



# REQUEST FOR QUALIFICATIONS # 30705-25040 INTERNAL CONTROLS ATTESTATION & FORENSIC AUDIT ENGAGEMENT AMENDMENT # 3

**DATE: May 22, 2025**

**RFQ # 30704-25040 IS AMENDED AS FOLLOWS:**

1. This RFQ Schedule of Events updates and confirms scheduled RFQ dates. Any event, time, or date containing revised or new text is highlighted.

EVENT		TIME (Central Time Zone)	DATE (all dates are State business days)
1.	RFQ Issued		March 31, 2025
2.	Disability Accommodation Request Deadline	1:00 p.m.	April 3, 2025
3.	Notice of Intent to Respond Deadline	1:00 p.m.	April 7, 2025
4.	Round 1 - Written "Questions & Comments" Deadline	1:00 p.m.	April 9, 2025
5.	RFQ Amendment 1 Issued – Schedule Change Only – Amendment 1		April 16, 2025
6.	State response to Round 1 Written "Questions & Comments"		April 30, 2025
7.	Round 2 - Written "Questions & Comments" Deadline	1:00 p.m.	May 7, 2025
8.	State response to Round 2 Written "Questions & Comments"		May 22, 2025
9.	Response Deadline	1:00 p.m.	June 3, 2025
10.	State completes Evaluations and issues Notice of Intent to Engage		June 23, 2025
11.	Contract Terms & Conditions Agreement Deadline		June 26, 2025
12.	Engagement Discussions Deadline		July 9, 2025
13.	Contractor Signature Deadline		July 14, 2025
14.	Contract Start Date		July 17, 2025

