

OTHER INDUSTRY QUESTIONS

Q1: The Draft SOW for Fiscal Year 2004 assessments of DoD financial management systems makes a distinction between 1) SAS 70/88 reviews of service organizations (mainly DFAS & DISA), and 2) assessments of financial management systems to be done in accordance with FISCAM guidelines. Based on this distinction we would expect that:

Task orders for SAS 70/88 reviews, which are based on an AICPA auditing standard, will be awarded solely to CPA or IPA firms that are the firms that usually issue Type II audit reports required by the draft SOW. This is not a true statement. No, CPA and non-IPA firms may partner for this effort. Partnering arrangements are possible between CPA and non-IPA firms.

Task orders for assessment of financial management systems, made in accordance with the GAO FISCAM, will be awarded to either CPA/IPA firms or to Information Systems Audit and Control (ISAC) firms at the discretion of the IG, DoD. Emphasizing systems, this statement is true.

The standards for the opinion required in a task order for an assessment will be different than those for a Type II audit report in a SAS 70/88 review.

Is this the intent of the SOW?

Answer:

Task orders for SAS 70/88 reviews, which are based on an AICPA auditing standard, may not be awarded solely to a CPA or IPA firm. The OIG DoD as the statutory auditor for the DoD financial statements, will opine on the SAS 70 Type II audit. The contractor performing the SOW will prepare the SAS 70 Type II report and the OIG DoD will sign and issue the report. Since the OIG DoD will sign the SAS 70 Type II report a non-CPA firm can perform the SAS 70/88 audit.

Task orders for assessment of financial management systems, made in accordance with the GAO FISCAM, may be awarded to either CPA/IPA firms or to Information Systems Audit and Control (ISAC) firms at the discretion of the OIG DoD. The emphasis here is placed on systems.

The standards for the opinion required in a task order for an assessment will be different than those for a Type II audit report in a SAS 70/88 review. The Statement of Work has been revised to clearly address the requirements for Type II audit reporting.

Q2: Can this SOW requirement be amended such that the contractor retains the original work papers but provides copies of all work papers to DOD? Reference SOW: Page 12, section 7.1. The last sentence of this section says, "The contractor shall mark all working papers and supporting documents as property of the DoD." Section 7.1 states earlier that, "The contractor shall deliver all working papers (electronic or hard copy) to the OIG DoD prior to publishing the final report. The contractor may retain copies for their files." This ownership requirement seems

to conflict with the AICPA Professional Standards Section 339.10, which states, "Audit documentation is the property of the auditor....." There are many reasons for the AICPA's determination, including retention requirements, confidentiality, etc.

Answer: The SOW requirement will not be amended to allow the contractor retention of the original work papers. The contractor may retain a copy of the working papers and audit documentation for their records however; the government will retain the original working papers and audit documentation. Both working papers and audit documentation will be marked as the property of the U.S. government. The OIG DoD will be rendering the opinion on the financial statements thus making the OIG DoD the lead auditor. The OIG DoD will be taking responsibility of the opinion.

Q3: Does this mean that contractors will be required to pay for the processing of all clearances? Reference: SOW Page 12, section 7.2. The first sentence of this section says, "The contractor is responsible for obtaining employee security clearances and ensuring that all persons working on this effort are U.S. citizens."

Answer: In order to obtain a facility security clearance sponsorship is required. Contractors will be required to pay for the processing of all clearances.

Q4: How will performance-based contracting apply to these task orders? Reference SOW: Page 14, section 7.12. This section cites several metrics that may be required under individual task orders.

Answer: Performance based task orders will be issued in accordance with the Statements of Work of individual task orders.

Q5: Please clarify the exact name of the 7 systems referenced at the March 30, 2004 Industry Day under which DoD expects to procure assessments for this summer.

