). Section 3.12 addresses the impairment of auditors when performing both audit and certain non-audit services for the same client, while Section 3.11 discusses the nature of non-audit services. Please confirm our interpretation.

Answer: The definition for independence is in Government Auditing Standard 3.03 and 3.04. GAGAS 3.12 through 3.18 provides additional guidance on audit and certain non-audit services for the same client.

Question 26. Technical Proposal "Resumes and letters of commitment are required for all proposed staff." Key staff? Or all staff?

Answer: The IG DoD is only requiring resumes and letters of commitments for key staff. The IG DoD is defining key staff as those individuals responsible for directing and managing the project.

Question 27. What security package is being utilized on the Amadahl mainframe (Top Secret, RACF, or ACF2)?

Answer: ACF2

Question 28. The reporting requirements require that a SAS 70 Type II report be completed. Typically a SAS 70 Type I report is done before a Type II is initiated. Has a SAS 70 Type I been completed or do you anticipate going directly to a SAS 70 Type II?

Answer: Contractor will go straight to SAS 70 Type II report.

Question 29. The reporting requirements include a SAS 70 type II report, a SAS 70 is required to cover a certain period of time typically 6 months or one year. What period of time is this SAS 70 report required to cover?

Answer: See our response to question 18.

Question 30. The technical report requires that the auditor conclude on general and application controls over DCPS. Additionally it is requested that the technical report include a conclusion as to whether DCPS is certified and accredited in accordance with DITSCAP. The first item related to general and application controls would already be included in the SAS 70 report and the second item could be included in the SAS 70 report. Could you clarify your expectations as to what you will expect in each of these reports?

Answer: See questions 20 – Also see DITSCAP, Phase III, “Validation,” for example of test report guidance.

Question 31. By definition, a Type II report is one that carries an auditor’s certified opinion. Does DoD require that a CPA firm opine? If so, can the opinion be from a subcontracted CPA firm or does it need to be provided by the Prime?

Answer: The IG DoD will opine on financial statement reports. The contractor does not need to be a CPA. However, the Prime contractor must sign the technical and SAS 70 Type II reports supporting the financial statement reports.

Question 32. Can a non-CPA firm Prime this contract?

Answer: Yes

Question 33. FFMIA compliance is mentioned up front, but really nowhere else. Is this task to include a full BlueBook compliance assessment?

Answer: No. Use FISCAM and SAS 70 to develop audit methodology to determine FFMIA compliance.

Question 34. How many servers does DCPS run on?

Answer: 1 OS 390 mainframe – 4 web-servers

Question 35. Will this task order be issued as a firm-fixed-price or not-to-exceed contract?

Answer: Not-to-Exceed

Question 36. Under the Pricing instructions, the solicitation states that the price proposal shall include...."An estimated price for each task (per year of effort), tasks organized into the proposed organization structure..." As we understand the request, this solicitation is for FY 2004 only with only one task to audit the Defense Civilian Pay System. Is this a correct assumption?

Answer: Yes

Question 37. How does the anticipated DoD IG combined solicitation N00421-04-R-0086 for financial statement and FISMA audits impact this RFQ?

Answer: Solicitation N00421-04-R-0086 does not have any impact on this RFQ.

Question 38. Who will be issuing the opinion--the auditing firm or DoD IG?

Answer: The IG DoD will issue the opinion report for the SAS 70 report. The contractor will prepare, sign, and deliver to the IG DoD for issuance, the supporting technical report.