



# RFQ Summary

Selected vendor(s) were notified

<b>RFQ ID</b> RFQ345476		<b>Reference #</b> FCC RFQ 09000031			
<b>RFQ Title</b> FCC Annual Financial Statement Audit Support Services					
<b>RFQ Status</b> Open		<b>Delivery Days</b> From Date of Award to Date of Completion			
<b>RFQ Issue Date</b> 02/18/2009 07:17:09 PM EST		<b>RFQ Close Date</b> 03/11/2009 12:00:00 PM EDT			
<b>Line Items</b>					
Mfr. part No/NSN/Item	Manufacturer	Product/Service Name	Qty	Unit	Ship Address
Annual Financial Statement Audit		Base Period ending Nov. 2009	1	LO	1
Annual Financial Statement Audit		Option Year-One 2010	1	LO	1
Annual Financial Statement Audit		Option Year-Two 2011	1	LO	1
Annual Financial Statement Audit		Option Year-Three 2012	1	LO	1
Annual Financial Statement Audit		Option Year-Four 2013	1	LO	1
<b>Description</b> The FCC's objective under this procurement is to obtain, for Fiscal Year 2009 and each of the four option years (if the options are exercised): (i) an independent audit of the consolidated annual financial statement for the FCC and (ii) an evaluation of the FCC information security program as required by FISMA. The reporting entity covered by this statement of work is the FCC and its component entities. In addition to the activities undertaken by its bureau and offices, the FCC components for financial statement purposes include the Universal Service Fund (USF), Telecommunications Relay Service (TRS) Fund, and the North American Numbering Plan (NANP). For budgetary purposes, the USF comprises five elements: four universal support mechanisms and the TRS Fund. (SEE ATTACHED RFQ REQUIREMENTS DOCUMENT)					
<b>Attached Documents:</b> RFQ Requirements Document RFQ Quotation Cover Page Past Performance Information Contact Sheet					
<b>Shipping Address</b>					
<b>(1) Arnett Rogiers:</b> Federal Communications Commission CONTRACTS & PURCHASING CENTER 445 12TH STREET SW, ROOM # 1-A522 Washington, DC 20554			<i>Individual Receiving Shipment</i> ARNETT ROGIERS 202-418-1973 ARNETT.ROGIERS@FCC.GOV		

**REQUEST FOR QUOTATIONS  
ANNUAL FINANCIAL STATEMENT AUDIT  
Fiscal Years 2009-2014**

**For Reporting Entity:**

**Consolidated Federal Communications Commission**

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**REQUEST FOR QUOTATIONS  
ANNUAL FINANCIAL STATEMENT AUDIT  
Fiscal Years 2009-2014**

**For Reporting Entity:**

**Consolidated Federal Communications Commission**

**Section A  
STATEMENT OF WORK**

## **I. OBJECTIVE**

The FCC's objective under this procurement is to obtain, for Fiscal Year 2009 and each of the four option years (if the options are exercised): (i) an independent audit of the consolidated annual financial statement for the FCC and (ii) an evaluation of the FCC information security program as required by FISMA.

## **II. ENTITY TO BE AUDITED**

The reporting entity covered by this statement of work is the FCC and its component entities. In addition to the activities undertaken by its bureau and offices, the FCC components for financial statement purposes include the Universal Service Fund (USF), Telecommunications Relay Service (TRS) Fund, and the North American Numbering Plan (NANP). For budgetary purposes, the USF comprises five elements: four universal support mechanisms and the TRS Fund.

### **a. Organization History**

The passing of the Communications Act of 1934 (Act) created the FCC. The Act was enacted for the purpose of regulating interstate and foreign commerce in communication by wire and radio, and for other purposes. Also, the Act was for the purpose of securing a more effective execution of this policy by centralizing authority granted by law to several agencies and by granting additional authority with respect to interstate and foreign commerce in wire and radio communication. The FCC was granted this authority and is charged with executing and enforcing the provisions of this Act. The FCC's jurisdiction covers the 50 states, the District of Columbia, and U. S. possessions.

In 1996, Congress passed the Telecommunication Act of 1996, a major legislation amending, repealing or adding new legislation to the Communications Act of 1934. This Act was enacted to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies. The rules and regulation governing contributions to the USF was established pursuant to section 254, of the 1996 Act. For financial statement reporting purposes, the USF also includes the Telecommunications Relay Service Fund which was established by the Americans with Disabilities Act of 1990 Title IV.

Pursuant to section 251 of the act the third component of FCC, NANP is responsible for the administration of telecommunications numbering and making numbers available on an equitable basis. Additionally, NANP ensures that the cost of number administration and number portability be borne by all telecommunications carriers on a competitively neutral.

### **b. Organization Structure**

The FCC is directed by five Commissioners appointed by the President and confirmed by the Senate for 5-year terms, except when filling an unexpired term. The President designates one of the Commissioners to serve as Chairman and his/her tenure is served at the pleasure of the President. Only three Commissioners may be members of the same political party and none of them can have a financial interest in any FCC-related business. The current Acting Chairman is Mr. Michael Capps. As the chief executive officer of the Commission, the Chairman delegates management and administrative responsibility to the Managing Director. The Commissioners supervise all FCC activities, delegating responsibilities to staff units and Bureaus.

c. Bureaus and Offices

The Commission staff is organized by function. There are seven operating Bureaus and ten Staff Offices. The Bureaus' responsibilities include: processing applications for licenses and other filings; analyzing complaints; conducting investigations; developing and implementing regulatory programs; and taking part in hearings. The Offices provide support services. Even though the Bureaus and Offices have their individual functions, they regularly join forces and share expertise in addressing Commission issues. The Bureaus and Offices are:

- Consumer & Governmental Affairs Bureau - educates and informs consumers about telecommunications goods and services and engages their input to help guide the work of the Commission. CGB coordinates telecommunications policy efforts with industry and with other governmental agencies — federal, tribal, state and local — in serving the public interest.
- Enforcement Bureau - enforces the Communications Act, as well as the Commission's rules, orders and authorizations.
- International Bureau - represents the Commission in satellite and international matters.
- Media Bureau - regulates AM, FM radio and television broadcast stations, as well as cable television and satellite services.
- Wireless Telecommunications - oversees cellular and PCS phones, pagers and two-way radios. This Bureau also regulates the use of radio spectrum to fulfill the communications needs of businesses, aircraft and ship operators, and individuals.
- Public Safety & Homeland Security Bureau - addresses public safety, homeland security, national security, emergency management and preparedness, disaster management, and other related issues.
- Wireline Competition Bureau - responsible for rules and policies concerning telephone companies that provide interstate, and under certain circumstances intrastate, telecommunications services to the public through the use of wire-based transmission facilities (i.e., corded/cordless telephones).

- Office of Administrative Law Judges - presides over hearings, and issues Initial Decisions.
- Office of Communications Business Opportunities - provides advice to the Commission on issues and policies concerning opportunities for ownership by small, minority and women-owned communications businesses.
- Office of Engineering And Technology - allocates spectrum for non-Government use and provides expert advice on technical issues before the Commission.
- Office of The General Counsel - serves as chief legal advisor to the Commission's various Bureaus and Offices.
- Office of Inspector General - conducts and supervises audits and investigations relating to the operations of the Commission.
- Office of Legislative Affairs - is the Commission's main point of contact with Congress.
- Office of The Managing Director - functions as a chief operating official, serving under the direction and supervision of the Chairman.
- Office of Media Relations - informs the news media of FCC decisions and serves as the Commission's main point of contact with the media.
- Office of Strategic Planning & Policy Analysis - works with the Chairman, Commissioners, Bureaus and Offices to develop strategic plans identifying policy objectives for the agency.
- Office of Work Place Diversity - advises the Commission on all issues related to workforce diversity, affirmative recruitment and equal employment opportunity.

#### d. Funding

The FCC is funded by a mix of appropriated and non-appropriated sources. The FCC's 2008 budget totaled \$408 million. The budget consisted of \$1 million in annual appropriations, \$312 million in regulatory fee collections and offsetting collections of approximately \$95 million which primarily consisted of exchange transactions from Spectrum Auction Proceeds and application fees.

Additionally, FY 2008 resources from the FCC components USF and NANP were \$8.5 billion and \$4.7 million respectively.

#### e. Accounting Systems

Each reporting component of the FCC uses a stand-alone, nonintegrated financial system. That is, the financial accounting systems used by components are not integrated with each other. The

primary, FCC Headquarters component is currently using Federal Financial System (FFS) as its general ledger and core financial management system. However, certain financial activities including revenue and accounts receivables, capital property plant and equipment, loan transactions and auction transactions are processed outside of FFS and are not interfaced with FFS.

FCC recently awarded a contract to CGI Federal, Inc., (CGI) for an integrated, core financial accounting system. Implementation of CGI's Momentum Financials software suite and Financial Management Line of Business hosting solution is expected to begin in Fiscal Year 2010.

The administrator of the USF uses the Great Plains accounting system as its general ledger. The Administrator of the TRS Fund, a separate entity reported under USF, uses PeopleSoft. The reporting components submit their trial balances and financial statement cross walks via excel spreadsheets to FCC for consolidation.

#### f. Prior Audits

In FY 2008 and for two years proceeding FY 2008, the FCC received unqualified opinions in its financial statement. The FY 2008 independent auditors report noted a material weakness with respect to USF budgetary accounts and 3 significant deficiencies in the areas of financial reporting, the USF methodology for calculating the allowance for losses on accounts receivable, and information technology controls. The FCC 2008 Performance and Accountability Report (PAR) as well as the PARs issued for FY 2004 through FY 2007 can be viewed at <http://www.fcc.gov/omd/strategicplan/>.

### **III. AUDIT BACKGROUND**

The work under this task order will be used to:

- (1) meet the requirements of the Accountability of Tax Dollars (ATD) Act of 2002, Public Law 107-289 for audits of FCC's consolidated financial statements, as defined by the Office of Management and Budget (OMB) Bulletin 07-04, Audit Requirements for Federal Financial Statements, as amended, or the most current guidance,
- (2) Provide a basis for the Government Accountability Office (GAO) to determine the extent to which it can use the audit work performed under this statement of work in support of GAO's annual audit of the U.S. government-wide financial report (FR) of which the FCC is a component,
- (3) Assist FCC management in assessing the effectiveness of internal controls and compliance with laws and regulations
- (4) Assist FCC and OIG management in determining the effectiveness of information technology (IT) related internal controls including OMB Circular A-127, Policies and Standards for Financial Management Systems, and
- (5) Meet the Inspectors General requirements in FISMA

a. Financial Statement Audit

This audit is required by the ATD Act of 2002 and the GMRA of 1994. The Chief Financial Officers Act (CFO Act) of 1990 (Public Law 101-576) required agencies to submit financial statements to the Director of OMB and required the OIG, or at the OIG's discretion, an independent external auditor, to audit the financial statements. GMRA amended those portions of the CFO Act dealing with the preparation and audit of the financial statements to require that 24 major Federal Government agencies shall annually prepare and submit to the Director of OMB audited financial statements covering all accounts and associated activities of the agency. The ATD Act of 2002 extended to selected Executive agencies, including the FCC, the requirement to prepare and submit audited financial statements to the Congress and the Director of OMB beginning with the FY 2002 cycle. To facilitate these requirements, the OMB issued Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, as amended. This Bulletin governs the conduct of Federal financial statement audits.

The Government Accountability Office (GAO) is responsible for the audit of the consolidated financial statements of the U.S. Government. To facilitate the compilation and audit of the Financial Report of the United States Government, the Department of Treasury requires agencies to submit a year-end closing package document that agency OIG's are required to audit.

b. Evaluation Required by FISMA

FISMA requires that an independent evaluation of the information security program of the FCC be performed each year either by the Inspector General or an independent external auditor determined by the Inspector General.