Answer. We are planning on issuing contracts for about 5 to 6 systems during FY 2004. These systems are the Defense Civilian Payroll System (DCPS), Defense Business Management System (DBMS), Defense Property Accountability System (DPAS), Standard Army Finance System (STANFINS), Defense Departmental Reporting System (DDRS), and Defense Information Systems Agency Computing Services (DISA). However, the actual systems reviewed in FY 2004 may change as a result of funding and other priorities.

Q6: Please confirm the scope of work, is it only IT or operations or both? Based upon this answer, shall we presume that the current "Systems Assessment" draft statement of work will also be used for these seven procurements?

Answer: The scope of work for the 6 systems will be for IT assessments and SAS 70/88 reviews. Individual statement or works will be prepared and tailored to the specific systems.

Q7: Are all 7 systems assessments going to be subject to the Yellow Book Standards?

Answer: Yes all 7 systems assessments are going to be subject to the Yellow Book Standards.

Q8: Given the decision that firms can be independent by doing both the assessment and audit work, how will the remediation phase be coordinated given there is not an intent to use the proposed NAVAIR contract vehicles to support this work? If remediation work is necessary, will another assessment need to be completed to see compliance with the initial recommendations?

Answer: The remediation actions will be the responsibility of the Component that underwent the assessment. The OIG DoD will make a decision to conduct another assessment or a full scale CFO audit based on the nature and extent of the remediation actions.

Q9: Has DoD considered ways of working around the shortage of yellow book resources not only in the national capital region but also in the entire United States? I have heard rumors that the forecasted demand will be four times greater than the existing supply of qualified auditors.

Answer: Yes, the OIG DoD is looking at various options to ensure that sufficient auditors are available to conduct the required audits within DoD.

Q10: Will any reliance be placed on the assessment work that is being performed currently by many DoD components in anticipation on the upcoming requirements?

Answer: The amount of reliance on work currently being performed will depend on various facts and circumstances including who performed the work and the scope of work.

Q11: Will there be a centralized effort to perform SAS 70/88 work on jointly used financial systems? If not, will individual agencies move forward with preparing for audits assuming that the information obtained has the required level of integrity?

Answer: The OIG DoD plans to issue task orders for SAS 70/88 reviews on the key financial management systems.

Q12: If the final RFP has not been released, is there still an opportunity to provide an MIE demo to IG DoD? Can you provide us a Technical POC to arrange a brief if it is not too late in procurement process?

Answer: The OIG DoD is receptive to briefings. Arrangements for a briefing can either be made through the Procuring Contracting Officer or the OIG DoD Program Manager.

Q13: How does experience Assessing and Auditing State and Local governments, using the Yellow book, compare to the skills and experience DoD IG is looking for on the Information Assurance work and the Audit work?

Answer: A contractors skills and experience in applying the yellow book to audits of state and local governments would be useful in an audit involving DoD. However, the size, complexity, and unique nature of DoD operations will impose numerous challenges not seen in audits of state and local governments.

Q14: If problems or issues are identified during an Information Assurance Task Order, will the contractor who identified those issues or problems be automatically selected to reassess the area once the issues have been corrected? What is the envisioned process for this scenario?

Answer: The individual task orders may contain options that would allow the contractor who identified the problems to reassess the corrections without competing a new task order. However, the OIG DoD decision to include options in an individual task order will involve such factors as the system under review, the audit scope, and the nature of the corrections.

Q15: Will there be a lot set aside for Small Veteran Owned Business?

Answer: This is not a set-aside procurement. The solicitation will be issued on an unrestricted, full and open competition basis, with provisions to award to 8(a) and Small Business concerns under a reserved system.

Q16: Can firms that receive the Assessment and/or Audit MAC awards hire current DoD audit staff to perform Assessment or Audit work for DoD?

Answer: Any employment of current or former DoD employees must comply with the Joint Ethics Regulation (DoD 5500.7-R), all conflict of interest laws and regulations, and all post-Government employment laws and regulations. Current and former Government employees are encouraged to contact their agency's ethics counselor to obtain an ethics opinion regarding the legality of working for a MAC contractor or sub-contractor prior to accepting such employment.

