



Solicitation Information
13 Sept 07

RFP # 7024762

TITLE: Accounts Payable Audit Services (MPA # 385)

Submission Deadline: 15 Oct 07 @ 11:30 AM (EDT)

Questions concerning this solicitation may be e-mailed to the Division of Purchases at questions@purchasing.state.ri.us no later **1 OCT 07 @ 12:00 Noon (EDT)**. Questions should be submitted in a *Microsoft Word attachment*. Please reference the RFP / LOI # on all correspondence. Questions received, if any, will be posted on the Internet as an addendum to this solicitation. It is the responsibility of all interested parties to download this information.

SURETY REQUIRED: No

BOND REQUIRED: No

Jerome D. Moynihan, C.P.M., CPPO
Administrator of Purchasing Systems

Vendors must register on-line at the State Purchasing Website at
www.purchasing.ri.gov

Note to Vendors:

Offers received without the entire completed three-page RIVP Generated Bidder Certification Form attached may result in disqualification.

THIS PAGE IS NOT A BIDDER CERTIFICATION FORM

Accounts Payable Audit Services / Recovery Audit Services

SECTION I – INTRODUCTION/INSTRUCTIONS & NOTIFICATIONS TO OFFERORS

INTRODUCTION

The Rhode Island Department of Administration/Division of Purchases, on behalf of The Rhode Island Department of Administration/Office of Accounts and Control, is soliciting bids for services from qualified firms to coordinate and facilitate the recovery of potential overpayments/duplicate payments made by the State to vendors between the dates of 1 July 2004 and 30 June 2007.

As a result of this solicitation, the Division of Purchases intends to issue a Master Price Agreement, whereby other State Agencies, Quasi-public agencies, Cities & Towns may avail themselves of the services described herein. *The proposed contract term for this MPA is three years from date of issue, with the option to renew for up to two additional years.*

INSTRUCTIONS AND NOTIFICATIONS TO OFFERORS

- Potential offerors are advised to review all sections of this Request carefully, and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.
- Alternative approaches and/or methodologies to accomplish the desired or intended results of this procurement are solicited. However, proposals which depart from or materially alter the terms, requirements, or scope of work defined by this Request will be rejected as being non-responsive.
- All costs associated with developing or submitting a proposal in response to this Request, or to provide oral or written clarification of its content, shall be borne by the offeror. The State assumes no responsibility for these costs.
- Proposals are considered to be irrevocable for a period of not less than sixty (60) days following the opening date, and may not be withdrawn, except with the express written permission of the State Purchasing Agent.
- All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.
- Proposals misdirected to other State locations or which are otherwise not present in the Division of Purchases at the time of opening for any cause will be determined to be late and may not be considered. The “Official” time clock is in the reception area of the Division of Purchases.

- In accordance with Title 7, Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation shall have the right to transact business in the state until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401-222-3040). This will be a requirement only of the successful bidder (s).
- Offerors are advised that all materials submitted to the State of Rhode Island for consideration in response to this Request for Proposals will be considered to be public records, as defined in Title 38 Chapter 2 of the Rhode Island General Laws, without exception, and will be released for inspection immediately upon request, once an award has been made.
- It is intended that an award pursuant to this Request will be made to a prime contractor, who will assume responsibility for all aspects of the work. Joint venture and cooperative proposals will not be considered, but subcontracts are permitted, provided that their use is clearly indicated in the offeror's proposal, and the subcontractor(s) proposed to be used are identified in the proposal.
- The State of Rhode Island has a goal of ten per cent (10%) participation by MBE's in all State procurements. For further information, visit the web site www.mbe.ri.gov. To speak with an M.B.E. Officer, call (401) 574-8253.
- Interested parties are instructed to peruse the Division of Purchases web site on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP / LOI
 - **Equal Employment Opportunity (RIGL 28-5.1)**
§ 28-5.1-1 Declaration of policy. – (a) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment. This policy applies in all areas where the state dollar is spent, in employment, public service, grants and financial assistance, and in state licensing and regulation. For further information, contact the Rhode Island Equal Employment Opportunity Office, at 222-3090

SECTION 2 – Objectives & Purpose

<p>Objectives: –</p> <ol style="list-style-type: none"> 1. Identify overpayments/duplicate payments to the State of Rhode Island’s suppliers. 2. Recovery of overpayments to vendors within the 3 years being reviewed. 3. Identify strategies and potential changes to the State’s payment and approval processes to eliminate or reduce future overpayments. 4. A management level report describing the financial details of the audit and recovery activities along with recommendations for payment / approval process changes.