The evaluation shall include (i) testing of the effectiveness of information security policies, procedures and practices of a representative subset of the FCC information systems; (ii) an assessment (made on the basis of the results of the testing) of compliance with FISMA and related information security policies, procedures, standards, and guidelines (issued by the National Institute of Standards and Technology (NIST) or OMB).

OMB issues a memorandum each year to executive departments and agencies instructing them on how to meet FISMA reporting requirements. The OMB memorandum also requests the same or similar information to be reported by the Inspectors General.

#### **IV. AUDIT REQUIREMENT**

a. Requirements

The Contractor shall be required to conduct:

- (1) a full scope financial audit of FCC's consolidated Annual Financial Statements for the fiscal year ending September 30, 2009, and
- (2) an independent evaluation of the FCC information security program required by FISMA including preparation of the Inspector General's report to the OMB (typically responses to an OMB questionnaire).

The financial statement audit and FISMA evaluation shall be performed timely and in accordance with generally accepted government auditing standards (GAGAS) specified in the most current version of the GAO's Government Auditing Standards (GAS).

In conducting the financial statement audit, the methodology used shall be, at a minimum, consistent with the most current version of the GAO/President's Council on Integrity and Efficiency (PCIE) Financial Audit Manual (FAM) The OIG shall be notified immediately of any deviations from the FAM in writing. For any proposed deviations from the FAM the contractor must demonstrate how the Contractor's alternative methodology satisfies the requirements of the FAM.

The contractor shall perform procedures in accordance with the GAO's Federal Information System Controls Audit Manual (FISCAM) to assess the effectiveness of the agency's system control environment. The OIG shall be notified immediately of any deviations from the FISCAM in writing. For any proposed deviations the contractor must demonstrate how the alternative methodology satisfies the procedures outlined in the FISCAM.

With respect to internal control, the Contractor shall obtain an understanding of the components of internal control and assess the level of control risk relevant to the assertions embodied in the classes of transactions, account balances, and disclosure components of the financial statements.

With respect to Management Discussion & Analysis (MD&A) within the FCC PAR, the Contractor shall assess whether the information and manner of its presentation in the MD&A of the Reporting Entity is materially consistent with the information in the principal statements. In performing this assessment, the Contractor shall consider this required supplementary information and shall follow the guidelines presented in the American Institute of Certified Public Accountants' (AICPA) AU Section 551, Codification of Statements on Auditing Standards, and shall perform the procedures described in the AICPA's AU Section 558, Codification of Statements on Auditing Standards.

With respect to Required Supplementary Stewardship Information (RSSI) and Required Supplementary Information (RSI), the Contractor shall assess whether the information and its presentation is materially consistent with the information in the principal statements. In performing this assessment the contractor shall follow the guidelines presented in the AICPA's AU Section 551, Codification of Statements on Auditing Standards, and shall perform procedures consistent with AICPA's AU Section 558, Codification of Statements on Auditing

## Standards.

With respect to Other Accompanying Information, the Contractor shall assess whether the information and its presentation is materially consistent with the information in the financial statements. In performing this assessment, the Contractor shall follow the guidelines presented in AICPA's AU Section 551, Codification of Statements on Auditing Standards, and shall perform procedures consistent with AICPA's AU Section 550, Codification of Statements on Auditing Standards.

With respect to the special-purpose financial statements (Closing Package), the Contractor shall conduct the audit in accordance with Government Auditing Standards and the additional audit requirements of the OMB. The Contractor shall determine whether the special-purpose financial statements and accompanying notes fairly present, in all material respects, the financial position, net costs, and changes in net position. The Contractor shall also obtain an understanding of the internal controls over the financial reporting process for the special-purpose financial statements and perform tests of those controls. In addition, the Contractor shall perform tests of compliance that could have a direct and material effect on the special-purpose financial statements. The Contractor shall also assess whether Other Data (Stewardship Information and Supplementary Information) is materially consistent with the information in the special-purpose financial statements.

With respect to the evaluation of FCC's information security program required by FISMA, the contractor shall:

- (1) obtain an understanding of FCC IT infrastructure and systems.
- (2) obtain an understanding of the FCC information security program including policies, procedures, and practices.
- (3) assess FCC compliance with the requirements of FISMA and related information security policies, procedures, standards, and guidelines issued by NIST and OMB.
- (4) test the effectiveness of FCC information security policies, procedures and practices of a representative subset of the FCC information systems. Such tests can be conducted in conjunction with the evaluation and testing of physical, administrative, technical, and operational controls required by GAO's Federal Information System Controls Audit Manual (FISCAM).
- (5) prepare the annual FISMA submission to OMB for the OIG in accordance with OMB instructions.
- (6) follow up on findings reported in previous FISMA evaluations to determine whether risks have been properly mitigated.
- (7) issue a written, detailed report to the OIG on the FISMA evaluation. The report should identify and rank unmitigated risks and make appropriate recommendations for improvement.

### b. Opinions

Opinions and “potential opinion issues” are not to be discussed with any FCC personnel without prior approval and presence of the COTR.

c. Information System Control Environment Review

As part of the FCC Consolidated Financial Statement Audit, the Contractor shall perform procedures to assess the effectiveness of the information system control environment. The procedures will focus on evaluating the adequacy of information systems controls over the following GAO’s FISCAM general control areas:

- Entity-wide Security Program Planning and Management,
- Access Controls (including mainframe system logical security and data center physical security),
- Segregation of Duties (for data center management and operations),
- Application Software Development and Change Control,
- System Software Controls and Modification, and
- Service Continuity.

This work will also be used in the independent evaluation required by FISMA. Thus, the information system control environment review performed under task this shall be coordinated to ensure the work is completed timely enough for its use in the independent evaluation. The results of the FISCAM review will be incorporated into the FISMA Independent Evaluation Report.

d. Year-End Closing Package

A report on the Year-End Closing Package is required. The Department of Treasury developed a Closing Package methodology for compiling the Government-wide Financial Report (FR). The requirements are contained in Section 4705 of the Treasury Financial Manual (TFM). The Closing Package (also referred to as “Special Purpose Financial Statements”) will provide a direct link between FCC’s audited financial statements and the FR. FCC is required to prepare the Closing Package at the consolidated level, which includes providing selected audited financial statements (Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position/Income Statement, and the Statement or Note on Custodial Activity), cross walking these statements to the government-wide statements, identifying intra-governmental partners and balances, and preparing notes and other data.

The Contractor will be responsible for performing the audit as required by OMD Bulletin 07-04 (and successor bulletins and technical amendments), which states that the audit will be performed in accordance with GAS and the provisions of the OMD Bulletin, and provide an opinion as to whether the FCC’s special-purpose financial statements are fairly presented in all material respects in conformity with generally accepted accounting principals and the presentation

pursuant to the requirements of TFM Chapter 4700. The Contractor is also responsible for performing a review of Intra-governmental Transactions.

The FCC OIG will be responsible for (a) ensuring the consistency of the Closing Package information with the Commission's audited financial statements and (b) reporting on the results of selected procedures with respect to certain information in the Closing Package, including Federal activity and balances as reported by the agencies. The Contractor shall work with the FCC OIG to ensure that the FCC OIG meets requirements and the due date for FY 2009. For FY 2009, the report on Special Purpose Financial Statements/Year-End Closing Package is due no later than November 16, 2009.

e. FCC PAR

The Contractor shall determine whether information presented in the FCC PAR is materially consistent with FCC consolidated annual financial statements. The PAR report will include the annual financial statements of the consolidated FCC. The PAR is due to OMB by November 15<sup>th</sup> following the fiscal year under audit.

f. GAO Audit, Accounting, and Reporting Checklists

The Contractor shall complete the audit completion checklist contained in section 1003 of the FAM prior to the end of field work. The checklist shall be maintained in the audit work papers and a copy made available to the COTR upon request.

The Contractor shall also review and maintain in its work papers a copy of the agency's completed checklist for Federal Accounting (FAM 2010) and the checklist for Federal Reporting and Disclosures (FAM 2020). Once the checklist reviews are complete, the contractor shall notify the COTR of any variations between the agencies completed checklist and the evidence gathered during the course of the audit.

g. FCC Consolidated Annual Financial Statement

The Contractor shall review the consolidated interim, draft, and final financial statement packages for compliance with the requirements of OMB Circular A-136, Financial Reporting Requirements. The Contractor shall document each review in the work papers and notify the COTR of the results within 5 days of the review. Notification shall be in writing.

h. Period of Performance

The period of performance for this task shall be from the date of award through January 15, 2010 and through January 15<sup>th</sup> of each option year awarded.

**V. PLACE OF PERFORMANCE**

The financial statement audit and FISMA evaluation shall be performed at FCC headquarters, located at 445 12<sup>th</sup> Street SW, Washington, DC and component entity locations.

a. Government Furnished Property

FCC will provide work areas, telephones, desks, chairs, reproduction capabilities, facsimile capabilities, access to email and FCC's financial accounting system for the Contractor. The Contractor shall request the COTR to make the necessary arrangements. Office supplies, personal computers, and calculators are to be provided by the Contractor.

**VI. STAFFING**

a. Key Personnel

Minimum Staff Requirements

Audit staff performing under this contract must meet the minimum staff requirements outlined below. Any additional labor categories proposed by the contractor must be approved by the COTR and/or Contracting Officer. Additionally, all proposed personnel must currently hold the same or higher position in the firm with regard to the position for which they are being proposed under this task order.

Partner/Principal/Director

The minimum experience requirements in this category include: (a) being a partner, principal, or director in the Contractor's or Subcontractor's organization, (b) having a CPA license, (b) having a minimum of 10 years audit experience, and (c) having a minimum of 3 years audit experience with Federal government financial statements or in other demonstrably relevant audits with concurrence by the COTR. The responsibilities in this category include providing overall project management and final review of work performed and reports produced.

Senior Audit Manager

The minimum experience requirements in this category include: (a) being a senior manager in the Contractor's organization with a CPA certificate, (b) having a minimum of 7 years audit experience, (c) having a minimum of 3 years audit experience with Federal government financial statements or in other demonstrably relevant audits with concurrence by the COTR. The responsibilities in this category include providing on site management, supervision and quality control for the audit team.

Senior IT Audit Manager

The minimum experience requirements in this category include: (a) being a senior manager in the Contractor's organization with a CISA (Certified Information Systems Auditor) certificate or other professional certification deemed relevant and acceptable by the COTR, (b) having a minimum of 7 years experience auditing information system controls, (c) having a minimum of 3

years audit experience with Federal government information systems. The responsibilities in this category include providing on site management, supervision and quality control for the information systems audit team.

#### Audit Manager

The minimum experience requirements in this category include: (a) being a manager in the Contractor's or Subcontractor's organization with a CPA certificate, (b) having a minimum of six (6) years audit experience, and (c) having a minimum of 3 years audit experience with Federal government financial statements or in other demonstrably relevant audits with concurrence by the COTR. The responsibilities in this category include management and supervision of an audit team or teams including on-site quality control.

#### IT Audit Manager

The minimum experience requirements in this category include: (a) being a manager in the Contractor's or Subcontractor's organization with a CISA (Certified Information Systems Auditor) certificate or other professional certification deemed relevant and acceptable by the COTR, (b) having a minimum of six (6) years audit experience with information system controls, and (c) having a minimum of 3 years audit experience with Federal government information systems controls or in other demonstrably relevant audits with concurrence by the COTR. The responsibilities in this category include management and supervision of the information systems audit team or teams including on-site quality control.

#### Supervisory Senior Auditor

The minimum experience requirements in this category include: (a) being a Supervising Senior in the Contractor's or Subcontractor's organization, (b) having a minimum of four (4) years of audit experience, (c) having a minimum of 2 years audit experience with Federal government financial statements or in other demonstrably relevant audits with concurrence by the COTR, and (d) having 24 semester hours in accounting. The responsibilities in this category include on-site supervision of major segments of an audit being performed by senior or staff auditors.

