



U.S. Department of Justice

Executive Office for United States Trustees

901 E Street, N.W., Suite 710
Washington, D.C. 20530

May 14, 1999

Re: Request for Proposal
Bankruptcy Audit Services

Dear Sir or Madam:

As part of the United States Trustee Program's function in the selection of audit firms, we are acting as a clearinghouse for information distributed to potential bidders. We enclose a list of questions raised to date by audit firms and our responses. Periodically, we will provide to you any new questions and answers raised.

Please continue to fax your questions, to us at (202) 307-2185. As a reminder, no later than **May 24, 1999**, your bid proposal should be received at the following address:

Assistant Director for Review and Oversight
Executive Office for U.S. Trustees
901 E Street, N.W., Suite 710
Washington, DC 20530

Thank you for your interest in this proposal.

Sincerely,

Sandra J. Forbes
Assistant Director



U.S. Department of Justice

Executive Office for United States Trustees

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QUESTIONS AND ANSWERS CONCERNING 1999 CHAPTER 13 AUDIT BIDS May 14, 1999

1. Question: Is this a new program or have the standing trustees been audited before?

Answer: The chapter 13 standing trustees have been audited yearly for a number of years.
2. Question: If the trustees have been audited before, are the audit reports accessible by the general public and where can they be reviewed?

Answer: There is an overall privacy concern raised by the issue of whether to make trustee audits available to the general public. In any event, however, it would be logistically impractical to make available copies of audit reports to all 288 firms responding to the proposal. Each individual report is bound and approximately 25 pages in length. This office would have to send to each firm the audits for all trustees in all regions on which the firms chose to bid. Approximately 35 firms bid on all 19 regions, audit reports for those firms alone would be over 130,000 pages. The most frequent audit findings in FY98 were initial control over receipts, stale-dated checks, surety bonding level, reconciliation of debtor ledgers with checking and time deposit balances, and computer security.
3. Question: If the prior reports are a matter of public file, can they be accessed through a website?

Answer: Audit reports are not accessible through a website. See Answer No. 2.
4. Question: Are the audit fees paid for the past audits of the standing trustees public information? If so, where can this information be obtained?

Answer: The audit fees paid, while public, are not maintained in a readily accessible format. However, nationally, the audit fees charged in fiscal year 1999 ranged from a low of \$2,900, to a high of \$22,000. The average fee was \$8,063, the medium fee was \$7,600. Those audits were performed under a different Statement of Work.

5. Question: The supporting data for region 11 lists seven standing trustees . Trustees number 108 and 110 show the exact same statistics. Is this correct? Trustee 108 has an “E” in the comment section of the schedule which is defined as “special conditions”. What are the special conditions and will they affect the audit planning and process?
- Answer: The statistics are correct. The Program is in the process of evening out the caseloads of these two trustees. Because precise distributions are not yet available, we split the statistical data between the two trustees. Trustees with “special conditions”, such as trustee No. 108, have had recent significant internal control weaknesses in their operations.
6. Question: May bidders affiliate with other audit firms as long as the affiliates are to be supervised by the bidder? If yes, how should the relationship be presented?
- Answer: Yes, affiliates may be used, but they must be disclosed. Information on affiliate personnel must be disclosed consistent with Technical Proposal requirements of the Evaluation Criteria. (Bid Proposal Attachment B, Pages 4-6). The business relationship between the bidder and affiliate must also be described. (See Business Management Proposal requirements for the Evaluation Criteria, pages 3-4.)
7. Question: May bidders use subcontractors as long as the subcontractors are to be supervised by the bidder? If yes, how should that relationship be presented?
- Answer: Yes, subcontractors may be used, but they must be disclosed. Information on subcontractor personnel must be disclosed consistent with Technical Proposal requirements of the Evaluation Criteria. (Bid Proposal Attachment B, Pages 4-6). The business relationship between the bidder and subcontractor must also be described. (See Business Management Proposal requirements for the Evaluation Criteria, pages 3-4.)
8. Question: Who are the prior year auditors for each of the regions in the solicitation?
- Answer: The six firms are:
Pannell Kerr Forster, P.C. (regions 1 and 2)
Concannon, Gallagher, Miller & Co. (regions 3 and 4)
McBride, Lock & Associates (regions 12 (except Waterloo), 13, 19 and 20 except Albuquerque and Oklahoma City)
Ernst & Young (region 21)
Hayes & Associates (region 5 - only Baton Rouge, New Orleans and Jackson); region 7 - Midland; region 12 - Waterloo)
Ansell, Buffington & Co.(region 5 (except Baton Rouge, New Orleans and Jackson), 6, 7 (except Midland, TX), 10, 11, 14, 15, 16, 17, and 18)

