



Robert G. Anderson
Executive Director

REQUEST FOR INFORMATION (RFI)

Forensic Audit Services
RFx No. 3150002847
Issue Date: April 30, 2020

CLOSING LOCATION

Mississippi Department of Human Services
200 South Lamar Street
Jackson, Mississippi 39201

CONTACT

Name: Bryan C. Wardlaw, Chief Procurement Officer and
Peyton Clark, Staff Attorney
E-Mail: Bryan.Wardlaw@mdhs.ms.gov and
Peyton.Clark@mdhs.ms.gov
Phone Number: (601) 359-4500

CLOSING DATE AND TIME

Responses must be received by June 2, 2020, at 5:00 PM (Central Time)

SECTION 1. PURPOSE

The Mississippi Department of Human Services (MDHS) is seeking to identify and potentially select a firm to provide Forensic Auditing Services of MDHS relating to the federal Temporary Assistance of Needy Families (TANF) grant. The purpose of this Request for Information (RFI) is to obtain market information regarding the capabilities and qualifications of firms positioned to provide forensic auditing services of governmental agencies particularly relating to federal TANF grants and other similar federal grants.

THIS IS A REQUEST FOR INFORMATION (RFI) ONLY. This RFI is issued solely for information purposes – it does not constitute a Request for Proposal (RFP), Invitation for Bid (IFB), Request for Qualification (RFQ) or a promise to issue an RFP, IFB, or RFQ in the future. This request for information does not commit MDHS to contract for any supply or service whatsoever. Further, MDHS is not at this time seeking proposals, bids, or qualifications and will not accept unsolicited proposals, bids, or qualifications. Respondents are advised that MDHS will not pay for any information or administrative costs incurred in response to this RFI; all costs associated with responding to this RFI will be solely at the interested party's expense. Not responding to this RFI does not preclude participation in any future RFP, IFB, or RFQ, if any is issued. If a solicitation is released, it will be available on the MDHS website (<http://www.mdhs.ms.gov/>) and the Contract/Procurement Opportunity Search Portal. It is the responsibility of the potential offerors to monitor these sites for additional information pertaining to this requirement.

SECTION 2. TIMELINE

Request for Information Issue Date:	April 30, 2020
Questions and Requests for Clarification to MDHS Deadline:	May 7, 2020, 2:00 PM CT
Anticipated Written Answers to Questions:	May 13, 2020, 2:00 PM CT
Response Submission Deadline:	June 2, 2020, 5:00 PM CT

Note: MDHS reserves the right to adjust this schedule as it deems necessary.

SECTION 3. DESCRIPTION

Potential qualified firms must possess required certifications and licenses to provide forensic audit services in accordance with Mississippi law and applicable federal law. In response to this RFI, potential qualified firms must demonstrate the following: experience conducting large scale forensic audits of State agencies; understanding of GAO Yellow Book Audit standards or other evaluation techniques; experience in providing auditing services for State agencies that administer federal TANF funds or other federal assistance funding; and experience with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (2 C.F.R. § 200).

The period subject to this forensic audit shall be January 1, 2016 through December 31, 2019. Responses to this RFI should describe in detail the firm's ability to perform forensic auditing procedures to identify any irregularities, misconduct, or fraud related to TANF subgrants/contracts, procurement, adherence to internal (MDHS) and external (Federal and State) policies and regulations, and/or any other TANF financial activity within the aforementioned time period. The purpose of this forensic audit is to provide as complete and accurate an assessment of any misspent funds, the identity of any and all MDHS and subgrantee personnel involved, and the scope of any civil or criminal fraud discovered by the firm conducting the forensic audit.

MDHS is seeking information from firms positioned to provide these forensic audit services and anticipates delivery of a final report to MDHS and the Mississippi Office of the State Auditor (OSA) by no later than nine (9) months from the date of contract execution. The selected firm will contract directly with MDHS and OSA will be a third party to the contract between the selected firm and MDHS. OSA recently performed a Single Audit of MDHS and completed it in April of 2020. The OSA Single Audit will be made available to the selected firm and the selected firm will coordinate with OSA to obtain access to the OSA Single Audit working papers and documentation to assist in narrowing the scope of the forensic audit and to prevent unnecessary duplication of audit functions. Access to OSA working papers by the selected firm will be subject to a Nondisclosure Agreement between OSA and the selected firm and at no time will MDHS have access to the OSA working papers. As a third party to the contract, OSA will also assist the selected firm, if necessary, in the exercise of OSA's legal authority to direct production of documents from vendors and subgrantees in connection with the forensic audit work being performed by the selected firm.