#### Senior Auditor

The minimum experience requirements in this category include: (a) being a Senior in the Contractor's or Subcontractor's organization, (b) having a minimum of two (2) years audit experience, and (c) having a minimum of 1 year audit experience with Federal government financial statements or in other demonstrably relevant audits with concurrence by the COTR, and (d) having 24 semester hours in accounting. The responsibilities in this category include independent performance of a major segment of an audit.

#### Staff Auditor

The minimum experience requirements in this category include having 24 semester hours in accounting and a four (4) year college degree. The responsibilities in this category include performing audit steps under the supervision of a supervisor or a senior accountant.

b. Resumes

Whenever new personnel are hired or considered for this effort, the Contractor shall provide resumes to the COTR for approval prior to providing the required security paperwork. Additionally, for each option year that is exercised, the Contractor shall provide resumes for all new personnel proposed no later than 15 days after notification that the option has been exercised to coincide with the staffing list deliverable.

**VII. AUDIT DOCUMENTATION, ACCESS TO AUDIT DOCUMENTATION AND SECURITY OF AUDIT DOCUMENTATION**

All audit documentation shall be prepared in accordance with GAS and contain the required elements prescribed by GAS. The Contractor shall also consult the GAO/PCIE FAM for specific audit documentation contents. At a minimum, audit documentation should include a summary memo documenting the conclusions reached on each significant internal control cycle, account balance, lead schedule, phase of the audit, audit adjustments, and on the overall audit. Adequate indexing and cross referencing must exist. The Contractor shall also ensure that audit documentation contains the audit completion checklist FAM 1003.

The FCC OIG and GAO shall have ongoing access to auditors and audit documentation at all times. The Contractor shall, at no additional cost, provide audit documentation to the FCC OIG upon request. The Contractor shall, at no additional cost, provide training to FCC OIG and GAO staff on the usage of electronic audit documentation programs if required. Audit documentation is also subject to review by other Government auditors such as the GAO, therefore, the Contractor shall make audit documentation available to the GAO or any other federal entity conducting a peer review or any other review or audit of the FCC OIG. Based on the results of these reviews, the Contractor may be required by the COTR to perform corrective action and/or additional work within the scope of the task necessary to support its audit conclusions, if necessary.

The Contractor shall provide copies of the audit documentation, prepared in accordance with GAS, to the FCC OIG at no additional cost. The FCC OIG will accept electronic work papers and adequately cross referenced hard-copy files to meet this requirement. These documents shall become the property of the FCC OIG but shall not be disclosed outside of FCC and other federal agencies unless required by other statutory or regulatory requirements, without notifying the contractor.

Audit documentation shall be retained and safeguarded for a minimum of 5 years by the Contractor at no additional cost to the Government. Written documentation must be obtained from the FCC OIG prior to destruction of any audit documentation. However, OIG may limit the retention of certain IT security work papers to a shorter timeframe.

Any document containing Personally Identifiable Information (PII) will be handled in accordance with the Privacy Act, OMB Requirements, IT Security laws, and FCC policy.

It is imperative that the contractors protect all audit documentation from unauthorized access. Only contractor staff with appropriate security clearances shall have access to audit documentation.

## **VIII. DELIVERABLES**

### **a. Staffing List**

The Contractor shall submit, by e-mail, a staffing list and resumes for individuals scheduled to work on the audit to the COTR and task monitor within 15 work days of the government's notification to the contractor of its intent to exercise the option for each subsequent audit. Normal staff turnover should be taken into consideration while preparing the staffing list. In addition, the security clearance of each individual should be disclosed. If no clearance has been completed on an individual, please state whether the clearance is in progress. Whenever new personnel are hired or considered for this assignment, the Contractor should expedite security paperwork to minimize the waiting period before staff can be used on the audit. If additional staff is added to this list at a later date, they will not be able to work on any part of this audit until necessary security requirements have been fulfilled and resumes are provided.

All Contractor/Subcontractor personnel scheduled to work on this task order must be authorized to work in the United States.

### **b. Independence/Quality Control Assurance Statement**

The Contractor shall submit an Independence/Quality Control Assurance Statement within 15 work days of the Government's notification to the contractor of its intent to exercise an option for each subsequent audit. This assurance shall address each of the following items:

- A statement that the firm is independent with respect to this reporting entity, and that all personnel assigned to this audit maintain the number of required continuing professional education (CPEs).
- Any existing, ongoing or planned non-audit services with respect to this reporting entity.
- Any lawsuits with this reporting entity.
- Any relationships with this reporting entity that could impair independence.
- Explanation of the firm's current internal quality control system, including such items as audit documentation review procedures, staff independence requirements, and continuing professional education requirements.
- A copy of the firm's most recent internal inspection report or equivalent if available,

external Peer Review, Letter of Comments, and Management's response.

- Results or a copy of the firm's most recent Inspection Report prepared by the Public Company Accounting Oversight Board and the firm's response.

c. Detailed Audit Planning Document

A detailed audit planning document shall be submitted no later than 45 calendar days after the start of the task. For any methodology other than the GAO/PCIE FAM, the Contractor must provide documentation to the OIG on a timely basis, demonstrating how the Contractor's methodology satisfies the requirements of the FAM. At a minimum, the Detailed Audit Planning Document shall include the following:

- A schedule of milestones for completing each section of the audit. These sections shall include (at a minimum) planning, internal control, testing, and reporting. This schedule should take IT control environment audit work into consideration.
- A listing of staff, including IT staff that will be assigned to the audit. This listing shall meet the requirements detailed above in section VII.
- A schedule of budgeted hours by labor category for each section of the audit.
- The entity profile, general risk analysis, and account risk analysis and cycle matrix or equivalents as described in the joint GAO/PCIE FAM.
- The sampling plan to be used during the internal control and substantive testing.
- The materiality levels for planning, design, and test materiality.

With regards to legal representation letters, the GAO/PCIE FAM, Section 1002, Inquiries of Legal Counsel, shall be used for the legal representation letters for guidance and provides an example of the reporting levels used by GAO in the audit of the Consolidated Financial Statements of the U.S. Government. These levels were two and one-half (2.5) percent of design materiality for individual cases and five (5) percent of design materiality for the aggregate of all cases. Any deviation from these materiality levels must be requested in writing and accepted by the COTR.

The COTR is responsible for review and acceptance of the Detailed Audit Planning Document. Review comments will be provided to the Contractor no later than 20 working days after receipt of the documents.

d. Prepared by client (PBC) List

FCC currently uses an electronic PBC system. The contractor will be required to submit all PBC requests via the electronic system after attending FCC training. An initial PBC list with proposed due dates will be provided to the auditee within 30 days of the start of the task in order to provide management with the opportunity to provide feedback on the PBC item descriptions and due dates.

e. Proposed audit programs for interim and year-end testing

Draft audit programs shall be submitted no later than April 15<sup>th</sup> for the FY 2009 audit and March 15<sup>th</sup> for each subsequent fiscal year being audited. While the audit program may be modeled after standard work programs guidance issued by the GAO/PCIE, AICPA or other organizations, it shall be specific to the entity under audit. The program, at a minimum, shall include a:

- Section on tests of significant internal controls identified during the planning phase
- Section on tests of compliance with applicable laws and regulations, and a list of the laws and regulations to be tested, including FFMIA.
- Section on substantive testing procedures to be applied to the individual account balances.
- Section on the procedures to be performed on Other Accompanying Information, RSSI, and RSI.
- Section on tests of the IT control environment. The program shall, at a minimum require the evaluation of general controls and shall be performed in accordance with the GAO FISCAM. If general controls are determined to be properly designed, testing shall be done to determine if they are operating effectively. If general controls are both properly designed and operation effectively, as determined in the prior year's audit, further testing of applications controls for financial systems should be proposed and discussed with the COTR.

f. Notification of Findings and Recommendations (NFR)

The COTR and TPOC shall be kept advised of all findings and issues (both IT and financial issues). NFRs should be issued, as the finding is identified, not at the end of the audit. Prior to issuing NFRs to components, copies of the NFRs and related support documentation shall be provided to the COTR at least 72 hours in advance. Upon receiving concurrence from the COTR, the Contractor shall provide draft NFRs to components and request that they review and respond to them within 5 days. At a minimum, each NFR should specify the condition, its cause, audit criteria, effect, and the auditor's recommendation(s).

g. Summary of Unadjusted Audit Differences

The Contractor shall provide the COTR a Summary of Unadjusted Differences (SUD) at least 2 days prior to the end of fieldwork. The SUD shall follow the format presented in the FAM and shall include all uncorrected misstatements identified at each component and all proposed adjustments for each FCC Component.

A SUD must also be provided for the contractor's audit of the special-purpose financial statements. This SUD must contain uncorrected misstatements identified in the audited general-purpose financial statement and any additional uncorrected misstatements identified in the Closing Package.

Both SUDs shall be provided to component management for inclusion in the management representation letter as required by OMB Bulletin 07-04 as amended.

h. Audit Summary Memorandum

Two days prior to the end of field work, but no later than November 12, 2009, the contractor shall submit a summary memo documenting the conclusions reached on each significant internal control cycle, account balance, lead schedule, audit adjustments, and on the overall audit.

i. Status and Other Meetings

Status meetings among the Contractor, auditee, COTR/TPOC will be held on a bi-weekly basis or as mutually agreed to by the aforementioned individuals. (Please note that GAO may elect to attend any status or other meeting.) At a minimum, a senior/in-charge manager should be in attendance at all status meetings. IT issues shall also be discussed at the status meetings, however, if the IT issues are deemed technical in nature the COTR/TPOC may request separate IT status meeting. In addition, the Contractor shall brief the COTR and component on the results of field office visits upon the auditors' return.

At least two business day in advance of each status meeting, the Contractor will provide a draft of the written briefing agenda to the COTR/TPOC. At least one business day (24 hours) in advance of each status meeting the Contractor will provide the final agenda to the auditee, preferably via e-mail. (At a minimum, the agenda shall include the following:

- The time, date, and location of the meeting.
- Contact information for audit staff currently on site.
- The status of action items from the last meeting including any corrective action undertaken.
- The results of audit work performed since the last status meeting.
- Outstanding documentation requests/potential delays.
- A listing of current findings/audit issues to date, including IT control environment issues.
- Planned audit areas/work to be completed by the next status meeting.
- Status of interim, draft, and final financial statement packages.
- Upcoming deadlines.

- The time and date of the next status meeting.

Other potential areas of discussion will include access to records and documents, scheduled field office visits, significant accomplishments, and any other areas where the Contractor, auditee, and COTR may need clarification or assistance.

The COTR shall be notified in advance of other meetings held to discuss audit issues and will attend as needed. Contractor is also required to conduct an Opinion and Internal Control Report Briefing with the OIG to discuss the contractor's classification of weakness two days prior to the issuance of the draft IC report. Additionally, if there is any change in the scope of the audit, a meeting must be conducted with the FCC OIG.

j. Monthly Progress Reports and Invoices

Progress reports must be submitted with each invoice billing received, detailing the work the Contractor has performed and what deliverables were provided since the last billing. The progress reports shall be prepared in accordance with instructions provided by the Contracting Officer's Technical Representative (COTR).

k. Documentation of Contractor's Review of Financial Statement package and Analytical review procedures

The Contractor shall review the consolidated interim and year-end financial statement packages for compliance with the requirements of OMB A-136. The Contractor shall document each review in the work papers and provide the results of the review to the COTR within 5 days of the review. The contractor shall also provide evidence of its analytical review of the financial statement fluxions with each set of review comments.

l. Financial Statement Audit Reports

The contractor shall issue the financial statement audit reports under either a consolidated reporting format or individual reports format. If the contractor elects to issue under consolidated format it should be done in accordance with the FAM Section 580, which requires that the report is inclusive of the following sections:

- Introduction;
- Significant Matters (when applicable);
- Conclusions on:
  - Financial statements,
  - Internal control,
  - Financial management systems' substantial compliance with OMB Circular A-127 requirements,
  - Compliance with laws and regulations, and
  - Consistency of other information;
  - Objective, Scope, and Methodology; and

- Agency Comments and our evaluation

If the contractor elects the individual reporting format, the Contractor shall issue its reports in accordance with the current OMB Bulletin, "Audit Requirements for Federal Financial Statements," and must include the following reports:

- Report on the Principal Financial Statements;
- Report on the Internal Control;
- Report on Compliance with Laws and Regulations.

