

RFP 2139: Grant Compliance Audit Services

Responses to Bidder Questions

1. How many loans and investments has RI enrolled in SSBCI? *Between the three SSBCI funded programs there have been 53 transactions funded to date. These are broken down as 2 SBLFC, 6 Slater Technology Fund and 45 Startup Investments LLC (Betaspring)*
 - a. Is RIEDC expecting the auditor to review 100% of these transactions, or only a representative sample? *It is expected that the auditor review a representative sample; however due to the relatively low number of transactions, it is expected that the sample be at least 30% of the portfolios.*
2. Is RIEDC's intention for the auditor to limit the scope of his or her review to the 73 RLF loans with outstanding balances? *Yes. There will be no intention to require an audit of transactions that are no longer active either through full repayment, settlement or charge-off.*
 - a. If so, is the expectation to review 100% of loans or only a representative sample? *The expectation is for a representative sample to be reviewed. Based on the relatively small number of transactions, it is expected the sample be at least 30% of the portfolio.*
 - b. If not, what is RIEDC's expectation regarding the number and/or types of paid off loans that must be reviewed? *Your response will have a significant impact on the price quoted. Not Applicable.*
3. I read the RFP to mean that there are three separate deliverables: (1) a summary of the compliance terms, conditions, rules and regulations, (2) an audit report, and (3) policies and procedures for each SSBCI program.
 - a. Is this what was intended? Or is RIEDC looking for a single written report that would summarize requirements, describe audit findings, and recommend changes to existing policies and procedures? *A single written report encompassing all required elements is acceptable.*
 - b. Is RIEDC looking for complete policy and procedure documents created from scratch, or recommendations and/or edits to improve existing documentation? *The requirement is to recommend items to be included in Policy and Procedure and recommended changes to existing policy and procedure. Depending on the scope of these recommendations, drafting of policy and procedure documents may be requested as an additional service under the contract. Please include pricing for such services as part of the bid package.*
4. Can technical proposal elements #2 and #3 be combined into a single section? *Yes. Due to the close relationship between these proposal items, they may be combined. If included as combined in the proposal, please label as such so as to avoid confusion.*

5. What information should be conveyed in technical proposal element #7? *Technical Proposal element #7 goes beyond the experience of the firm in relation to the individual programs and to the experience and qualification of the firm as a whole. This could include items of other similar audits conducted of other agency's federal programs, past federal experience as a third party compliance auditor, familiarity with federal audit procedures, etc.*
 - a. How is this information different from what should be conveyed under technical proposal element #2, #3, and #8? *Technical Proposal Elements #2 & #3 point to the experience of the firm as a whole; #8 is specific to the individuals assigned to the project. In some firms, this may be the same information; in others the firm may not have the experience, but individuals assigned to the project may (from past employment, etc.). The opposite may also be true that the firm may have the experience while the individuals assigned to the project may not have experience described.*
6. Has all or part of the EDA RLF portfolio been sold or securitized at any point in the past? If so, when? Does RIEDC expect the auditors to include a review of whether this transaction was properly handled and documented? *No. At no time has the EDA RLF portfolio been sold or securitized.*
7. The administrative proposal requires the offeror to provide documentation that the offeror has the legal ability to perform the services in Rhode Island. However, when I called the State of Rhode Island Department of Business Regulation, they said they had no knowledge of such a requirement or how a company might demonstrate compliance with such a requirement. Could you please provide more information about the sort of documentation that a firm incorporated in another state (in this case, Virginia) would need to provide? *For businesses in Rhode Island, proof of good standing is required. Winning bidders incorporated outside the State of Rhode Island will be required to register with the Rhode Island Secretary of State as a Foreign Business Entity. Details for this process may be found at www.sos.ri.gov.*
8. What is the time period being subjected to audit (for example, all loans outstanding as of specified date; all loans originated and/or outstanding during a period starting on a specified date and ending on a specified date)? *All loans outstanding or pending at the time of the audit would be subject to the audit.*
9. Please elaborate on what is meant by "financing activities" within the second paragraph on page 1? *"Financing Activities" refers to loans, investments and grants made by the Small Business Loan Fund Corporation.*
 - a. Does the term "financing activities", and thus does the scope of the audit, include testing other compliance requirements that are relevant to the program (for example, periodic reporting to grantor agencies; cash management, etc.)? Please outline the specific compliance elements that you would like included in scope. *Yes, the compliance audit includes testing the compliance with all aspects of the grants and allocations received by SBLFC including reporting, cash management practices, etc. The scope of the compliance audit includes reviewing the requisite requirements defined in the grant agreements, allocation agreements, program rules and regulations, guidance from granting agencies, etc. and checking the compliance of the SBLFC program with these requirements. The purpose of the Audit is not to pick and choose which compliance*