**2. State responses to Round 2 Questions and Comments in the table below amend and clarify this RFQ.**

Any restatement of RFQ text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFQ document.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #1	N/A	General	1. Can a firm that was not originally provided the RFQ submit a response as the primary contractor?	Yes. The RFQ was publicly posted on the Comptroller's Local Government Audit website as well as the State's Central Procurement Office's website. .
QC #2	2	1.1	3. Assuming the "internal control attestation" portion of the engagement will be performed in accordance with the AICPA "Agreed Upon Procedures" standards, are the agreed upon procedures to be performed already defined or will they be defined later during project scoping and Engagement Discussion process?	The agreed-upon procedures are being developed and will be further discussed during project scoping and engagement discussion.
QC #3	16	A.3.	2. If the CPA firm does not have a "permit number issued by the Tennessee State Board of Accountancy" but meets the mobility requirement to practice in TN, will home state permit information along with reference to statutes that allow the firm to practice in TN suffice?	No. To meet RFQ mandatory requirement A.3., the Respondent firm must have a firm permit issued by the Tennessee State Board of Accountancy.
QC #4	2	Section: 1.1 Statement of Procurement Purpose	<i>"Review the design and implementation and attest to the effectiveness and efficiency of MSCS internal controls to ensure they are adequate to mitigate risks and prevent fraud, waste, and abuse."</i>  Will this assessment be limited to the scope period (forensic audits typically focus on past events and/or transactions) or will an assessment of the "current" controls in place be needed as well? It is possible that the controls in place for the scope period of the forensic audit have been modified in the current period. For these instances, it is recommended that the internal controls be assessed for both the forensic scope period as well as the current period.	Past and current controls will be in the scope. The final report should give decision-makers and stakeholders a solid starting point to move forward.  Yes, in instances where the controls are different, the assessment would include the forensic scope and the current assessment.
QC #5		Section: 1.1 Statement of Procurement Purpose	<i>"Review the design and implementation and attest to the effectiveness and efficiency of MSCS internal controls to ensure they are adequate to mitigate risks and prevent fraud, waste, and abuse."</i> The State's response to QC #45 in RFQ 30705-25040 Amendment 2, issued 4/30/2025, <i>"The Contractor will need to adhere to applicable AICPA's Statement on</i>	Yes, the State confirms.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
			<p><i>Standards for Attestation Engagements and AICPA Consulting Standards."</i></p> <p>Please confirm that the Contractor will need to follow <i>AICPA's Statement on Standards for Attestation Engagements</i> standards for the attestation of the effectiveness and efficiency of MSCS internal controls, <u>and</u> follow the <i>AICPA Consulting Standards</i> for the forensic audit of the financial records, transactions, and processes of MSCS.</p>	
QC #6		Section: 1.1 Statement of Procurement Purpose	<p><i>"<u>Review</u> the design and implementation and attest to the effectiveness and efficiency of MSCS internal controls to <u>ensure</u> they are adequate to mitigate risks and prevent fraud, waste, and abuse."</i></p> <p>Would the State be open to modifying the language to the following: "<i>Review Examine the design and implementation and attest to the effectiveness and efficiency of MSCS internal controls to <del>ensure</del> provide reasonable assurance that they are adequate to mitigate risks and prevent fraud, waste, and abuse.</i>"</p> <p>The reasoning behind this requested modification is: 1) to use "examine" to indicate a detailed inspection (different from a financial statement review); and, 2) use "provide reasonable assurance" to communicate a high level of confidence without implying a guarantee or absolute certainty that the examination will result in internal controls that can prevent 100% of all future instances of fraud, waste, and abuse. This language is consistent with assurance engagements which employ the usage of "reasonable assurance" as the standard instead of the word "ensure".</p>	Yes. See RFQ Amendment 3 – Items 3 & 4 below for the revised RFQ Section: 1.1 Statement of Procurement Purpose and the revised RFQ Attachment E, Pro Forma Contract Section A.3.
QC #7		General Question	Is the report intended for internal use or do you plan to make the report public? Who are the intended users of the report?	It will be made public. See Pro Forma Contract Section A.7.
QC #8	2	1.1 Statement of Procurement Purpose	<p><b>Clarification to question asked in Round 1 (#116)</b></p> <p>Does the County anticipate that the Forensic audit will be conducted under the direction of</p>	The audit is not being conducted at the direction of the Comptroller's General Counsel.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
			counsel and therefore, subject to attorney-client privilege?	
QC #9	2	1.1 Statement of Procurement Purpose	What criteria will be defined by management to assess the effectiveness and efficiency of MSCS internal controls to ensure they are adequate to mitigate risks and prevent fraud, waste and abuse?	See State's response to QC#2 above.
QC #10	2	1.1 Statement of Procurement Purpose	As the AICPA standards does not allow for an opinion on efficiency, would assessing solely effectiveness suffice?	No. We are expecting that through the procedures performed, if there are inefficiencies identified, these will be included in a final report for the stakeholders to consider. In assessing effectiveness, identifying and reporting inefficiencies would be an agreed upon procedure.

**3. Delete RFQ section 1.1. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

**1.1. Statement of Procurement Purpose**

The purpose of this procurement is to enable the Comptroller's Office to engage the services of a qualified, independent accounting firm to conduct in-depth investigations, evaluations and analysis of financial records, transactions, and processes of the Board of Education of Shelby County, Tennessee, hereinafter referred to as "Memphis-Shelby County Schools" or "MSCS".

Upon completion of the RFQ § 6.2. - Contract and Engagement Process and in accordance with the signed contract's Section A and the agreed upon Engagement Letter, the successful Firm will:

- **Examine** the design and implementation and attest to the effectiveness and efficiency of MSCS internal controls to **provide reasonable assurance that** they are adequate to mitigate risks and prevent fraud, waste, and abuse.
- Conduct a forensic audit of the financial records, transactions, and processes of MSCS to identify and evaluate instances of fraud, waste, abuse, and any deficiencies in the design or operation of the MSCS internal control structure that facilitated these occurrences.
- Report and present its findings, conclusions, and recommendations.

**4. Delete RFQ Attachment E, Pro Forma Contract Section A.3. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

A.3. As set forth in the Engagement Letter, the Contractor will **examine** the design and implementation and attest to the effectiveness and efficiency of MSCS internal controls to **provide reasonable assurance that** they are adequate to mitigate risks and prevent fraud, waste, and abuse.

**5. RFQ Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFQ not expressly amended herein shall remain in full force and effect.