The Contractor shall report on all information included in the annual financial statement. The annual financial statement consists of the MD&A of the reporting entity, principal statements and related notes, required supplemental stewardship information, and required supplemental information. In addition, the annual financial statement may include "other accompanying information" that, in the judgment of management, provides users of the financial statement with relevant information useful for obtaining a better understanding of the entity's programs and the extent to which they are achieving their intended objectives.

The Contractor shall complete a thorough evaluation of the information in the MD&A, and all required supplemental financial and accompanying information sections, to ensure that nothing in these sections appears materially inconsistent when compared to the principal financial statements. The contractor shall include in its consolidated report the level of assurance it is providing on this additional information. With respect to reporting on the MD&A, all required supplemental information, and other accompanying information, the contractor shall follow the AICPA AU Sections 551, Codification of Statements on Auditing Standards. Performance information shall be evaluated and reported in conformance with current OMB guidance.

The conclusions on Internal Control section shall conform with the requirements of the GAS and with any formal guidance issued by the OMB.

The conclusion on Compliance with Laws and Regulations section shall also conform with the requirements of the GAS and with any formal guidance issued by the OMB. It shall include a section on compliance with OMB Circular A-127.

For each condition identified in the consolidated report if any, the Contractor shall include a description of the condition identified, the criteria used to assess the situation, causes of the situation, any negative or potentially negative effects resulting from the condition, and recommendations for correcting the condition.

The Contractor shall also include in its report the status of prior year findings and recommendations, in a format designated by the COTR.

The Contractor shall ensure that the Report is cross-referenced to the audit documentation when the final draft is submitted, to assist the OIG in the review of the report.

m. Other Reports

- The contractor shall prepare the OIG submission to OMB that is required under the Federal Information Security Management Act (FISMA), Public Law 107-347. This submission shall be in accordance with the annual Office of Management and Budget (OMB) Memorandum on Reporting Instructions for the Federal Information Security Management Act and Agency Privacy which is expected to be issued by July each year.
- The Contractor shall issue a written report to the Inspector General on the results of its evaluation of the FCC information security program. The report shall include results of procedures performed in accordance with the GAO Federal Information Systems Control Audit Manual (FISCAM). The contractor shall include a description of the condition identified, the criteria used to assess the situation, causes of the situation, risks or potential risks associated with the condition, and recommendations for correcting the condition.
- A report on the Year-End Closing Package is required. The requirements are contained in Section 4705 of the TFM. The Closing Package (also referred to as "Special Purpose Financial Statements") will provide a direct link between FCC's audited financial statements and the FR. FCC is required to prepare the Closing Package at the Commission level, which includes providing selected audited financial statements (Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position/Income Statement, and, Statement of Custodial Activity), cross walking these statements to the government-wide statements, identifying intra-governmental partners and balances, and preparing notes and other data.

The Contractor will be responsible for performing the audit as required by OMB Bulletin 07-04 as amended, which states that the audit will be performed in accordance with GAS and the provisions of the OMB Bulletin, and provide an opinion as to whether the FCC's special-purpose financial statements are fairly presented in all material respects in conformity with generally accepted accounting principals and the presentation pursuant to the requirements of TFM Chapter 4700. The Contractor shall work with the OIG to ensure that the OIG meets requirements and the due date each year.

- Management Letter. For internal control weaknesses that are not a significant deficiency in the above reports, the Contractor may communicate the results in a management letter as described in Standards issued by the AICPA. The contractor shall also follow-up on any previously issued management letter recommendations and report on corrections made and the status of uncompleted actions.
- Status of Prior Year Recommendations Letter. The Contractor shall prepare a letter stating its position on FCC's corrective action plan to resolve the financial statement

audit recommendations from prior year audits. The letter shall clearly state whether the Contractor considers FCC’s corrective action plans to be sufficient to resolve each recommendation, as defined by OMB Circular A-50, “Audit Follow-up”.

The Letter must contain the following information:

- Contractor reference number for each recommendation.
- The current status for each recommendation identified as either “Resolved”, “Unresolved”, or “Partially Resolved”.
- For each “Unresolved” or “Partially Resolved” recommendation, the remaining corrective actions necessary to close the recommendation.
- A copy of FCC management’s corrective action plan.

n. Schedule of Deliverables and Due Dates

The due dates in the table that follows are subject to revision based on changes in the annual Financial Statement and FISMA reporting deadlines issued by OMB.

<b>Deliverable</b>	<b>FY 2009 Due Date</b>	<b>OIG Response</b>
Staffing List	15 calendar days after contract award	7 working days
Contractor Independence/Quality Control Assurance Statement	15 calendar days after contract award	7 working days
Entrance Conference	15 calendar days after contract award	N/A
Draft “Prepared by Client List” (PBC) for IT auditors (FISMA/FISCAM)	30 working days after contact award	7 working days
Draft PBC list for financial auditors	30 working days after contract award	7 working days
Detailed Audit Planning Document for Financial Audit & FISMA Evaluation	45 calendar days after contract award	20 working days
Audit Program Guides	60 calendar days after contract award but no later than April 15th	20 working days
Agendas for Status and Other Meetings	2 days in advance of meeting	24 hours
End of field work for FISMA & FISCAM	06/30/09	N/A
Notification of Findings and Recommendations (NFR) from IT auditors for FISMA & FISCAM with supporting documentation	NFRs should be drafted as issues are identified throughout the audit and must be submitted to OIG for review no later than 3 days prior to submission to FCC management. All NFRs should be submitted no later than 07/10/09.	3 working days
Status of Prior Year Recommendations IT	07/10/09	7 working days
Briefing on Vulnerability Assessment performed for FISMA & FISCAM	07/15/09	N/A

<b>Deliverable</b>	<b>FY 2009 Due Date</b>	<b>OIG Response</b>
Review and comments on interim (3 <sup>rd</sup> quarter) financial statements and related analytical review	7 working days after receipt of interim (3 <sup>rd</sup> quarter) financial statements	7 working days
Completion of all interim testing and submission of the related NFRs and supporting documentation	NFRs should be drafted as issues are identified throughout the audit and must be submitted to OIG for review no later than 3 days prior to submission to FCC management. All interim testing NFRs shall be submitted no later than 09/02/09	3 working days
Draft of FISMA report to IG for FCC management review & response	08/14/09	7 working days
Draft OMB FISMA submission (Questionnaire) for the FCC OIG	08/14/09	7 working days
Status of Prior Year Recommendations	09/02/09	7 working days
Final FISMA Report and OMB submission for OIG	09/11/09	24 hours
Opinion and Internal Control Report Briefing with OIG	10/13/09	N/A
Draft Report(s) on IC and Compliance with Laws and Regulations	10/15/09	7 working days
Review and Comments on Year-end financial statements and related analytical review	5 working days after receipt of Year –end statements	2 working days
Year end testing NFRs and supporting documentation to OIG for review	Throughout the final audit phase but no later than 5 days prior to end of fieldwork	2 working days
Draft opinion report on Financial Statements Section	11/05/09	3 working days
Final signed Report (s)	11/13/09	N/A
Draft Closing Package Opinion Report	11/14/09 (noon) or 24 hours prior to the submission date published in TFM	24 hours
Final Closing Package Opinion Report	11/17/09	N/A
Draft Management Letter (if applicable)	12/08/09	14 work days
Final Management Letter (if applicable)	01/08/10	N/A

o. Submission Dates

OMB guidance requires that the Head of the Agency submit the Agency PAR, including audited financial statements, by November 15<sup>th</sup> of the fiscal year following the fiscal year under audit.

A schedule of the due date for the draft and final consolidated Report on the Principal Financial Statements, Internal Control, Compliance with Laws and Regulations and the Management Letter will be determined through discussions with the FCC staff in their development of the production timeline for the PAR. The schedule of due dates will be communicated to the contractor no later than June 1 of the fiscal year being audited. For FY 2009, it is anticipated that the draft reports

shall be due no later than October 15, 2009 and the final reports due no later than November 13, 2009.

## Section B

# CONTRACT CLAUSES

52.216-27 Single or Multiple Awards

As prescribed in 16.506(f), insert the following provision:

**SINGLE OR MULTIPLE AWARDS (OCT 1995)**

The Government may elect to award a single task order contract for the same or similar supplies or services to two or more sources under this solicitation.

(End of provision)

52.216-31 Time-and-materials/ Labor-Hour Proposal Requirements – Commercial Item Acquisition

As prescribed in 16.601(e) (3), insert the following provision:

**Time-and-material/Labor-Hour Proposal Requirements-Commercial Item Acquisition (FEB 2007)**

- (a) The Government contemplates award of a Time-and-Materials or Labor-Hour type of contract resulting from this solicitation.
- (b) The offeror must specify fixed hourly rates in its offer that include wages, overhead, general and administrative expenses, and profit. The offeror must specify whether the fixed hourly rate for each labor category applies to labor performed by –
  - (1) The offeror;
  - (2) Subcontractors; and/or
  - (3) Divisions, subsidiaries, or affiliates of the offeror under a common control.

(End of provision)

**ACCEPTANCE OF DELIVERABLES**

Unless otherwise specified under this task order, the OIG will have seven (7) working days to accept or reject deliverables provided by the contractor under this task order.

The OIG will notify the contractor upon acceptance of each deliverable.

In the event that a deliverable is rejected, the Contractor will be notified in writing of the rejection and the specific deficiency. The contractor will be required to correct and resubmit the item(s) within seven (7) calendar days. The OIG will have seven (7) calendar days to review any corrected deliverables.

52.232-7 Payment under Time-and-Materials and Labor-Hour Contracts

As prescribed in 32.111(a) (7), insert the following clause: (referenced)

**Payments under Time-and-Materials and Labor-Hour Contracts (Feb 2007)**

**(End)**

**SUBCONTRACTING RESTRICTION**

Except as specifically approved in writing, in advance by the Contracting Officer, the Contractor shall not subcontract any work procured hereunder. Request for the approval of a subcontractor must be submitted in writing to the Contracting Officer and COTR at the address shown on the contract before the subcontractor can perform work on this contract. It is contemplated that approval will be given for subcontracting certain phases of the work when, in the opinion of the COTR and the Contracting Officer, such subcontracting will not adversely affect delivery of the final product, the quality, or independence (in fact or appearance) of the contracted firm. Failure to obtain approval may result in a delay of a deliverable that may be subject to penalty.

**INDEPENDENCE**

Throughout the audit, the Contractor shall immediately inform the COTR via e-mail if the Contractor is considering to propose or has already proposed on any other contracts involving the FCC or its component entities. The Contractor, in a separate statement, shall represent that it will remain independent, as defined by GAS, with respect to this audit. The separate statement shall include the organization to be audited, the type of contract services to be provided, the period covered, and provide a copy of the applicable statement of work describing the requirements. Upon receiving such notice from the contractor, the COTR will evaluate whether independence with respect to this audit would be impaired. If the COTR determines that independence has been impaired this will be cause for a termination for default under the default clause of this contract.

**LIMITATION OF GOVERNMENT'S OBLIGATION**

(a) This contract is incrementally funded. Of the total price for this contract, only the amount

stated in the contract award document or subsequent modifications is presently available for payment and obligated under this contract. It is anticipated that from time to time, additional funds will be obligated under this contract by subsequent contract modifications until the contract is fully funded. The contemplated funding schedule is set forth in paragraph (j) of this clause.