5. Establish a master price agreement for these services that quasi-public entities and municipalities can use for the same objectives as above.

PURPOSE

1. The State of Rhode Island Department of Administration Office of Accounts and Control is seeking an Accounts Payable Audit to identify possible over-expenditures made to vendors during the 3-year period indicated above.
2. Recovery of any identified overpayments and/or fraud on behalf of the State of Rhode Island
3. Revise the Operational Procedures of the Accounts Payable section of the Office of Accounts and Control to eliminate or reduce the possibilities of future overpayments/duplicate payments/fraud.

SECTION 3 – SCOPE OF WORK, STATISTICS, BACKGROUND

1. General description: The scope of this project includes a review of all vendor payments for the State of Rhode Island for the three fiscal periods 2005, 2006 and 2007 (7/1/2004 through 6/30/2007).

Statistics:

<u>Fiscal Period</u>	<u>\$ Payments</u>	<u># of Payments</u>	<u>Actual Expenditures</u>
2004-2005	\$3,175,208,181	133,364	\$6,727,912,000
2005-2006	\$2,980,410,969	138,095	\$7,156,704,000
2006-2007	\$2,816,885,875	150,894	\$7,000,000,000 (est.)

Actual Expenditure numbers reflect expenditures made from all Funds.
 Number of Payments reflects checks issued and electronic transfers made.

Background

The State of Rhode Island has not previously had a "accounts payable recovery audit." The state has not undertaken any specific internal audit or other audit procedures to review the payment activity contemplated by this RFP.

Capital project expenditures are accounted for in separate accounts on the books. Contracts and payment documents related thereto are inter-filed with operating expenditures payment documents.

The state will provide a data file of purchase order and payment transactions. The state currently uses the following modules of financial management/accounting applications of Oracle: Purchasing, Accounts Payable, Fixed Assets and General Ledger, effective July 1, 2006, with a system acronym of "Rhode Island Financial Accounting Network, or RIFAN". From July 1, 2002 through June 30, 2006, the state used Oracle General Ledger

with "Buyspeed", an Accounts Payable and Purchasing application, the system acronym was "Rhode Island Statewide Automated Information Link, or RISAIL."

Beginning July 1, 2006, the state began scanning images of vendor invoices and other payment support documents into an IBM image storage system called FILENET. The consultant can only access the scanned images at One Capitol Hill, Providence, RI. Prior to this date, payment authorization and support documents were printed copies. These printed copies are filed by disbursement date. Vendor payments are made every business day from several different state bank accounts. For each business day all payment documents for disbursements from the same bank account are filed together; all of these bank disbursement "batches" are then filed by disbursement date.

2. Tasks, (Work Plan and Schedule):

- Submit an initial work plan and schedule for the project. Specify any assumptions and submit a work plan that includes resource allocation.
- The work plan and schedule will be evaluated on thoroughness, quality, reasonableness and price.
- Detailed project work plan should explicitly state needed resources and total resource level of effort (in hours) required of the State of Rhode Island, Division of Administration, Office of Accounts and Control, and any other state agency.

3. Process Assumptions

- State of Rhode Island will make a Project liaison manager available on a schedule to support process review.
- Consultant personnel will work on site at wherever a worksite is available. Consultant personnel can work off-site on portions of the work that do not require removal of any original contract or payment document.
- Consultant will be provided a workstation, telephone and access to State of Rhode Island's Accounts Payable records and Accounts Payable system.
- It is expected that the Consultant will work independently, doing research, running reports and validating findings with potential payees.
- Consultant will validate any recoverable assets with the designated Project liaison manager prior to engaging in any recovery activity.
- State of Rhode Island will have sole discretion as to whether the Consultant may pursue recovery of a particular asset and the method used for contacting and engaging with the potential payee.
- Consultant will provide personnel knowledgeable of State of Rhode Island's account payable module, with minimal orientation training provided by the state.
- Consultant will have access to vendor contracts as part of the overall information access at the Department of Administration or at agency locations.
- Access to printed payment documents will be as follows: 1) consultant will identify all payment documents by fiscal year, 2) consultant will request access to selected payment documents via the Project liaison manager, 3) Project liaison manager will request documents from archival storage facility to the Office of Accounts and Control, One Capitol Hill, Providence , RI, 4) consultant will access