The following is a preliminary scope of services to serve as a guide in responding to the RFI. Unless specified elsewhere, the scope of services shall include expenditures and payments of TANF federal and State monies along with any funds utilized as matching funds for programmatic requirements. The scope may be negotiated based on recommendations by respondent auditing firms but MDHS anticipates forensic audit services to include a detailed analysis comprised of, but not limited to:

A. Forensic Audit Services.

1. Current MDHS internal controls related to processing TANF agreements (subgrants/contracts) and MDHS issued payments to TANF subrecipients;
2. MDHS internal controls during the subject audit period from January 1, 2016 to December 31, 2019 related to processing TANF agreements (subgrants/contracts) and MDHS issued payments to TANF subrecipients and an analysis of whether and how these controls failed and/or were circumvented by MDHS personnel, including but not limited to the former Executive Director;
3. MDHS payments made to TANF subrecipients during the subject audit period were allowable pursuant to federal requirements, State law, MDHS policies and procedures and the applicable agreement scope;

4. Authenticity of TANF subrecipient payment requests and that such requests included appropriate supporting documentation in accordance with policies and procedures in existence at the time of the requests;
5. Allowability of TANF subgrant/contract scopes as compared against TANF requirements, State law, MDHS policies and procedures and federal guidelines;
6. TANF subrecipient general ledgers and financial records for agreement periods occurring within the subject audit period to identify any accounting irregularities not in compliance with federal regulations;
7. Subrecipient general ledgers for all grants awarded to Mississippi Community Education Center and Family Resource Center under any MDHS TANF-funded program;
8. Allowability of subawards issued by TANF Subrecipients to third-tier subrecipients pursuant to MDHS requirements, policies and procedures and applicable federal requirements; and
9. Any analysis of all TANF-funded subgrants/contracts and subsequent payments executed and issued at the direction of the MDHS Executive Director during the subject audit period.
10. Any other issues identified during the course of the audit related to TANF subgrant awards during the subject time.

MDHS, upon consultation with OSA, hereby reserves the right to modify and/or expand this scope of services to analyze other federal funding sources during the term of the agreement. For example, if the forensic audit should determine that subgrants, contracts and payments from other federal funding sources were made at the direction of the MDHS Executive Director during the subject audit period. Modification and/or expansion of the scope may be based upon the selected firm's substantiated identification of patterns indicating irregularities, misconduct, or fraud that may be present in other federal funding sources. The selected firm must debrief MDHS and OSA immediately on substantiated patterns that may be present in other federal funding sources. Any modifications to this Scope of Services shall be mutually agreed upon, in writing, by MDHS, OSA and the selected firm as a written contract amendment.

B. Reporting Requirements. The selected firm shall, at a minimum, provide the following reports at the below identified frequencies:

1. During Subject Audit Period.
 - a) Monthly Progress Reports – outlining work performed for the prior month to include potential irregularities and/or findings;
 - b) Status Updates – as requested by MDHS or OSA during audit performance.
 - c) Conditions Requiring Immediate Attention – (at discretion of firm upon discovery) firm shall brief MDHS and OSA immediately upon discovery.
 - d) Criminal Activities – (upon discovery by firm) firm shall brief MDHS Executive Director and OSA immediately upon discovery. Further, at the request of OSA,

auditors may be required to brief OSA's Division of Investigations on any criminal activities.

2. Upon Completion of Forensic Audit – Audit Procedures and Results.
 - a) Draft Report outlining applied audit procedures and results of applied procedures. The Draft Report should reflect audit results based on the proposed Scope of Services outlined in Section 3 A. of this solicitation. The selected firm shall provide the Draft Report to MDHS and OSA for review before finalization. However, to preserve to the fullest extent possible the independence of the forensic audit firm pursuant to the Independence Rule, Part 1.200.001 in AICPA's Code of Professional Conduct, neither MDHS nor OSA shall have any control over the content of the Final Report as a result of their review of the Draft Report.
 - b) Final Written Report outlining applied audit procedures and results of applied procedures. The report should reflect audit results based on the proposed Scope of Services outlined in Section 3 A. of this solicitation and shall represent the independent findings of the forensic audit firm. The report shall be made available for use and may be used as evidence in any state or federal legal proceedings; however, the extent to which the auditors may be required to serve as expert witnesses in any trial proceedings may require a modification of the scope of this agreement or a separate expert witness agreement under applicable federal or State guidelines.
3. Upon Completion of Forensic Audit – Internal Control Assessment.
 - a) Final Written Report outlining the following:
 - (i) Any weaknesses or deficiencies of current MDHS internal controls and past MDHS internal controls during the subject audit period;
 - (ii) Any weaknesses of MDHS internal accounting and operating controls to address compliance with controls, risk of fraud and misconduct, and recommendations to improve MDHS internal controls.
4. Upon Completion of Forensic Audit – Findings Regarding Fraud, Waste and Abuse and Identity of All Persons Involved
 - a) Final Written Report outlining the following:
 - (i) Aggregate listing of any funds which have been embezzled, misappropriated or obtained under false pretenses or by fraud, in a format suitable for use in a legal proceeding;
 - (ii) A listing of any and all funds spent on questionable or unallowed purchases by vendor/contractor/subrecipient, as appropriate. If any transactions were approved or initiated by MDHS personnel, the names or titles of such personnel (including former or current employees) should be included.