(b) The Contractor agrees to perform the contract up to the point at which the total amount paid and payable by the Government, including any amounts payable by the Government in the event of termination for convenience, approximates but does not exceed the total amount obligated pursuant to this clause. The Contractor is not authorized to continue work beyond that point. The Government's legal liability under this contract, inclusive of any amounts payable pursuant to the "Termination for the Government's convenience" clause (FAR 52.212-4(l)), is limited to the amount obligated pursuant to this clause. Any costs expended or incurred beyond the Government's limitation of obligation are solely at the Contractor's risk.

(c) The Contractor shall notify the Contracting Officer by e-mail at least thirty days prior to the date when, in the Contractor's best judgment, the work will reach the point at which the total amount paid and payable by the Government, including any amounts payable by the Government in the event of termination for convenience, will approximate 80 percent of the total amount then obligated to the contract pursuant to this clause. The Contractor's notification shall state: (1) the estimated date when that point will be reached; and (2) an estimate of additional funding, if any, needed to continue performance of the contract up to the next scheduled date for obligation of funds identified in paragraph (j) of this clause, or to a mutually agreed upon substitute date.

(d) When additional funds are obligated for continued performance of the contract, the contract will be modified to state the revised total of funds obligated to the contract and to indicate the period of contract performance which will be covered by the obligated funds. The provisions of paragraph (b) through (d) of this clause shall apply to the revised total of obligated funds and any agreed substitute date.

(e) If, solely by reason of failure of the Government to obligate additional funds in amounts sufficient for the timely performance of the contract, the Contractor incurs additional costs or is delayed in the performance of work under this contract, and if additional funds are obligated to the contract, an equitable adjustment may be made to the price, time of delivery, or both.

(f) Once a contract period (base period or option period) is fully funded, this clause shall become inoperative for the remainder of that contract period, except with regard to rights or obligations concerning equitable adjustments negotiated under paragraph (e) of this clause. This paragraph shall not preclude operation of the clause in any subsequent option period that is incrementally funded.

(g) Nothing in this clause shall affect the Government's right to terminate the contract for convenience or cause, pursuant to "Termination for the Government's convenience" or "Termination for cause" clauses (FAR 52.212-4(l) and (m), respectively).

(h) Nothing in this clause shall be construed as authorization of voluntary services whose acceptance is otherwise prohibited under 31 U.S.C. § 1342.

(i) The terms of this clause shall apply to each option period of the contract that is exercised and incrementally funded.

(j) The parties contemplate that the Government will obligate funds to this contract in accordance with the following schedule:

On execution of contract: \$ \_\_\_\_\_ \* (25% of contract price)

February 27, 2009 \$ \_\_\_\_\_ \* (25% of contract price)

April 20, 2009 \$ \_\_\_\_\_ \* (25% of contract price)

July 20, 2009 \$ \_\_\_\_\_ \* (25% of contract price)

\* To be inserted prior to contract award.

(k) Total payments under this contract shall not exceed total contract value for Fiscal Year 2009 and shall not exceed the total contract value for each subsequent option year.

**PERFORMANCE DEDUCTIONS**

The Contractor must submit the required deliverables in accordance with the schedule set forth in the schedule of deliverables in Section XII N. The COTR will monitor the Contractor’s activities and accomplishments and will indicate acceptance or non-acceptance of the deliverables. All deliverables identified in Section XII above will be inspected and either approved or, if they are not acceptable, rejected by the COTR. The Contractor may be required to revise such deliverables if they are unacceptable. Such inspections will occur within the time frames specified in the schedule of deliverable table. In the event that the Contractor is unable to submit any of such required deliverables in a timely manner (or if the deliverables have been reasonably rejected in a timely manner and have not been revised before the relevant deliverable due date), the following monetary deductions will be applied.

<b>Deliverable</b>	<b>FY09 due date</b>	<b>Percentage deduction</b>
Detailed Audit Planning Document-both Financial and IT	45 working days after contract award	\$1,000 for each work day late but not to exceed a total of \$7,000.

Audit Programs both financial and IT	60 working days after contract award but no later than April 15th	\$1,000 for each work day late but not to exceed a total of \$7,000.
Vulnerability Assessment Briefing	07/15/09	\$1,000 for each work day late but not to exceed a total of \$7,000.
Completion of IT audit fieldwork for FISMA and FISCAM	06/30/09	\$1,000 for each work day late but not to exceed a total of \$7,000.
Issuance of all IT audit related NFRs for FISMA and FISCAM	07/10/09	\$1,000 for each work day late but not to exceed a total of \$7,000.
Completion of financial interim testing and issuance of all related financial NFRs	09/02/09	\$1,000 for each work day late but not to exceed a total of \$7,000.
Draft Report on IC and compliance	10/15/09	\$1,000 for each work day late but not to exceed a total of \$7,000.
Final Report	11/13/09	\$1,000 for each work day late but not to exceed a total of \$7,000.
Final Closing Package Opinion Report	11/17/09	\$1,000 for each work day late but not to exceed a total of \$7,000.

The deductions established in the table above may be reduced or waived by the COTR or Contracting Officer by written notice if circumstances beyond the control of the contractor have

materially affected the Contractor's ability to achieve the deliverable deadlines set forth in this document. Such relief shall be granted only in extraordinary circumstances upon a formal application by the Contractor.

## **INVOICING**

Invoices shall be submitted monthly via email to: [FO-Einvoicing@fcc.gov](mailto:FO-Einvoicing@fcc.gov) . In addition, copies of the emailed invoices shall also be sent to the CO and the COTR. The Address is as follows: FCC Travel/Operations Group, Room #1A761, 445 12<sup>th</sup> Street, SW, Washington, DC 20554.

The invoice shall contain a statement signed by a responsible official of the concern substantially similar if not identical to the following:

I certify that the items above have been delivered in accordance with the contract, and that all charges are true, correct, and have not been previously billed.

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Contractor's Signature

The Commission will return all improper invoices without action.

## **INFORMATION SECURITY**

The Contractor shall ensure all Contractor IT equipment utilized under this task order is configured for the data, information, and system security requirements in accordance with FCC standard operating procedures and Federal laws, regulations, and standards. Additionally, all IT equipment utilized shall meet or exceed the Government minimum requirements for security. All FCC data shall be considered sensitive information, and thus must be protected by appropriate and prudent security measures, such as approved firewalls, Government-approved encryption, etc.

Any security violations or attempted violations shall be reported to the COTR immediately upon detection. The Contractor shall adhere to applicable FCC and OIG policies and procedures governing information security, which will be provided by FCC OIG. Contractor questions on information security policies, procedures, or standards should be referred to the COTR.

All Contractor and Subcontractor employees under this task order who require access to any FCC or FCC OIG IT system are required to complete an information security awareness course and an information privacy awareness course (either provided internally by the FCC or externally by the contractor, as determined by the FCC) designated by the COTR prior to commencement of work, and then annually thereafter. Contractors must provide copies of the certifications of completion to the COTR during each year of the task order, and must maintain copies of the completion certificates for the life of this task order. This requirement is in addition to any other training that may be required of the Contractor and subcontractor

## **CONFIDENTIALITY AND CONFLICT OF INTEREST**

### **A. CONFIDENTIALITY**

1. The Contractor and any of its personnel assigned to this contract, including any consultants, subcontractors or other representatives (collectively “the Contractor”), are restricted as to their use of non-public information concerning any matter relating to the contract work. Any such information that is made known to the Contractor by virtue of its work under this contract is deemed confidential/proprietary, and is subject to the attorney-client privilege, the attorney work product doctrine, the deliberative process privilege, and any other relevant claims of privilege from disclosure under the Freedom of Information Act. (Confidential information and/or proprietary data include non-public information to which the Contractor is given access by virtue of its work under the contract and which embody the types of information that are not or have not been generally known or available from other sources, or third parties, without obligation concerning their confidentiality.) It is the responsibility of the Contractor to preserve all such information in confidence. Any confidential/proprietary information relating to any aspect of this contract may not be discussed or shared, or otherwise exchanged within or outside of the Contractor’s organization, except as to those individuals: (a) assigned to or performing the contract work; or (b) as otherwise agreed to by the Contracting Officer. Immediately upon contract award (if not already provided as part of the proposal process), the Contractor shall submit a list of assigned Contractor employees, subcontractors, consultants, representatives and, if any, other individuals it has identified as having a “need to know,” and obtain the Contracting Officer’s written consent to exchange confidential/proprietary information with them. The Non-Disclosure Agreement attached hereto must be executed by all affected individuals before the dissemination of any such information. It is understood that the FCC is procuring its requirements from the Contractor under the explicit condition that it ensure that its employees, subcontractors, consultants, representatives or any other individuals who have been approved in writing by the Contracting Officer to receive confidential/proprietary information, not engage in any discussions or otherwise exchange any information with anyone who has not executed a Non-Disclosure Agreement. The approval process described above applies to any individuals who may become associated with the contract effort following award.

2. All reports, information, discussions, procedures, and any other data that is collected, generated, or results from the performance of this contract is considered confidential/proprietary information, and may not be disclosed or used by the Contractor at any time in any manner outside the performance of this contract without the prior written approval of the FCC. Requests to make such disclosure must be addressed in writing to Contracting Officer. In the event the Contractor is issued a subpoena, court order, or similar request seeking information related to this contract, the Contractor shall notify the Contracting Officer in writing within one calendar day of knowledge or receipt of such request, whichever is sooner.

3. The Contractor may not discuss the contract work in progress with any outside party, including responding to media and press inquiries, without the prior written permission of the FCC. In addition, the Contractor may not issue news releases or similar items regarding contract award, any subsequent contract modifications, or any other contract-related matter without the prior written approval of the FCC. Requests to make such disclosure should be addressed in writing to the Contracting Officer.

4. All documents, photocopies, computer data and any other information of any kind collected or received by the Contractor in connection with the contract work shall be provided to the FCC upon request at the termination of the contract; i.e., the date on which final payment by the United States is made on the contract, or at such other time as may be requested by the Contracting Officer or as otherwise agreed by the Contracting Officer and the Contractor.

The prohibition on disclosure of the information described above is an ongoing obligation and does not terminate with completion of the contract work.

## **B. CONFLICT OF INTEREST**

1. The Contractor and any of its personnel assigned to this contract, including any consultants, subcontractors or other representatives (collectively “the Contractor”), is committed to providing high quality service to the Commission that is free from bias, personal and organizational conflicts of interest, including the appearance of impropriety, and unprofessional conduct. During the period of contract performance, the Contractor shall refrain from providing services to any person or entity with respect to any matter directly involving the subject matter of the contract with the FCC. The Contractor shall also refrain from providing services to any person or entity with respect to any matter indirectly relating to the subject matter of the contract with the FCC without first providing a detailed written explanation of the proposed services to be rendered and obtaining the express written consent of the Contracting Officer in connection therewith. The Contractor further agrees that for a period of twelve (12) months following the termination date of the contract, it will not perform services for any individual or entity that may raise an actual or potential conflict of interest (including circumstances that may raise the appearance of impropriety) with respect to work performed for the FCC under this contract without first obtaining the written consent of the Contracting Officer. (The termination date is defined as the date on which final payment by the United States is made on the contract.) These provisions apply to all Contractor personnel, subcontractors, consultants, representatives and any other individuals who have been engaged to perform any aspect of the contract work or who have been given access to any confidential/proprietary data as provided in Paragraph A above.

2. During and after the period of contract performance, the Contractor agrees that it will not dispute the validity of, nor take positions inconsistent with, the work product generated for the FCC in connection with this contract. This provision applies to all Contractor personnel, subcontractors, consultants, representatives and any other individuals who have been engaged to

perform any aspect of the contract work or who have been given access to any confidential/proprietary information as provided in Paragraph A.