elements to be tested, but to test compliance with all of the elements of the US Economic Development Administration Revolving Loan Fund Program and the US Treasury State Small Business Credit Initiative Program.

10. Is the population of loans subjected to the audit for each of the programs being defined as the loans outstanding during the audit period or the new loans originated during the audit period? *The population subject to audit includes all outstanding loans, investments and grants made by SBLFC and their partners under the EDA RLF and Treasury SSBCI Program. This includes all transactions that have been approved and are pending closing at the time of the audit.*
11. If the scope of the audit includes all loans outstanding during the audit period, please define the number of loans outstanding at any point during the audit period by program. *The EDA RLF program currently has 74 loans outstanding that are subject to audit. The three SSBCI funded programs include 53 transactions funded to date. These are broken down as 2 SBLFC, 6 Slater Technology Fund and 45 Startup Investments LLC (Betaspriing)*
 - a. If the scope of the audit includes only new loans originated during the audit period, please define the number of new loans originated during the audit period by program. *The pipeline of transactions for the programs fluctuates on a regular basis; however only those transactions already approved and pending closing at the time of the audit are subject to the audit. Given the constant state of flux in the program at any given time, it is impossible to predict the actual number of transactions that will be pending at the time of the audit, however based on historical volumes, it is unlikely that the number of pending transactions will exceed 10.*
12. Does the scope of services require that all loans within the defined population be tested, or does it contemplate that only a sample of loans within the defined population be subjected to testing? *Please see 1(a) and 2(a) above. It is expected that a sampling of transactions will be tested.*
 - a. If only a sample of loans within the defined population are subject to testing, please provide guidance regarding the percentage of such loans to be tested or other information regarding the number of sample loans anticipated to be tested. *Please see 1(a) and 2(a) above. It is expected that a sampling of at least 30% of the transactions will be tested.*
13. Will the RI EDC be involved in directing transactions to be audited? *No. The sampling should be random and cover a variety of time periods, transactions sizes and types. The only requirement is that a minimum of 30% of the transactions from each program must be included in the examination.*
14. Can you elaborate on what the scope of the audit will be as it pertains to the “Partners?” *The scope to the Partners (Slater Technology Fund and Startup Investments LLC/Betaspriing Fund 100) will be the same as for the SBLFC.*
15. One of the deliverables is “draft policy and procedure documents”. Are you requesting that the consultant prepare a draft of all policies and procedures (including existing and any recommended changes); or are you requesting that the consultant prepare a draft of just the

proposed new, or changes to existing, policies? *Please see 3(b) above. A summary of recommended new policy and procedure or edits to existing policy and procedure is required. Drafting of actual policy and procedure documents may be requested as an additional service.*

16. RI EDC has requested that any compliance issues that may exist in the portfolio be reported.

a. Does the scope of the project include identifying and testing the compliance provisions with which RI EDC must comply and reporting on such, or identifying and testing the compliance provisions with which RI EDC and its partner organizations must comply and reporting on such? *The scope of the project includes identifying and testing the compliance provisions with which SBLFC and its partner organizations must comply and reporting on such.*

b. Does the scope of the project include identifying and testing the compliance provisions with which the borrowers (for example, those companies receiving loans from the SBLF) must comply and reporting on the items of compliance with which the borrowers have not complied? *The scope of the project is for SBLFC and its Partners' compliance and does not extend to borrower compliance with the terms of their individual agreements.*

17. Can you provide an expected number of hours, by program, it is believed it will take to complete the audit? *The expected number of hours to complete the project is unknown. RIEDC/SBLFC relies on the expertise and experience of the bidders to determine their best estimates as to the time it will take to complete the scope of the project.*