REQUEST FOR PROPOSALS (RFP)

FY17 Financial and Compliance Audit Response to Written Questions

RFP # 17-631-9001-00048

1. Will a contract be in place to work in May?

   The New Mexico Department of Workforce Solutions plans to work with the New Mexico State Auditor and the Department of Finance and Administration to ensure that an audit contract is in place so that interim fieldwork may start as early as May 1, 2017.

2. In the RFP it states that the Offeror will provide a copy of the Offeror’s profile. The State Auditor requested this information electronically. How do we provide this information in the RFP submission?

   The Department contacted the Office of the State Auditor to ensure that the Offeror’s profile could be submitted based on the RFP page 24, Business and Technical Specifications #2. Each Offeror will have to log into their firm profile on the Office of the State Auditor’s website and go page by page to print their firm profile.

3. What is your typical timeline for year end and when does your team close the books?

   In the FY16 audit, the New Mexico Department of Workforce Solutions provided trial balances to the audit team by the end of September 2016. Based on the new deadline of November 1, 2016, the New Mexico Department of Workforce Solutions plans to provide final trial balance information no later than September 15, 2017.

4. For FY16, what percentage of interim and IT work was completed prior to final fieldwork starting in October 2016?

   Based on information received from our prior year auditors, almost all of the IT work was completed prior to October, approximately 99%. All interim fieldwork was approximately 90% complete with the exception of a few follow-up and/or pending items.

5. How much are you planning to rely on the auditors for preparing the financial statements?

   In Appendix D of the Request for Proposal, there is a separate line to provide cost information for financial statement preparation. At this time, the New Mexico
Department of Workforce Solutions plans to prepare the FY17 financial statements. However, the Department is requesting cost information for the preparation of the FY17 financial statements.

6. Does ASD (Administrative Services Division) have an internal audit department?

Currently, the New Mexico Department of Workforce Solution does not have an internal audit department.

7. RFP Sec II C.30 (pg 17): Campaign Contribution Disclosure Form- Is it acceptable for multiple representatives to sign one form, rather than submitting individual forms for each representative?

It is acceptable for multiple representatives to sign one form. However, an attachment should be added that provides a list of everyone that contributed with the dollar value of the contribution.

8. RFP Sec IV B.3 (pg 24): Partners, Supervisory and Staff Qualifications and Experience-For the organization chart, please clarify ‘percent of time’ they will be assigned on the project. For example, managers typically spread their time among engagements. Does this mean % of total staff time on the engagement or % of individual time for the duration of the audit?

The New Mexico Department of Workforce Solutions has defined project in the Request for Proposal Section I.E (page 6). It is the Department’s understanding that the engagement period and the audit period are equivalent. Therefore, it is at the Offeror’s discretion to provide either a percent of total staff time on the engagement or provide a percent of individual time on the engagement. Either method will be acceptable to the Department.

9. RFP Sec IV B.9 (pg 26): Cost Proposal, second bullet- Is it acceptable to average the monthly rate between all assigned staff for the phase of work, or does the monthly rate per person need to be differentiated?

The New Mexico Department of Workforce Solutions, would request that the monthly rate could be averaged between all assigned staff for the phases of work. However, either method stated above is acceptable to the Department.

10. General: Are there any significant monetarily changes in federal awards and any change in personnel, or systems affecting the federal programs for FY17?
No significant monetary change federal awards are expected for FY17, nor in the number of personnel. The Department did reduce 49 authorized FTE positions (from 558 to 509) in its FY18 appropriation request. These positions have been deleted from the Department’s Organizational Listing. The UI Tax and Claims system did have significant changes in programming to more accurately capture financial information for the Trial Balance and other financial reporting purposes. Testing was performed and these changes were completed in October (Claims) and December (Tax) of 2016.

11. General: Does the Department expect that there will be a restatement in the Unemployment Insurance Trust Fund for FY17?

At this time the New Mexico Department of Workforce Solutions is researching a $630,630 amount due to the Penalty and Interest Fund from the Unemployment Insurance Trust Fund. Based on the outcome of this research a prior period adjustment/restatement may be necessary.

12. RFP Sec II, B.7 (pg 9): Reference Questionnaires – Offerors must submit three (3) references from State Agency clients in New Mexico. Will the Department accept reference questionnaires from other non-State Agency clients in addition to the 3 State Agency reference questionnaires?

At the Offeror’s discretion, additional references may submitted additional references. However, the New Mexico Department of Workforce Solutions has only requested 3 references from State Agency clients in New Mexico.

13. RFP Sec I, C (pg 3): Scope of Procurement – Does the Department prepare drafts of the financial statements, schedule of expenditures of federal awards, and other schedules required by the NM Audit Rule or do you expect auditor assistance with this function?

In Appendix D of the Request for Proposal, there is a separate line to provide cost information for financial statement preparation. At this time, the New Mexico Department of Workforce Solutions plans to prepare the FY17 financial statements. However, the Department is requesting cost information for the preparation of the FY17 financial statements.

14. General: Upon approval of the contract, is the Department open to the auditor performing preliminary fieldwork and procedures, including preliminary testing of major federal programs, obtaining an understanding of internal controls, and performing tests of controls and interim balances prior to the end of the fiscal year to gain audit efficiencies and facilitate issuance of the financial statements prior to the NM Audit Rule deadlines?
The New Mexico Department of Workforce Solutions plans to work with the New Mexico State Auditor and the Department of Finance and Administration to ensure that an audit contract is in place so that interim fieldwork may start as early as May 1, 2017. The Department has sufficient budget to cover up to $10,000 for preliminary field work performed in May and June of 2017. Billing for this work should be received by the Department by July 10, 2017.