3. The Contractor must submit with its quotation a certificate containing the following information:

a. Name, address, and telephone number of any client of the Contractor, and a description of the services rendered, if, in the 2 years preceding the date this solicitation was issued, services were rendered to such client, public or private, relating directly or indirectly to the subject matter of the services to be provided to the FCC under the instant contract.

b. As further provided in Paragraph 4. below, the Contractor shall promptly report to the Contracting Officer, in writing, any changes to this list that may arise during the course of contract performance.

4. The Contractor certifies that it has made inquiry and that, to the best of its knowledge and belief, no actual or potential conflict, or situation that could raise the appearance of impropriety, exists with respect to the services to be provided in connection with the instant contract, or that any actual or potential conflict or appearance issue that does or may exist with respect to the contract in question has been communicated in writing to the Contracting Officer.

5. The Contractor recognizes that the failure to mitigate or otherwise resolve to the satisfaction of the Government, any situation required to be reported pursuant to the above provisions, may render it ineligible for award or, if necessary, subject to contract termination.

6. The Contractor agrees that if after award of the contract or Task Order, it discovers an actual or potential conflict of interest, including an issue that may present the appearance of impropriety, or that any new circumstances have resulted in such issues, it shall make an immediate and full disclosure in writing to the Contracting Officer of the nature of the conflict (in sufficient detail for the FCC to determine whether or not a conflict exists) and the action which the Contractor has taken or proposes to take to eliminate, neutralize, or mitigate the conflict. The Contracting Officer shall consider the Contractor's submission and take whatever action he or she deems to be in the best interest of the Government. If the contractor was aware of a potential or actual conflict of interest or appearance issue prior to award of this contract, or discovered such a situation after award and did not disclose it or misrepresented relevant information to the Contracting Officer, the Government may terminate the contract for default.

### **Removal from Duty Clause**

The Contracting Officer (CO), with input from the COTR and designated FCC Personnel Security Officer, may request that the Contractor immediately remove any contractor personnel from working on the contract should it be determined that individual(s) are unfit to perform on the contract. FCC will provide the Contractor, in writing, the specific reasons for removal of an individual. The Contractor must comply with these requests.

Examples of incidents involving misconduct or delinquency are set forth but not limited to the items below:

- (1) Violation of the Rules and Regulations Governing Public Buildings and Grounds, 41 Code of Federal Regulations, Part 102-74.
- (2) Neglect of duty, including sleeping while on duty, unreasonable delays, or failure to carry out assigned tasks, conducting personal affairs during official time, and refusing to cooperate in upholding the integrity of FCC's security program.
- (3) Falsification or unlawful concealment, removal, mutilation, or destruction of any official documents or records, or concealment of material facts by willful omissions from official documents or records.
- (4) Disorderly conduct, use of abusive or offensive language, quarreling, intimidation by words or actions, or fighting. Also, participating in disruptive activities that interfere with the normal and efficient operations of the Government.
- (5) Theft, vandalism, immoral conduct, or any other criminal actions.
- (6) Selling, consuming, possession of, or being under the influence of intoxicants, drugs, or substances, which produce similar effects.
- (7) Improper use of official authority or credentials.
- (8) Unauthorized use of communications equipment or Government property.
- (9) Misuse of equipment used in the performance of this contract.
- (10) Unauthorized access to areas not required for the performance of the contract.
- (11) Unauthorized access to employees' personal property.
- (12) Violation of security procedures or regulations.
- (13) Prior determination by FCC or other Federal agency that a contractor's employee was unsuitable.
- (14) Violation of the Privacy Act of 1974, the Computer Fraud and Abuse Act of 1986, and the Taxpayer Browsing Act of 1997.
- (15) Unauthorized access to, or disclosure of, agency programmatic or sensitive information, or IRS Tax Return information.
- (16) Unauthorized access to FCC's automated information systems.
- (17) Unauthorized access of information for personal gain, (including, but not limited to monetary gain) or with malicious intent.

## **SECURITY PROCESSING**

(a) All contract personnel are subjected to background investigations for the purpose of suitability determinations. Based on their proposed duties, some contract personnel may also be required to have security clearance determinations. No contract personnel may be assigned to work on the contract without a favorable initial review of the OF 306, *Declaration for Federal Employment* ([http://www.opm.gov/forms/pdf\\_fill/of0306.pdf](http://www.opm.gov/forms/pdf_fill/of0306.pdf)) or a written waiver from the FCC Security Operations Center (SOC).

(b) Suitability, waiver, and security clearance determination investigations are currently conducted through the FCC Security Operations Center (202- 418-7884). The individual contract employee will be provided with a review process before a final adverse determination is made. The FCC requires that any contract personnel found not suitable, or who has a waiver cancelled, or is denied a security clearance, **be removed by the contractor during the same business day that the determination is made.**

(c) If the contract personnel is re-assigned and the new position is determined to require a higher level of risk suitability than the contract personnel currently holds, the individual may be assigned to such position while the determination is reached by the SOC. A new A-600 shall be necessary for the new position.

(d) Contract personnel working as temporary hires (for ninety (90) days or less) must complete and receive a favorable initial review of the OF 306 and complete the contract personnel section of the FCC Form A-600, "FCC Contractor Record Form." If during the term of their employment they will have access to any FCC network application, they must also complete and sign the FCC Form A-200, "FCC Computer System Application Access Form."

#### **At Time of Contract Award**

The FCC Security Operations Center must receive the completed, signed OF 306 for all proposed contractor employees at the time of contract award. Resumes for all personnel proposed for assignment on the contract should be provided to the Security Office prior to the time of in-take processing (see below, 2.3.2). **The FCC Security Operations Center requires up to five (5) working days (from the date they are received) to process the OF 306 before any employee is allowed to begin work on the contract. A written waiver from the SOC may be obtained in special circumstances.**

All contract personnel, regardless of task description, must complete this form. Without an approved, completed OF 306 on file at the SOC, no contractor employee may begin work. An approved OF 306 is one that has passed initial review by the SOC. During the course of the SOC review of the OF 306, the contract personnel may be interviewed by SOC staff regarding information on their OF 306.

(b) In addition, the Contractor is responsible for submission of completed, signed computer security forms for each employee prior to that person beginning work on the contract (See Appendix No. 3, FCC Instruction 1479.1, FCC Computer Security Program Directive and sample forms.) These forms should be submitted to the FCC Computer Security Office.

(c) The COTR shall begin processing their section of the FCC Contract Personnel Record (FCC Form A-600) at this time. This form, with the COTR and CO portions completed, will be distributed at the time of contract award and must be submitted to the SOC within ten (10) working days.

(d) The Office of Personnel Management (OPM) will issue a Certificate of Investigation (CIN) following the appropriate background investigation. The SOC notifies the CO and COTR and contract personnel who have received a favorable adjudication so they may receive their permanent access credential.

## **IDENTITY PROOFING, REGISTRATION AND CHECKOUT REQUIREMENTS**

### **Locator and Information Services Tracking (LIST) Registration**

The Security Operations Center maintains a Locator and Information Services Tracking (LIST) database, containing contact information for all Commission and contract employee personnel, regardless of work location.

The contract employee's FCC Form A-600, "FCC Contractor Record Form" captures the information for data entry into the LIST system.

### **Intake Processing**

(a) Following the processing of the OF 306 and an initial favorable suitability determination, (unless otherwise waived) the contract personnel shall report to the FCC for identity verification and access badge issuance on their first scheduled workday.

(b) All new contract personnel must be escorted to the SOC by either the CO or COTR responsible for the contract. At this time the contractor personnel must present two forms of identification; one of which must be a picture ID issued by a state, or the Federal, government. The other piece of identification should be the original of one of the following:

- U.S. Passport (unexpired or expired)
- Certificate of U.S. Citizenship (Form N-560 or N-561)
- Certificate of Naturalization (Form N-550 or N-570)
- School ID
- Voter's registration card
- U.S. Military card
- Military dependent's ID card
- U.S. Coast Guard Merchant Mariner card
- Native American Tribal document
- U.S. Social Security card
- Certification of Birth Abroad, (Form FS-545 or Form DS-1350)
- Original or certified copy of a birth certificate, bearing an official seal

(c) After identity verification, the individual shall complete the Fingerprint Card form, FD 258, the Fair Credit Report Act form, and be photographed and issued the appropriate access badge.

(d) At this time the contract employee will be given one of the following forms, based on the security risk designation for the proposed support classification/position, to complete and return to the SOC within seven (7) business days:

- (i) **Low Risk Positions** - SF 85, Questionnaire for Non-Sensitive Positions
- (ii) **Moderate Risk Positions** - SF 85-P, Questionnaire for Public Trust Positions
- (iii) **High Risk Positions/Secret or Top Secret Security Clearances** – Standard Form (SF) 86, Questionnaire for Sensitive Positions

(e) For any contract employee whose name is provided to the Commission for security investigation at (ii) or (iii) level, who subsequently leaves the subject contract, due to Contractor or contract employee decision, within the first year, the Contractor shall reimburse the Commission for the cost of the investigation. If the contract or task order is scheduled for completion in under one year and the contract employee for whom a security investigation has been done leaves prior to the work being done, the Contractor and SOC shall agree on a pro-rated amount for reimbursement. The cost may range from approximately \$400.00 (moderate risk) to \$3,000.00 (high risk). The Contractor will be provided a copy of the investigation invoice with the reimbursement request.

### **Monthly Contractor Personnel Reports**

The monthly report verifying contract personnel working at the FCC is a crucial element in the agency's compliance with Homeland Security Presidential Directive (HSPD) 12. Accurate and timely reporting are required as part of the ongoing access control efforts as mandated by HSPD-12 and implementing directives.

(a) The Contractor's Program Manager shall submit a contract personnel list to the SOC on the first working day of each month. This report shall be identified by the contract name and FCC number, and shall list all the contract employees working at the FCC in the immediately previous month.

(b) The report shall highlight or list in some way those individuals who are no longer employed by the Contractor or who are no longer working on the subject contract. As well, any additional contract personnel who have been successfully processed for work on the contract since the previous report shall also be noted.

(c) The report may be delivered electronically in MS Excel format. The covering email should contain a statement of certification of accuracy and should originate with the

Contract Program Manager or other Contractor executive personnel. The author of the email shall be considered the signatory.

(d) No later than the 15<sup>th</sup> of each month, the SOC will notify the Contract Program Manager, the author of the email covering the Monthly report (if different), the COTR and the Contracting Officer if the report is a) received after the first working day of the month, or b) contains errors in the listing. The notification will identify the reason for deficit in the report.

(e) The first instance of either a) or b) above shall result in a Five Hundred Dollar (\$500.00) penalty against the Contractor. The assessed penalty shall increase in Five Hundred Dollar (\$500.00) increments for each subsequent Monthly report received either late or containing errors.

**Checkout Processing:**

(a) All contract employees no longer employed on the subject contract, or at the termination of the contract, are required to report to the SOC and complete the sign-out portion of the FCC A-600, Contract Personnel Record.

(b) This process verifies the access badge has been returned to the SOC by the contract personnel.

(c) If the checkout processing is not completed by the contract employee, the Contractor shall take action to ensure its accomplishment no later than thirty (30) calendar days after the employee's departure from the FCC.

(d) The Contractor shall be liable to the FCC for an administrative processing charge of \$150.00 (One Hundred Fifty Dollars), for each of their employees who leaves their duty assignment at the Commission and fails to complete the checkout processing within thirty (30) calendar days of departure. Mellon Bank, N.A., handles collection and processing of all Commission administrative charges and should payment become necessary, the Contractor will be provided the appropriate directions for an EFT.

(e) The Contractor shall be liable for any actual damages arising from a failure to ensure that the checkout processing occurs within the thirty (30) calendar days of the contract employee's departure from the FCC.

Clauses Incorporated by reference:

FAR 52.217-5                      Evaluation of Options

- FAR 52.217-9, Option to Extend the Term of the Contract. Paragraphs (a) and (c) of the clause need to be filled out.