payment documents at assigned workstations at the Office of Accounts and Control, One Capitol Hill, Providence , RI.

Components

- Complete all tasks by the specific dates in this solicitation or as stated in the contract.
- Agree that rights to data, work products, etc. revert to the state upon completion of the project.
- Adhere to the established evaluation plan of the award.

Your solicitation must include the following:

- A completed and signed three-page RIVIP Bidder Certification Cover Form, available at www.purchasing.ri.gov
- A completed and signed W-9, Taxpayer identification form, downloadable from the RI Division of Purchases website www.purchasing.ri.gov
- In addition to the multiple hard copies of proposals required, Respondents are requested to provide their proposal in electronic format. Microsoft Word / Excel OR PDF format is preferable. Only 1 electronic copy is requested.
- A Fee Proposal for Consultant's services based on Recoveries only. There will be no other costs or charges. Fees will be contingent and are earned as Recoveries are made. Fees will be earned and paid when the State receives the cash benefit of the reimbursement: on receipt of a vendor's check, when a (credit) deduction is taken on a payment or when a payment is saved.
- A separate Technical Proposal describing the background, qualification, and experience with and for similar programs, as well as the work plan or approach proposed for this requirement.

The Technical Proposal (this section illustrates how to assemble and present your proposal) must contain the following sections:

Cover Page stating which of the components the offeror is addressing.

1. Executive Summary (Limited to 2 pages)

The Executive Summary is intended to highlight the contents of the Technical Proposal and to provide the State with a broad understanding of the offeror's technical approach and ability.

2. Applicants Organization and Staffing (Limited to 4 pages):

This section shall include identification of all staff and/or sub-contractors proposed as members of the project team, and the duties, responsibilities, and concentration of effort which apply to each (as well as resumes, curriculum vitae, or statements of prior experience and qualification).

3. Work Plan (Limited to 10 pages):

This section will describe the offeror's understanding of Office of Accounts and Control requirement, including the result(s) intended and desired, the approach and/or methodology to be employed, and a timetable for accomplishing the results proposed. The description of the work plan must discuss and justify the approach proposed to be taken for each task, and the technical issues that will or may be confronted by the project. The work plan description shall include a detailed proposed project schedule (by task and subtask), a list of tasks, activities, and/or milestones that will be employed to administer the project, the assignment of staff members and concentration of effort for each, and the attributable deliverables for each.

Specifically, the work plan should include the following:

- Goals and specific, measurable objectives with time lines. Process and outcome monitoring objectives based on the logic model are preferred.
- Activities associated with each objective with timelines, staffing and tasks/milestones to be completed.
- A proposed evaluation plan that is consistent with the process and outcome monitoring objectives and include examples of documents to be used for evaluation.
- A series of reports as outlined in APPENDIX A

4. Previous Experience and Background (Limited to 3 Pages)

This section includes the following information:

- a comprehensive listing of similar projects undertaken and/or similar clients served, including a brief description of the projects (letters of reference acceptable); Please provide contact names & telephone numbers.
- a description of the business background of the offeror (and all subcontractors proposed), including a description of their financial position; and
- the offeror's status as a Minority Business Enterprise (MBE), certified by the Rhode Island Department of Economic Development, and/or subcontracting plan which addresses the State's goal of ten percent (10%) participation by MBE's in all State procurement. Further questions should be directed to the MBE officer at 401.222.6253.

