

April 18, 2014

SUBJECT: REQUEST FOR PROPOSALS FOR THE PERFORMANCE OF EXPERT PROFESSIONAL INTERNAL AUDIT SERVICES AS REQUESTED ON A “CALL-IN” BASIS DURING 2014 TO 2018 (RFP #37181)-ADDENDUM #1

Dear Sir or Madam:

The Port Authority of New York and New Jersey hereby offers to amend the subject Request for Proposal (RFP), dated April 2, 2014, as follows:

RFP Letter

- A. In Section III, Submission Requirements, delete subparagraph D in its entirety.
- B. In Section III, Submission Requirements, delete subparagraph F in its entirety. Replace with:
 - F. Provide a schedule, including the names, titles, and corresponding billing rates for technical personnel referred to in subparagraph 7A of the Agreement. Typical job titles may include, but are not limited to:*
 - 1. Auditor*
 - 2. Senior Auditor*

Agreement

- A. On page 2, paragraph 7, second line, delete “,,subparagraphs A, B, C, and D”. Replace with “...subparagraphs A, B, and C”. In addition, same paragraph, last line, delete “subparagraphs A, B, and C...” and replace with “subparagraphs A and B”.
- B. On page 2, paragraph 7, subparagraph A, delete the first paragraph in its entirety, starting with, “A. *** times the actual salaries paid by you to professional and technical personnel...” through the sentence ending on page 3, same paragraph, “... rate or amount and approves the increase.” Replace with the following:
 - A. An amount equal to the actual hourly billing rate billed by you for professional and technical personnel times the total number of hours actually spent by said personnel in the performance of services hereunder. No hour of services by an employee shall be compensable hereunder unless the employee is actually paid for such services at his usual salary rate. The hourly billing rate for each employee is the amount to be paid to you and is full compensation for all benefits, taxes, etc., paid by you. There shall be no change in the billing rates during the first year of the term of this Agreement. Attached hereto is a schedule of names, titles and corresponding hourly billing rates. Clearly indicate if any of the employees, proposed by you to perform the requested services, are former Authority employees. Said schedule shall be the basis for determining compensation, subject to audit and shall be updated by you in writing as required until your services under this Agreement are completed. The Authority reserves the right of*

approval of all personnel and billing rates for said personnel performing services under this Agreement. For compensation purposes under this Agreement, no said salary or amount shall exceed the salary or amount received by said personnel as of the effective date of this Agreement unless the Director has been notified in advance, in writing, of the increased salary, rate or amount and approves the increase.”

- B. On page 3, second paragraph, line 10, delete “partner’s or principals’s billing rate or”.
- C. On page 3, third paragraph, starting with “Notwithstanding the above...”, delete in its entirety.
- D. On page 5, second paragraph, delete “E.” and replace with “D.”

The following questions were received from RFP recipient(s). The Authority provided the corresponding answers:

1. Would these be staff augmentation or co sourced projects?
Services will be provided on a staff augmentation basis.
2. If staff augmentation do you know the level of resources needed? (Example Staff, Seniors, or Managers)
Specific levels of resources will be determined as the need arises, but will not include management staff. See change in RFP letter above.
3. Will we have one or multiple points of contacts? Will the Consultant be working alongside the Internal Audit (IA) team or will the Consultant be reporting to someone within IA? And if reporting to someone, which subdivision does that person belong to? Would the Consultant be functioning as a stand-alone engagement team or would our resources be integrated with/supporting the Port Authority’s Internal Audit team?
Although Consultant staff will report and be under the direct supervision of the Authority’s various functional Audit Management Leads, the firm will have a single contact point, which will be the Authority’s designated Project Manager. The subdivision of the Audit Department the staff member will be assigned to, will depend upon the type of audit (Corporate, Operational, Construction, etc.) being performed.
4. Will the Port Authority be giving the vendor the audit programs or will the vendor develop the audit programs?
The Consultant will not be developing audit programs.
5. Do we need to develop projects budgets in advance of each initiative and report on cost vs budget for each deliverable?
No.

6. What type of reports would we issue? Consulting type engagements: Observations and recommendations or Attest type engagements: Agreed Upon Procedures?

The firm will not be required to generate reports, however, staff may participate in drafting of reports which will issued by Authority's Audit management.

7. Do any of the internal audits require Subject Matter experts (Example Data Analytics)?

This will be determined on an "as-needed" basis.

8. Would you be able to share the position description(s) related to the work that our staff members will be performing?

The Scope of Work (Attachment A) provides a general description of the work to be performed. Staff will assist in executing internal audit work in accordance with established Audit Department guidelines and professional auditing standards, including the gathering and analysis of data and information (may be internal or third party) preparation of workpapers, drafting of reports summarizing the results of the audit, and communicating audit results (both orally and in writing) to auditee management.

9. How is the Internal Audit Department structured (i.e., number of resources, functions, roles/responsibilities)?

The Audit Department has a total authorized staffing level of 77 and is responsible for providing internal auditing services in the Authority (and its subsidiaries and related entities), including reviews of business processes, systems, operations and functions, as well as examinations of the records of tenants and contractors that do business with the Authority. The Audit Department helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control, governance and the management of risk.

10. How has Internal Audit used consultant support in the past?

The Audit Department has utilized staff augmentation services previously.

11. Is the expectation that the audit deliverables will be on consultant letterhead or will it be issued as a Port Authority deliverable?

All reports are issued by the Authority, and as such, will be on Authority Letterhead.

12. Will we be collaborating with any other consultant companies engaged by PANYNJ? If so which one(s)?

These services are not currently anticipated.

13. Within the scope of work, it was mentioned that the selected Consultant will audit 'operational components.' Can you elaborate on the specific operational areas which will be assessed?

Operational components may comprise reviews of the economy, effectiveness and efficiency, and adequacy of controls within the Authority's scope of operations.

14. Please clarify 'working on a continuous and long term basis' (i.e. will we be expected to provide a core team which will be situated at PA's offices for the duration of the agreement, or will we be providing support on an assignment by assignment basis as needed?). What is the expected number and level of staff to be provided by the Consultant?

This will be determined on an "as-needed" basis as task orders are identified.

15. Do you have information from prior year audit plans to help set expectations for current year audit plan? What is the expectation on number of audits?

These services are to be performed on a "call-in" basis as the need arises and there are no specific expectations at this time on the number of staff needed to augment the services of the Authority's Audit Department.

The due date for receipt of proposals remains April 24, 2014 at 2:00 P.M.

If you have any questions, please contact Ms. Mary Lou Rivera, Solicitation Manager, at mlrivera@panynj.gov.

Sincerely,

Tim Volonakis
Assistant Director
Procurement Department