- An appropriate FAR data rights clause. If there is a need to limit distribution and use of some or all of the work product under this contract, FAR 52.227-17, Rights in Data—Special Works, may be appropriate. *See* FAR 27.405-1 and 27.409(e). If there is no need to impose such limits, then the standard data rights clause, FAR 52.227-14, Rights in Data—General, should be used.
- FAR 52.224-1 and 52.224-1 (Privacy Act clauses).

## Section C

# GENERAL INSTRUCTIONS

All offerors shall complete the RFQ Quotation Cover Page (See Attachment) which, constitutes the Vendor's acceptance of the terms and conditions of the proposed requirement. Therefore, the form must be executed by a representative of the Vendor authorized to commit the Vendor to contractual obligations.

- (a) Vendors are expected to examine this entire solicitation document. Failure to do so will be at the Vendor's own risk.
- (b) Vendors shall furnish the information required by this solicitation. Vendors shall sign the RFQ Quotation Cover Page.
- (c) The Government may make award based on initial offeror received, without discussion of such offers. Accordingly, each initial offer should be submitted in as complete form as possible and without exception to any provision.
- (d) The Government will not pay any Vendor for preparation of their quotation.
- (e) Mark each sheet of data it wishes to restrict with the following legend:  
  
"Use or disclose of data contained on this sheet is subject to the restriction on the title page of this quotation."
- (f) The Government assumes no liability for disclosure or use of unmarked data and may use or disclose the data for any purpose. Unless restricted, information submitted in response to this request may become subject to disclosure to the public pursuant to the provisions of the Freedom of Information Act ( 5 USC. 551)
- (g) Quotations shall set forth full, accurate and complete information as required by this solicitation package (including Attachments). The penalty for making false statements in proposals is prescribed in 18 USC.1001.

- (h) Whether in this solicitation, “man”, “men” or their related pronouns are used and other related pronouns (other than with reference to specific persons) as words or as parts of words, they have been used for literary purposes and are meant in their generic sense to include both males and females.

**TERMS AND CONDITIONS**

Offerors shall propose the specific labor categories and quantities consistent with staffing list, of the RFQ and the technical approach described in the quotation.

## **REQUEST FOR QUOTATION (RFQ) SUBMISSION REQUIREMENTS:**

The technical quote **shall not exceed fifty-five (55) pages**, *excluding* table of contents, cover sheet, resumes, and price information. A page is defined as one side of an 8½” x 11” sheet of white, un-textured paper, single-spaced, with at least one inch margins on all sides, using not smaller than 10 characters per linear inch or be smaller than twelve (12) points, and shall not exceed six (6) lines per vertical inch. However, any charts, graphics and/or past performance information sheets may be in 10 point font. Information may be submitted on single or double-sided sheets, but shall not exceed this page limitation.

The quote shall be provided electronically, (via electronic mail attachment) and formatted for personal computers using Microsoft software and or Acrobat. They may be submitted through the GSA e-Buy Portal or they may be submitted directly to the contracting officer via e-mail (only) to: [eproposals@fcc.gov](mailto:eproposals@fcc.gov)

**Offerors shall complete and submit the Quotation Cover Page and Past Performance Contact Information Sheets, which are attachments to this RFQ.** Using the Past Performance Contact Information Sheet, list a minimum of three (3) comparable efforts performed during the last three years (2005-2008). The Government may also consider information obtained through other sources. Past performance information will be utilized to determine the quality of the contractor’s past performance. Each offeror is responsible for ensuring “all” Past Performance Reference Information is accurate (e.g., telephone numbers, points-of-contact, contract numbers, and description of services). **Inaccurate or incomplete Past Performance Contact Information may result in an unfavorable rating.**

Each quote shall be in two (2) parts.

**PART I – PRICE QUOTATION** – Offeror shall submit their price quotation.

**PART II – TECHNICAL APPROACH** – Offeror shall their technical approach.

**Offers are due on Wednesday, March 11, 2009 at 12:00 PM (EST).**

**All questions pertaining to this solicitation must be submitted to the Contracting Officer Ms. Joyce Terry-Butler via email to: [eproposals@fcc.gov](mailto:eproposals@fcc.gov) before Wednesday, March 4, 2009 at 10:00 AM (EST). The subject line for e-mails shall be: “FCC RFQ 0900031 Financial Statement Audit.” Offerors who fail to complete and submit the requirements above may be considered non-responsive.**

**Section D**  
**EVALUATION CRITERIA/  
BASIS OF AWARD**

## **BASIS OF AWARD**

Award will be made to the contractor whose proposal represents the best value to the Government, price and other factors considered. All evaluation factors other than price, when combined, are significantly more important than price. If quotations are determined to be relatively equal with respect to all non-price evaluation factors, price may become the determining factor in the award decision. Therefore, companies submitting quotations (hereinafter "offerors") are encouraged to submit competitive pricing.

Offerors' Technical and Price quotations must demonstrate a clear understanding of the nature and scope of the work required. Failure to provide a realistic, reasonable and complete Technical and Price quotation may reflect a lack of understanding of the Statement of Work requirements and result in a determination that the quotation is technically unacceptable. Generally speaking, "generic" information may score lower than information "well tailored" to the FCC's requirements.

## **EVALUATION FACTORS**

The FCC will evaluate quotations using the following evaluation factors,

### **Evaluation Factor I. Technical Capability**

- A. Experience and Qualifications of Staff (30 points)
- B. Technical Approach (20 points)
- C. Organizational Experience (15 points)

### **Evaluation Factor II. Past Performance and Independence and Quality Control**

- A. Past Performance (25 points)
- B. Independence and Quality Control (10 points)

Total Points (Evaluation Factors I and II): 100

### **Evaluation Factor III.**

**Price:** (Price will be evaluated but will not be assigned a point score)

## Evaluation Criteria

### **FACTOR I A**

**EXPERIENCE AND QUALIFICATIONS OF STAFF – 30%**  
**(Limit to 20 pages in total of which no more than 8 should be used for an overall narrative discussion)**

Offerors will be evaluated on their ability to immediately provide staff that is experienced, qualified, and trained. Consideration will be given to staff that has demonstrated experience in performing complex audits in the areas considered essential for this task order, and that maintain current certifications such as a CPA, CISA, CGMA, CISSP, CMSE or other relevant certifications.

Offerors shall provide a schedule of all staff that will be assigned to the audit, which shall include the information listed below:

- VII.** Name.
- VIII.** Labor Category.
- IX.** Whether the person is key personnel on this task.
- X.** Professional Certifications (CPA, CGFM, CISA, etc.) and advanced degrees.
- XI.** Total years of Federal government financial statement audit experience.
- XII.** Total years employed by the offeror.
- XIII.** Years and brief description of Federal government financial statement audit experience in the last three (3) years in the areas considered essential to this task order (see Factor II).
- XIV.** Please provide any additional information considered relevant for evaluating staff qualifications (security clearance, professional publications, officer in a professional organization, etc.)

Individual resumes will not be accepted in lieu of this schedule. However, for each individual proposed, a one (1) page summary of additional relevant experience may be submitted for consideration.

**FACTOR I B**  
**Technical Approach – 20%**  
**Limit to 10 pages in total**

Under this factor, offerors will be evaluated based on:

- Their overall and specific technical approach, along with their understanding of the specific issues and risks relating to each of the separate tasks. Offerors are not expected to, and should not, completely reiterate or delineate the joint GAO/PCIE FAM. Rather, offerors are expected to present their overall understanding of the FAM, demonstrate their understanding of the specific issues and risks associated with each task, and present their audit approach and methodology for the material account balances for the reporting entity. In addition, the offerors must discuss how their technical approach will be tailored to meet the due dates.

Offerors should also demonstrate their understanding of current accounting and auditing issues (i.e., pending changes to Federal Accounting Standards Advisory Board (FASAB) accounting and GAO auditing standards, and OMB guidance) that may affect the audit of the reporting entity.

- Their proposed estimates of time (by labor category and labor hours) to complete the four phases of the audit (planning, internal control, testing, and reporting). (Note: the labor hours must be the same as provided in the separate cost proposal.)

**FACTOR I C**

**ORGANIZATIONAL EXPERIENCE - 15%**

**Limit to 10 pages in total**

The FCC will evaluate offerors' experience in the following areas, which are considered highly relevant to this task order (and are listed in descending order of importance):

Audit of consolidated financial statements of an Executive Department or Federal agency with a decentralized/centralized bureau/component structure, or, audit of financial statements of a large, complex Federal agency that is subject to the requirements of the CFO Act.

Audit of consolidated financial statements of a Federal agency during a major system implementation project

Performing audits of agencies with unique budgetary and or proprietary accounting issues.

Test and evaluation of Information System (IT) controls in accordance with FISCAM (including reviews of general and application controls and vulnerability testing).

Performing information system security reviews, such as network vulnerability testing for annual OIG FISMA evaluations.

Auditing estimates for direct loans and guarantees under the Federal Credit Reform Act.

Failure to demonstrate experience in all of these areas will result in a reduction in score under this factor.

**FACTOR II A**

**PAST PERFORMANCE - 25%**

**Limit to 10 pages in total**

Offerors will be evaluated based on the quality of their past performance and the extent of their experience performing Federal Government financial statement audits in the past three years.

The FCC will evaluate this factor based on information obtained from selected references. The FCC will contact points of contact for selected contracts listed in each quotation to obtain information regarding a contractor's past performance and/or experience. The FCC may also consider information obtained from other sources, such as the National Institutes of Health Contractor Performance System (CPS).

Offerors shall list of all of their past or present contracts with Federal Government agencies for financial statement audit services and FISMA evaluations on which they have performed services in the last three years. Include the contract number, contract value, contract type, and contract term.

For each of the contracts listed, offerors shall provide a brief description of the effort and the name, address, telephone number, and fax number of the COTR.

Offerors shall explain whether their audit experience under any of the listed contracts covered any of the following areas:

- Federal Financial Statement Audits
- FISMA
- FISCAM

**FACTOR II B**

## **INDEPEDENCE AND QUALITY CONTROL - 10%**

The contractor must provide information regarding its independence with respect to reporting components its quality control procedures. Each of the following items must be addressed, including negative responses:

- A statement that the firm is independent with respect to the each of the reporting components.
- All work, including non-audit services, with each of the reporting components in the past two (2) years (including the type of services provided, the period covered, and the results). In addition, the contractor shall briefly describe all services for which the contractor is planning to perform or has proposed to perform for these reporting components.
- Any lawsuits with the reporting components.
- Any relationships with the reporting components that could impair independence.
- Explanation of the firm's current internal quality control system, including such items as work paper review procedures, staff independence requirements, and continuing professional education requirements.

A copy of the contractor's most recent peer review report, related letter of comments, and the contractor's response to those comments. If the peer review report is more than one (1) year old, the contractor must also discuss the results of the contractor's most recent internal inspection program or equivalent. This discussion shall include the date of the report, the period of the report, and the opinion.