C. Firms are also requested to provide the following information:

1. Name of firm; Location of firm's principal place of business; and if different, the proposed place of performance for these services;
2. Age of firm and average number of employees over the past three (3) years;
3. Abilities, qualifications, and experience of all individuals that the firm would assign to provide these required services;

4. Listing of at least three (3), but no more than five (5) contracts within the past five (5) years under which the firm provided forensic auditing services of similar size, scope, or complexity to the required services described herein;
5. Referral/Reference Contact Information - Three (3) referrals and/or references from other state agencies or entities where the firm provided similar work within the past five (5) years – (may utilize information from (C)(4));
6. Performance Capability Statement detailing the firm’s ability to do business in Mississippi and the firm’s ability to dedicate qualified audit staff to this project;
7. Statement of firm’s ability to start the project and provide completion by no later than December 31, 2020; and
8. Firm Rate Sheet – to include unit pricing of positions dedicated to this project at an hourly rate.

SECTION 4. MDHS CONTACT AND QUESTIONS/REQUESTS FOR CLARIFICATION

Questions regarding this announcement shall be submitted in writing by e-mail to Bryan C. Wardlaw, Chief Procurement Officer at Bryan.Wardlaw@mdhs.ms.gov and Peyton Clark at Peyton.Clark@mdhs.ms.gov. Verbal questions will NOT be accepted. Questions will be answered via response email to all firm that provide questions by the above required date; accordingly, questions shall NOT contain proprietary or classified information. MDHS does not guarantee that questions received after the deadline reflected in Section 2 will be answered.

MDHS, as the procuring agency, reserves the right to meet (or hold conference calls) with RFI respondents and will consult with OSA to provide answers to any inquiries raised by firms responding to this RFI. Such discussions would only be intended to obtaining further clarification of provided responses.

SECTION 5. SUBMISSION REQUIREMENTS

- 5.1** The original and one copy of the response shall be signed and submitted (emailed, hand-delivered, or mailed) in a sealed envelope or package to 200 South Lamar Street, Jackson, Mississippi 39201 or e-mailed to Bryan C. Wardlaw at Bryan.Wardlaw@mdhs.ms.gov and Peyton Clark at Peyton.Clark@mdhs.ms.gov no later than the deadline in Section 2.
- 5.2** For **Section 3. Description**, firms should provide a response letter addressing the requirements outlined within the first three (3) paragraphs of that section and include the following information: firm’s name, physical address, mailing address (if different from physical address), phone number, and e-mail of designated point of contact. The firm’s response should also include detailed information to address subsections 3(A), 3(B), and 3(C).
- 5.3** Timely submission of the response is the responsibility of the firm. Responses received after the specified time may not be considered by MDHS.
- 5.4** The time and date of receipt will be indicated on the envelope or package by the MDHS staff.

- 5.5 Each page of the response and all attachments shall be identified with the name of the firm.
- 5.6 Any firm claiming that its response contains information exempt from the Mississippi Public Records Act (Mississippi Code Annotated §§ 25-61-1, *et. seq.*, and 79-23-1), shall segregate and CLEARLY mark the information as confidential and provide the specific statutory authority for the exemption.
- 5.7 Responses submitted via facsimile (faxes) **will not** be accepted.
- 5.8 Sealed responses should be emailed, mailed, or hand-delivered to and labeled as follows:
RFI No. 3150002847
Mississippi Department of Human Services
Division of Budgets and Accounting
Attention: Bryan C. Wardlaw and Peyton Clark
bryan.wardlaw@mdhs.ms.gov
200 South Lamar Street
Jackson, Mississippi 39201
- 5.9 All responses MUST be in writing.

SECTION 6. SUMMARY

THIS IS A REQUEST FOR INFORMATION (RFI) ONLY to identify sources that can provide Forensic Auditing Services. The information provided in the RFI is subject to change and is not binding on MDHS. MDHS has not made a commitment to procure any of the items/services discussed, and release of this RFI should not be construed as such a commitment or as authorization to incur cost for which reimbursement would be required or sought. All submissions become MDHS property and will not be returned.

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