9. Question: If there is need for travel and overnight accommodations to perform the audits, are the travel costs reimbursed separately or should they be included in the Audit Service Cost Sheets?
- Answer: All costs are to be included in the cost sheets.
10. Question: Please confirm that there is only one standing trustee for each city/state mentioned in the solicitation.
- Answer: Each standing trustee is identified separately. Some cities have more than one trustee.
11. Question: How many firms were invited to bid on this solicitation?
- Answer: Solicitations of interest were sent to 526 membership organizations and audit firms. 288 audit firms responded to the solicitation and requested bid proposals for one or more regions.
12. Question: How long has the incumbent firm had this engagement?
- Answer: The incumbents have audited the particular regions for five years.
13. Question: What is the report format for the prescribed procedures? Do you have samples for prospective bidders?
- Answer: There is no required format. See the Statement of Work (Bid Proposal Attachment A-1) for the procedures that need to be included in the audit program.
14. Question: What time is the bid due on May 24, 1999?
- Answer: The bid must be received by 5:00 PM, EST.
15. Question: Will EOUST provide copies of the program policy manual and handbook for chapter 13 trustees to the successful bidder?
- Answer: EOUST or the United States Trustee will provide successful bidders with program policy documents and the Handbook for Chapter 13 Standing Trustees. The Handbook is also available on the USTP webpage at www.usdoj.gov/ust/. See tab on Private Trustee Library - Chapter 13 Reference Materials.
16. Question: As we received this RFP on May 1, 1999, and given the extent of time to review the RFP and develop questions, can the due date be extended?
- Answer: No, we appreciate the tight time frame, but selection of audit firms must be completed in time to conduct training, and allow the audit firms adequate planning periods.

17. Question: How many hours did the incumbent for region 2 spend at the offices of the standing trustees?
Answer: The Program does not have that information for any regions.
18. Question: Is a copy of the most recent successful proposal for regions 1 and 2 available?
Answer: No. Access to earlier proposals is restricted. They include the same language on disclosure restrictions as contained in Bid Proposal Attachment B, Evaluation Criteria at page 1.
19. Question: How many responses were received for the last RFP in Regions 1 & 2?
Answer: The last RFP for region 2 was five years ago. The information you requested is no longer available. That RFP conducted five years ago covered the nation (which was divided into 15 geographic blocks) and resulted in over 140 bid proposals.
20. Question: Are auditors allowed to contact the individual standing trustees to gain information on factors that may affect the number of hours required to complete the engagement and the timing of the engagement? Such factors include availability of records and software.
Answer: No, because of the large number of bidders, contact with the trustees would be disruptive to the operation of the chapter 13 trust. Concerning the timing of the audit, the fiscal year ends September 30. Annual reports are due to the United States Trustee by November 15. Audit firms should only audit an annual report which has been signed by the United States Trustee. However, there may be some field work that does not require the annual report. Concerning software used, 92% of chapter 13 trustees use software provided by four major chapter 13 trust fund software vendors.
21. Question: Where and when would the required one-day training for the auditors be conducted?
Answer: We will try to pick a location(s) that is convenient to the most firms. We anticipate that the training will be conducted in late July, to allow the firms time to prepare for the performance of the audit.
22. Question: May a proposal be submitted for an individual standing trustee within a specific region or must each proposal cover all the standing trustees within the region.
Answer: The proposal must cover all the standing trustees within the region.

23. Question: The letter transmitting the bid proposals was dated June 28, 1999. This appears to be a mistake.

Answer: You are correct. The letter should have been dated April 28, 1999, the date the proposals were mailed.