Q17: Can you tell me exactly what contracting mechanism will be used? I understand that there is a DOI vehicle via GovWorks. Can you be more specific?

Answer. The OIG DoD will use GovWorks to award the contracts for the FY 2004 information technology assessments. RFPs are issued; they can be viewed at [GSA Advantage!](http://www.gsaadvantage.gov) (<http://www.gsaadvantage.gov>).

18. Clarify contract strategy: what contracting vehicle and procurement office will be specifically used?

ANSWER: The Naval Air Systems Command intends to issue one three year Indefinite Delivery/Indefinite Quantity, Multiple Award Contract for information assurance, audit assessments, and CFO Audit Services in support of the Office of Inspector General (OIG Defense Financial Auditing Service (DFS) in the beginning of fiscal year 2005.

19. Considering that the GSA Finance and Business Solutions (FABS) schedule was created to issue task orders to procure commercial services of this nature, will you consider using contracting vehicle as well?

ANSWER: No, the Government will not consider using the GSA FABS schedule as a contracting vehicle.

20. With the important socio-economic goals established for this procurement, How does DoD intend to ensure participation of SBA's in light of the NAICS code restrictions (3/6 million in sales) and the relative size of the anticipated procurements? I would envision many of the DoD components that require assessments or audits will be much larger than the annual revenue of the small business concerns. Additionally, many of the larger firms have expressed concern about being a subcontractor to small businesses with short operating history and risk of financial failure.

ANSWER: This is not a set-aside procurement. The lot structure and associated issues will be coordinated with the NAVAIR Small Business Office to ensure companies comply with socio-economic requirements and goals. Prior to soliciting delivery order proposals, the Statement of Work (SOW) will be sent to all awardees with a request to respond within forty-eight (48) hours of their intent to submit or not to submit a proposal for the tasking outlined in the SOW. If the PCO receives reasonable assurance that two or more 8(a) or Small Business concerns will submit a proposal, then the work will be reserved for 8(a) (Lot I) and/or Small Business Concerns (Lot II), thus the RFP will not be open to those awardees in the Unrestricted Lot (Lot III). If it appears that only one or no 8(a) or Small Business concerns will propose, then the RFP will be open to those awardees in Lot III. Notification by awardees of their intent to submit a proposal must be in good faith. A contractor's history of replying to our 48 Hour Notice of Intent will be evaluated under this contract on the 48 Hour Notice of Intent Survey.

21. Given that many small businesses could support this effort do not have adequate clearance, has DoD considered the impact of this on the Small Business goals?

ANSWER: Yes, DoD has considered the impact of this on the Small Business goals therefore, NAVAIR intends to incorporate a reserve system to support the Small Business.

22. Has there been a final formal request for proposals released? If not is there a draft RFP for review? We have read the SOW but are interested in the full requirements for proposal submission.

ANSWER: NAVAIR has released neither a draft nor a formal solicitation. However, it is anticipated a draft solicitation will be released May/June timeframe.

23. Is there an Industry Day presentation that we can obtain an electronic copy of for review?

ANSWER: The industry Day presentations are available on the NAVAIR (www.navair.navy.mil/doing_business/open_solicitations) and OIG DoD websites (<http://www.dodig.osd.mil/audit/financial/financial.htm>).

24. When might Question and Answer responses be published?

ANSWER: NAVAIR intends to publish questions and answers responses by 24 May 2004 to both the NAVAIR (www.navair.navy.mil/doing_business/open_solicitations) and OIG DoD websites (www.dodig.osd.mil/audit/financial/financial.htm).

25. Will NAVAIR automatically move those of us that were on the notification system to the new SOS or do we need to re-apply?

ANSWER: The Fed Biz Ops is a system outside of NAVAIR, so you will need to register under the new contract number for future updates.

26. The announcement on the Website says, "NAVAIR intends to award one three year multiple award. Shall I assume that means -- multiple awards of the combined SOS will be awarded and each award will be for a 3-year period?"

ANSWER: Yes, there will be multiple awards made under the one solicitation.