15. Does the uFACTS system provide a documented audit trail report of programming modifications to the software program as a record of reporting changes for management?

The uFACTS system provides a documented audit trail of programming modifications to the software program.

16. Please describe the job names and titles (like an organizational chart) of the accounting department personnel reporting to supervisors under the CFO.

- David Robbins, Chief Financial Officer
  - Gregory Baird, Budget Manager
    - Denise Corriz, Budget Analyst
    - Debra Gallegos, Budget Analyst
    - Svetlana, Kutuzova, Budget Analyst
  - Audrey Beck, Unemployment Insurance Manager
    - Renee Douglas, Accountant and Auditor
    - Jenny Haiken, Accountant and Auditor
    - Debbie Marez, Accountant and Auditor
  - Sara Brownstein, Financial and Accounting Reporting Manager
    - Joel Carrete, Accountant and Auditor
    - Santana Griego, Financial Coordinator
    - Alam Ladha, Financial Specialist
    - Thu Sanchez, Financial Coordinator
  - Cecilia Dominguez, Accounts Payable Manager
    - Jeanette Frias, Financial Specialist
    - Vacant, Financial Specialist
  - David Roybal, Grants Manager
    - Marivel Baca, Grants Analyst
    - Carla Caraveo, Financial Specialist
    - Sally Jo Doyle, Grants Analyst
    - Wenshin Lee, Financial Specialist
    - Tina Lockner, Grants Analyst
17. Will Sara Brownstein and/or other key accounting personnel prepare a full PBC list for new auditors this year?

The New Mexico Department of Workforce Solutions believes the preparation of the PBC list is the responsibility of the auditor.

18. Are you satisfied with the functionality of the UI system after completion of intermediary tables that UI payments are correct?

The New Mexico Department of Workforce Solutions is satisfied with the functionality of the UI system after completion of the intermediary tables. The Department was always confident that the UI payments made to claimants were accurate. The discrepancies occurred between the general ledger reporting system (SHARE) and the uFACTS system.

19. Do uFACTS system programmers have open access to software code?

The New Mexico Department of Workforce Solutions has proper internal control access regarding the system programmers and the software code.

20. What procedures have been put in place during the past year to address the UI financial reporting and accounting material weakness finding?

The Financial Reporting Enhancement project launched in July 2015 for Claims and Tax implemented new code along with intermediary tables to ensure all fiscal data was captured from all tables. In October 2016, Claims rolled out to include a Trial Balance report with new fields to identify and reconcile daily deposits and financial transactions from the sub-ledger, uFACTS. Two (2) new reports were created: a) Claims Disbursement report, which includes all charges to all programs for benefits paid to include offsets, child support, and federal withholding, eliminating the use of the “Claims Register of Benefit Payments report”, used for the daily draw; and b) Claims Revenue Report, which includes all revenues received for overpayment recoveries by program and payment method. Both of these reports draw data from the tables directly, resulting in data capture.

Both reports are currently being used for the daily benefit draw; the expenses drawn from each program are net of any revenue received.

The Claims Accounts Receivable report and Aging report were completed after extensive testing and are functional reports.

Tax was implemented in December 2016 that included new code, an intermediary table, and Trial Balance report with new fields, Revenue and Disbursement report. The Department will continue to work on other financial reports after the project has been completed and will continue to test data to ensure all financial output is reliable and
complete, which will eliminate the use of queries for the financial audit. Data capture and any year end reports will be run ending June 30 of the fiscal year for sample testing.

21. Are the claims and accounts receivable reports regularly and successfully reconciled to SHARE at this time?

On a daily basis, the Claims Accounts Receivable report and Aging report are uploaded into the general ledger (SHARE). The Financial and Accounting Reporting unit have reconciled accounts receivable from the uFACTS system to the general ledger through December 31, 2016.

22. Last year the auditors prepared the financial statements. We applaud you for taking on the financial statement preparation this year! That shows how very well your agency is doing. Normally there is a transition year (or two). Do you want the IPAs this year to bid on a certain percentage of assistance? Or certain number of hours for training/assistance? If you choose to prepare them 100% within the Department, the auditor would only be providing you with the 3 opinions/reports in PDF format to add to your financial created to submit to OSA. You would likely need trial balance software to link in the balances into the financial statement formatting, pulling from the SHARE balances....it can be cumbersome, so we don't want to leave you with NO assistance the first couple of years. If you would like, we can provide a bid with options for you to choose from.

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23. What timeline will you have the final SEFA and SHARE balances completed and ready for audit? This impacts our proposed timeframe for the audit. We understand we would start immediately in May on the entrance conference/planning/internal controls.

In the FY16 audit, the New Mexico Department of Workforce Solutions provided trial balances to the audit team by the end of September 2016. Based on the new deadline of November 1, 2016, the New Mexico Department of Workforce Solutions plans to provide final trial balance information no later than September 15, 2017.

24. Is there anything you would like to see improved from the last audit cycle to this year?
The New Mexico Department of Workforce Solutions is working to improve the efficiency of the FY16 audit for FY17 based on the new State Audit Rule deadline of November 1, 2017.