Section E  
Attachments A

**LIST OF ATTACHMENTS TO BE USED UPON CONTRACT AWARD**

The following attachments constitute part of this contract or task order:

<u>Attachment</u>	<u>Description</u>	<u>Date</u>
1	Contracting Officer's Technical Representative (COTR) Delegation	To be provided at time of award
2	FCC FORMS: a. FCC A-600, Contract Personnel Record	
3	A 200 Form	
4	FCC Policy Statement	
3	Non-Disclosure Agreement/Conflict of Interest	

**Condensed FY Timeline (for illustrative purpose only)**

TIMELINE FOR FISCAL YEAR 2008 SCHEDULE	TARGET DATE	ACTUAL DATE
Auditors provide cycle memos to FCC for updating	2/28/2008	2/25/2008
FCC and All Component Entities to Provide Updated Cycle Memos	3/14/2008	
Audit Entrance Conference	3/19/2008	3/19/2008
FCC Receives Component Financial Submissions - 2nd Qtr	4/14/2008	
2nd Quarter USF SLD O/S obligations database file & the RHC oblig. detail schedules.	4/14/2008	
Provide March Unadjusted Trial Balance to Auditors	4/14/2008	
2nd Quarter FACTS II Submission	4/17/2008	
Auditors Provide Draft Preliminary PBC to FCC	4/18/2008	
2nd Quarter FS Submission to OMB	4/21/2008	
FCC Provide comments on the Draft Preliminary PBC	4/23/2008	
2nd Quarter IFCS Intra-governmental (F) Trans File to FMS	4/24/2008	
Auditors Provide final preliminary PBC to FCC	4/25/2008	
Auditor commence internal control phase - walkthroughs and testing using 3/31/08 data	4/30/2008	
Begin SAS 99 Fraud Meetings	5/19/2008	
Provide AP and Regulatory Fee Accrual Methodologies	6/25/2008	
Provide June Unadjusted Trial Balance to Auditors	7/7/2008	
Provide Status of PY FISMA Weaknesses & Corrective Actions	7/12/2008	
FCC Receives Component Financial Submissions - 3rd Qtr	7/14/2008	
Provide Final Approved Re-estimate Point Paper to Audit Team	7/15/2008	
Provide June Unadjusted Subsidiaries to Audit Team (Recs to be provided on 21st)	7/15/2008	
FCC - Accounts Receivable - (Separate file from Reconciliation)	7/15/2008	
USF - Accounts Receivable, AP, Obligations Detail - (Separate file from Rec.)	7/15/2008	
TRS - AP - (Separate file from Rec.)	7/15/2008	
3rd Quarter FACTS II Submission	7/18/2008	
Provide Interim PAR Package including financial statements to Audit Team	7/21/2008	
Provide June Reconciliations to Audit Team	7/21/2008	
3rd Quarter FS Submission to OMB	7/21/2008	

Provide Draft PAR including available performance data	7/21/2008	
3rd Quarter IFCS Intra-governmental (F) Trans File to FMS	7/24/2008	
3rd Quarter TROR Report	8/1/2008	
Complete SAS-99 Fraud Meetings	8/1/2008	
Audit Team provides 3rd Quarter F/S Comments	8/7/2008	
3rd Quarter Analysis of SBR and Department-Wide SF 133	8/14/2008	8/14/2008
Auditors Issue NFRs for FISMA Findings	8/15/2008	8/18/2008
Penetration/ Network Assessment Briefing	8/15/2008	8/15/2008
CG Completes FISMA review and Issues Final Status of Prior Year for FISMA	8/15/2008	8/15/2008
Provide Interim Legal Letters w/ Management Schedule to Audit Team	8/18/2008	8/18/2008
Provide FISCAM Completion Memo to OIG	8/22/2008	8/22/2008
CG to provide draft copy of FISMA report to IG	8/27/2008	8/27/2008
Submission of interim Legal Representation Letter & Management Schedule to DOJ, FMS, & GAO	NLT 8/29/2008	8/29/2008
FCC Provides Responses to All FISMA NFRs	8/25/2008	9/3/2008
IG to Provide Draft Copy of Detailed FISMA Report to FCC at FISMA Exit Conference	NLT 9/5/2008	9/4/2008
Provide Approved Subsidy Re-estimate and Write-ups to Audit Team	9/5/2008	9/11/2008
FCC Provides August Unadjusted Trial Balances to Audit Team	9/5/2008	9/5/2008
FCC to Provide Written Response to FISMA Draft Report	NLT 10/1/2008	9/11/2008
CG Provides Final FISMA Package to OIG (Report and Questionnaire)	9/12/2008	9/12/2008
FCC Receives Component Financial Submissions - August	9/12/2008	9/12/2008
OIG Issues Final FISMA Package (Report and Questionnaire) to FCC	9/15/2008	9/16/2008
Provide Year-End AP Accrual Methodology and Support to Audit Team	9/15/2008	9/22/2008
Provide Year-End AR Allowance Methodology and Support to Audit Team	9/15/2008	9/17/2008
Submit FACTS I MAF Window to FMS	9/19/2008	9/12/2008
Reg Fee Collection Window Closes	9/25/2008	9/25/2008
Interim audit work ends (includes Internal control testing)	8/29/2008	
CG Issues Status of Prior Year Recommendations Letter to OIG	9/2/2008	9/30/2008
Provide Imputed Benefits Report to Auditors	9/30/2008	10/7/2008

Auditor's issue Draft Financial Interim testing NFR's to OIG	9/5/2008	
Chairman's Office Submits FISMA Package to OMB	10/1/2008	10/1/2008
Provide Final Status of PY Weaknesses to Audit Team	10/6/2008	10/6/2008
FCC to Provide Copy of Management Assmt of Internal Controls & Supporting Documents	10/6/2008	10/9/2008
Auditor's Issue Draft Financial Interim testing NFRs to FCC	10/6/2008	
Provide Year-End FEHB Accrual to Audit Team	10/8/2008	10/7/2008
Provide Year-End FECA Liability Accrual to Audit Team	10/8/2008	10/7/2008
Provide Year-End Payroll Accrual to Audit Team	10/8/2008	10/7/2008
Period 13 Close	10/9/2008	10/9/2008
	10/9/2008	
Audit Team provides Draft Internal Control & Compliance Reports to OIG		10/15/2008
FCC Provides Comments on financial interim testing NFRs to Audit Team	9/19/2008	
Provide Period 13 Trial Balances to Audit Team	10/10/2008	10/15/2008
FCC Receives External Entity Financial Submissions - 4th Qtr	10/10/2008	10/10/2008
	10/10/2008	
CG to Provide Draft Management Representation Letter to FCC		9/23/2008
	10/13/2008	
FCC Provides Sept Unadjusted Trial Balances to Audit Team		10/15/2008
Provide Sept Unadjusted Subsidiaries to Audit Team (Reconciliations to be provided on separately)	10/13/2008	10/13/2008
FCC - Accounts Receivable - (Separate file from Reconciliation)	10/13/2008	10/13/2008
USF - Accounts Receivable, AP, Obligations Detail - (Separate file from Reconciliation.)	10/13/2008	10/13/2008
TRS - AP - (Separate file from Reconciliation.)	10/13/2008	10/12/2008
Provide Year-End AP Accrual Analysis to Audit Team	10/14/2008	9/22/2008
Provide Year-End AR Allowance Analysis to Audit Team	10/14/2008	9/14/2008
IG Submits Management Challenges to Chairman	10/16/2008	
Provide Year-End Reconciliations to Audit Team	10/17/2008	10/17/2008
Provide Year-End PAR Package to Audit Team	10/17/2008	10/17/2008
Submission of Intra-governmental data files for 4th quarter to FMS	10/17/2008	10/17/2008
Submission of fiduciary balances for 4th quarter through IFCS (Final) to FMS	10/17/2008	10/17/2008
Final phase audit work begins	10/13/2008	
4th Quarter FACTS II Submission	10/20/2008	10/20/2008

CG submits draft IC and compliance reports to Management	10/16/2008
FCC Will Generate Intra-governmental Reporting and Analysis (IRAS) Reports Based on the Closing Package Data Using the Discoverer Application in GFRS	10/23/2008
Provide Comments on Draft IC Report to Audit Team	11/5/2008
Final Audit Adjustments provided to management	10/29/2008
Final Draft Audit Reports to OIG	10/29/2008
Auditor's Issue Draft Year end NFR's	10/30/2008
Revised Financial Statements Provided to Auditors	10/31/2008
Final Draft Audit Reports to FCC	10/31/2008
CFO Issues Draft PAR to OMB	11/3/2008
Provide Updated Legal Letters w/ Management Schedules to Auditors	11/5/2008
Audit Team Provides Draft Audit Report (Opinion) to OIG	11/5/2008
Last Day of Auditor Fieldwork	11/5/2008
Provide Final PAR package with Audit Adjustments to Audit Team	11/7/2008
Final Draft Audit Opinion on FCC's Financial Statements to OIG	11/10/2008
Draft PAR and Audit Reports submitted by IG to GAO	11/10/2008
CFO Locks GFRS	11/10/2008
Provide GFRS Support Package to Audit Team	11/10/2008
Provide Final Comments on IC Report to Audit Team	11/10/2008
GFRS Audit Process begins	11/11/2008
Provide Draft Audit Report Comments to Audit Team	11/12/2008
Final Management Representation Letter to Auditors	11/13/2008
Audit Team Provides Final Audit Report	11/14/2008
CFO Approval of Closing Package	11/15/2008
4th Quarter Analysis of SBR and Department-Wide SF 133	11/15/2008
Issue Bound Financial Statements	11/15/2008
IG Locks GFRS	11/17/2008
4th Quarter TROR Report	11/17/2008
IG Submits Final Legal Rep Letters and Mgmt Schedule to GAO/FMS/DOJ	11/17/2008
Develop PDF file for printing and website	11/17/2008
Submit Audited PAR Package to OMB/ Treasury/ GAO	11/17/2008
Submit Management Representation Letter (related to general financial statements and special-purpose/Closing Package financial statements) to OMB/Treasury/GAO	11/17/2008

Mandatory GFRS Lock Date	11/17/2008
CFO Submits Management Rep Letter for GFRS to OMB/Treas/GAO by Noon	11/17/2008
IG Submits Opinions on Closing Package to OMB/FMS/GAO	11/17/2008
Submission of IPIA and Recovery Audit data to OMB	11/17/2008
CFO Submits Representation on Intra-governmental Activity & Balances to IG/FMS/GAO	11/25/2008
FMS Distributes I/G comparative Closing Package Explanations & Diff Report	11/28/2008
FCC to Provide Copy of FACTS I ATB Data Submission to Auditors	12/1/2008
Submission of ATBs through FACTS I to FMS	12/1/2008
Exit Conference	NLT 12/5/08
IG emails subsequent changes to FMS based on Final Legal Rep Letter	12/2/2008
Draft Management Letter Submitted to IG	12/8/2008
Email subsequent events notification for management representation letters & financial statements to FMS	12/8/2008
Final Management Letter Submitted to IG	1/8/2009

**FEDERAL COMMUNICATIONS COMMISSION (FCC)  
REQUEST FOR QUOTATION NUMBER RFQ 09000031**

**Annual Financial Statement Audit Support Services**

## **Quotation Cover Page**

**Company Name:**

**Name, Title, Email Address and Phone Number of Company Representative for  
GSA Orders:**

**Payment Terms:**

**GSA Schedule Number and expiration date:**

**Please check business size: ( ) Large ( ) Small ( ) Minority ( ) Women-  
owned**

**TIN:**

**DUNS:**

**NAICS:**

**Product Service Code (PSC):**

**Complete Mailing Address:**

**Other Pertinent Information:**

**Offer Acceptance Period (no less than 60 days from due date of proposal):**

**Name, Title, Email Address and Phone Number of Person Authorized to Sign Offer:**

**Signature:**

**Date:**

**Annual Financial Statement Audit Support Services**

**PAST PERFORMANCE CONTACT INFORMATION SHEET**

**Offeror Information:**

Name of Offeror Providing Services: \_\_\_\_\_

Address: \_\_\_\_\_

**Past Performance Reference Information:**

Name of Company/Organization Receiving Services: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ FAX: \_\_\_\_\_

**Contract Information:**

Contract Number: \_\_\_\_\_ Dollar Value (Annual): \_\_\_\_\_

Performance Period: \_\_\_\_\_ Performance Location: \_\_\_\_\_

Type of Contract (Check all that apply):

Fixed Price \_\_\_\_\_ Cost Reimbursement \_\_\_\_\_ Other (specify) \_\_\_\_\_

Negotiated \_\_\_\_\_ Sealed Bid \_\_\_\_\_ Competitive \_\_\_\_\_ Non-Competitive \_\_\_\_\_

Basis of Payment:

Labor/Equipment Hours \_\_\_\_\_ Other (specify) \_\_\_\_\_

Type & Extent of Subcontracting: \_\_\_\_\_

Description of Services Provided: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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