

## RESPONSES TO RFP QUESTIONS

### Agreed Upon Procedures for Verification of Annual Performance Measurements for WEDC Awards

8/24/17

Below are WEDC's responses to questions we have received through 8/24/17.

1. In Section III Scope of Work, under Letter B, you discuss Annual Compliance Reports. Can you provide an example of an annual compliance report?

The Compliance Report is an excel spreadsheet that is formatted by WEDC and filled out by the awardee. It includes employee and expenditure detail specifically for tax credit and loan programs that WEDC needs to evaluate performance and which dictates the amount of tax credit or loan forgiveness provided in the given period. The column detail requested is part of the RFP scope.

The Performance Report is more summary in nature and is required of all awardees (including grants, loans, and tax credits). The information contained in these reports are the basis for annual performance measurement report.

2. Also, in Section III Scope of Work, can you confirm if we will we be evaluating based on definitions in each individual, signed awardee contract, or will standard definitions be used for all performance/compliance reports? More specifically, what will we be using to evaluate the performance/compliance report is accurate: the definition in each individual, signed awardee contract, or a standard WEDC definition?

You will not be expected to use or reference specific awardee contracts in your testing. The scope of the RFP is to trace back the information provided by the awardee to awardee source documentation. It will not be required that specific contract language be interpreted. For example, for tax credits, the compliance report testing will consist of tracing the employees selected in the sample to the awardee payroll source report. Whether that employee is eligible to be included in the tax credit calculation, per the contract terms, is not in the scope of this RFP. In other words, whether an employee is adequately listed as terminated, or has bonus income, or is residing in Wisconsin, or is part-time would be examples that are in the scope as they are fields to validate in the compliance report. Whether a part-time employee is an eligible employee to receive a tax credit, per the contract terms, is a determination outside the scope of the RFP.

3. In Section III Scope of Work, Letter D: Testing Procedures for Performance Reporting, can you please clarify who is going to conduct reconciliations of awardee supporting documents to the performance/compliance contracts when the information does not agree, WEDC or the Vendor?

It is the Vendor's responsibility to provide any backup that ties to the summary performance report.

4. In Section III Scope of Work, Letter E: Testing Procedures for Compliance Reporting, some companies employ thousands of employees, can you please confirm that you want 10% or 10

employees, whichever is greater? Would there be a maximum amount of employees reviewed, perhaps 30-35 eligible employees?

Potentially. However, you would need to be able to demonstrate to management and our audit committee that a sample size of less than 10% would be statistically adequate. As with all guidance, The RFP is written to allow for exceptions to the general sampling guidelines on a case by case basis.

5. In Section V Cost proposal, it states that the proposer must provide a fixed cost proposal, and it also says the cost proposal shall be a not to exceed total cost for the services to be provided under this RFP. Which type of cost proposal would you like us to provide: fixed cost or not to exceed?

The goal is to provide WEDC an expectation of total cost. As long as it is properly identified, a fixed cost and/or not to exceed cost would be accepted. If your cost is based on a sample size assumption, which is probably the case, please disclose that assumption. A price range will be acceptable if the assumptions are provided. For example, the total cost will be between \$xx and \$yy, depending on an annual sample size selected between xx and yy.

6. In Section V Cost Proposal, it states that “costs for any of the optional services will be agreed upon when, and if, the services are needed.” Can you please provide insight as to what optional services you are referring to, or does this refer to any potential additional services.

There are no additional services that WEDC expects to engage the provider. However, if there are additional services the proposer is recommending to WEDC, we would ask that the cost/price be documented as part of this RFP.

7. You have used the term “audit” throughout and have described this as an internal audit. An internal audit is more of an ongoing activity. Also, our report would not say we performed an audit. That leaves us with either consulting or agree-upon procedures.

Our apologies if the terminology is unclear. We believe it would be most appropriate to classify the scope of work as Agreed Upon Procedures (AUP).

8. Are we to do a full scope of testing twice a year or only ½ of the sample during each phase? In other words, if the sample size is 160, would we test 80 in the 1<sup>st</sup> half of the year and 80 in the 2<sup>nd</sup> half. Also, would you want a separate report for each phase?