**Bid Solicitation replies (an original and 3 copies) should be mailed or hand-delivered in a sealed envelope marked RFP # (see page one of this solicitation):
Accounts Payable Recovery Audit to:**

**STATE OF RHODE ISLAND
DIVISION OF PURCHASES
ONE CAPITOL HILL, 2ND FLOOR
PROVIDENCE, RI 02908-5855**

NOTE: Bids received after the above-referenced due date and time may not be considered. Bids misdirected to other State locations or which are otherwise not present in the Division of Purchases by the scheduled due date and time may not be considered. The official time clock for this solicitation is located in the Reception Area of the Division of Purchases (One Capitol Hill, Providence, RI) Proposals faxed, or emailed, to the Division of Purchases will not be considered.

SECTION 5 – Evaluation Criteria

The State will commission a Technical Review Committee to evaluate and score all proposals, using the following criteria:

Staff Qualifications and Experience in Accounts Payable Audit Recovery Services	20 points
Qualifications and Experience in Accounts Payable Audit Recovery Services of the Offeror	25 points
Quality of the work plan	20 points
Financial Evaluation *	35 points

***Financial Evaluation:** This is simply the percentage of the funds recovered from our suppliers to be paid to the consultant for services provided. Indicate what that percentage would be.

If your proposal includes bonus percentages to be paid if certain levels of recovery are made, detail those percentages and the recovery levels to be reached prior to receiving any bonus percentage within your proposal.

Technical proposals scoring less than 45 points will not have the cost component opened or evaluated and will be dropped from further consideration.

As part of the evaluation process, the evaluation committee may request an oral interview with any and all bidders.

Notwithstanding the above, the state reserves the right to accept or reject any or all options, bids, proposals, to award on the basis of cost alone, and to act in its own best interests.

For the purpose of this proposal and to obtain quantifiable numbers to evaluate this Solicitation, use the dollar amounts and statistics shown within the above Section 3 – Scope of Work, Statistics.

Concluding Statements

Notwithstanding the above, the State reserves the right to accept or reject any, or all, options, bids, proposals, to waive any technicality, to award on the basis of cost alone, and to act in its best interest.

Proposals found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not considered further.

The State may, at its sole option, elect to require presentation(s) by offerors clearly in consideration for award.

The Technical Review Committee will present written findings, including the results of all evaluations, to the State Purchasing Agent, or his designee, who will make the final selection for this requirement. *When a final decision has been made, a notice will be posted on the internet.*

APPENDIX A follows.

END

RFP # B05905

Accounts Payable Audit Services (MPA # 385)

APPENDIX A

The following reports and/ or schedules will be required of the selected vendor:

1. A report of cash recoveries and confirmed credits to the state's accounts.
2. A report of recovered tax payments by type of tax.
3. A summary report of recovery payments by category.
4. A report of missed discounts, including vendor invoice number, invoice date, invoice amount, discount amount, state payment document number, and state document payment date.
5. A summary of state payment documents and invoices reviewed by month.
6. An analysis by month of the following date:
 - 6.1. Vendor invoices per full-time equivalent (FTE)
 - 6.2. State payment documents per FTE
 - 6.3. State payment checks per FTE
 - 6.4. Payroll costs per vendor invoice
 - 6.5. Payroll costs per state payment check
7. A report of vendors paid (over \$50,000) in each fiscal year audited ranked by dollar amount.
8. A report of vendors paid (over \$50,000) in each fiscal year audited ranked by the number of payment vouchers.
9. A report of vendors paid (\$50,000) in each fiscal year audited ranked by the number of checks.
10. A report of potential electronic funds transfer/electronic data interchange (EFT /EDI) candidates from among the state's vendors.
11. A payment stratification report of each fiscal year audited, stratified as follows: <\$250; <\$500, <\$1,000; >\$1,500; <\$2,000; <\$2,500; >\$2,500.
12. An analysis of payment efficiency: number of invoices (transactions) versus number of days to payment: (1) by department/agency and (2) in total.
13. A report by vendor of invoices paid 60 or more days after invoice date.
14. A vendor satisfaction survey of approximately 50 of the state's largest vendors.
15. A report of duplicate vendor names and/or addresses in the state's vendor file.
16. A report of vendor records that appear incomplete, i.e., incomplete name, no address, incomplete city, state, zip code, etc.
17. A list of foreign vendors, including name, address, and annual transaction amount.

END