Using the simplistic sample size is 160, per your example, we would expect 80 in the 1<sup>st</sup> 6 months and 80 in the second six months with separate reports for each. What we expect is to provide you with the list of reports received during the 6-month scope and the sample is selected from that.

9. Regarding the samples to be chosen, for capital expenditures, would we test a sample of the invoices, a percentage of the invoices or percentage of the total dollars or 100% of those over \$30,000?

Regarding the performance report (not compliance report), you will first need to request a list of expenditures from the awardee that is at least equal to the total reported. From there a sample is selected based on the testing criteria. For compliance reports, WEDC receives detailed expenditure information to make a sample selection from. The total dollar % needed to be achieved will be based primarily on your recommendation and WEDC's approval.

10. For jobs, what type of documentation do you anticipate us looking at to verify the number of jobs? Would it be a payroll register from an earlier period vs. a register from a current period? Or perhaps statistics provided to the state for unemployment reports?

It would be a payroll report/register from the same period, to tie out the total employees as submitted in the performance report. If there is a reconciliation that is needed to get from the payroll report/register to the performance report total, it is the responsibility of the awardee to provide that detail. For compliance reports, WEDC receives detailed employee information to make a sample selection from in order to validate employee level information on the selected sample.

11. We would use the PPC sampling form to determine the sample size. That form would use a combination of population and dollar amounts. We would need the dollar amounts of the types of clients you have to go along with the number of performance reports.

Below is some additional information that I hope will be helpful. We took the performance report breakout by program that was included in the RFP and added the following information:

- Median/Average award
- Mean award size
- Award Range (max and min)

Program	Total Due FY17	Mean Award Amount	Median Award Amount	Max Award Amount	Min Award Amount
ETC	299	418,277	245,000	3,250,000	20,000
QNBV	200	1,209,403	1,000,000	2,000,000	60,130
JTC	83	1,209,500	620,000	6,250,000	85,000
TDL	80	285,819	250,000	2,000,000	55,000
BF	74	406,002	388,170	1,000,000	146,477
IMAG	60	13,326	12,500	25,000	3,350

SEP	58	1,678,661	1,263,946	5,945,216	100,000
BTC	52	394,327	342,500	1,000,000	50,000
SAG	48	96,779	100,000	150,000	12,818
SA	47	141,325	97,500	350,000	35,490
CDI	46	261,586	250,000	500,000	16,666
BOLF	45	938,931	512,000	4,000,000	50,000
TIP	41	311,032	190,000	800,500	17,500
CB	40	42,234	50,000	50,000	10,000
CC	38	190,132	200,000	500,000	50,000
BREI	36	692,420	500,000	4,000,000	75,000
ISR	24	748,104	792,000	1,000,000	375,000
EZ	19	24,400,000	18,000,000	65,000,000	5,500,000
TVF	15	168,143	250,000	250,000	113,000
MBD	14	126,786	125,000	150,000	25,000
WTG	14	116,513	100,250	300,000	745
HTC	13	864,392	141,992	4,414,818	13,600
MRLFE	10	112,500	100,000	200,000	25,000
DOZ-J	10	723,393	635,000	1,800,000	63,750
CERLF	7	555,509	777,713	777,713	777,713
SBIR	6	950,000	1,000,000	1,425,000	1,000,000
TDF	6	224,442	225,000	500,000	75,000
EMG	5	155,000	200,000	200,000	175,000
SPLF	5	225,740	250,000	250,000	178,700

CMAG	4	103,980	103,980	150,000	57,960
GEDL	3	366,667	500,000	500,000	100,000
FIF	3	73,455	95,365	100,000	25,000
MED	3	1,333,333	1,000,000	2,500,000	500,000
HTCQ	2	2,140,000	2,140,000	3,400,000	880,000
LEG	2	250,000	250,000	250,000	250,000
WDF	2	937,500	937,500	1,500,000	375,000
REDZ	1	3,000,000	3,000,000	3,000,000	3,000,000
EXTECH	1	210,000	210,000	210,000	210,000
MVP-G	1	50,000	50,000	50,000	50,000
MVP-R	1	100,000	100,000	100,000	100,000
RED3	1	100,000	100,000	100,000	100,000