**Commonwealth of Virginia**

**Department of Human Resource Management**

**Workers’ Compensation Services Auditing Services**

**RFP# WCS20-01**

**Addendum # 1**

September 26, 2019

Please sign this form and include as a part of your submission.

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This addendum addresses all questions received through Thursday, September 26, 2019.

1. Has a SOC 1 been performed in prior years? If so can you provide a copy of the report or a list of the controls and control objectives included?

Yes. See Control Matrix.

1. Will the scope of the SOC 1 cover the controls implemented at Virginia Workers' Compensation Commission or the controls at the third party service provider Managed Care Innovations?

The Virginia Workers’ Compensation Commission is not a party to this contract. The SOC 1 audit will concern controls and control objectives of the vendors contracted by MC Innovations for claims administration and medical bill adjudication under RFP WCS19-01, Claims Administration and Cost Containment Services. These sub-contractors are currently Sedgwick and CareWorks.

1. Will the controls at the additional service providers under the MCI contract (Sedgwick and CareWorks) be included in the scope or carved out? Do they already have individual SOC 1 reports that can be leveraged?

Sedwick and CareWorks are the subject of the SOC 1 audit commissioned through this RFP. This audit includes both an independent SOC 1 audit of the controls associated with the WCS program for both vendors and additionally includes a review of both vendors’ corporate SOC audits to ensure effective corporate controls. Finally, the audit commissioned under this RFP will include testing of corporate controls that protect WCS’ interests. The corporate SOC 1 audits are available to the successful bidder on RFP WCS20-01.

1. Task 4.1 mentions that “additional control assessments and substantive testing” should be included each year. Is there a list of specific controls or substantive tests that can be provided clarify this task?

The vendor will be expected to perform an assessment of existing controls and perform substantive testing to ensure the controls are adequate and performing as desired. Further, the vendor should determine if any changes have occurred that suggest additional controls should be added to the matrix and tested. Finally, the vendor is expected to review business processes and industry standards to suggest any new controls that should be implemented.

1. In regards to section 4.4 Task: What kind of other services are you looking for in regards to “perform auditing/accounting services as required”?

DHRM may wish to leverage this contract on an as-needed basis to assist with audit-related tasks, as requested by DHRM, for example:

* Review SOC audits and comment on adequacy of controls or areas of concern that should be explored by DHRM;
* Assist with reviewing existing controls and developing needed controls associated with Agency Risk Management and Internal Controls (ARMICS);
* Assist with financial audits as may be identified by the agency.

1. In section 6.1 specifically the Small, Women and Minority Owned Businesses, is there a goal percentage for participant for the SWaM usage?

The goal of the Commonwealth is 42% of its business should be from SWAM Certified vendors. There is no recommended goal for the Vendor, but use of SWAM subcontractors is recommended and is taken into consideration for scoring. IMPORTANT: The Small Business Subcontracting plan should reflect usage for the INITIAL PERIOD OF THE CONTRACT (I originally said the initial year but it is the initial period of the contract which is July 1, 2020—June 30, 2023)

1. What would happen if you do not meet your SWaM plan goal by the end of the one year? Do you have to report on SWaM right at the end of the year?

The goal is for the vendor to give an estimate of what its usage may be during the INITIAL PERIOD OF THE CONTRACT (I originally said the initial year but it is the initial period of the contract which is July 1, 2020—June 30, 2023). DHRM shall require the Vendor to report within 60 days after each Six months operation under the contract (see section 7.2)

1. In section 9.15, Security License: Would the security license be required for this contract?

Please disregard section 9.15

1. With the expanded services not related to the SOC, do you want us to include methodologies in the Attachment 1 for those other things mentioned such as ARMICS?

Please provide information surrounding your approach to special projects such as those potential tasks identified in Question 5 above.

1. In section 5.1.1, the RFP states “the procuring agency shall select, in the order of preference, two or more offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiation shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to the public body can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror.”

Our understanding based upon this reading is that we will not submit pricing with the proposal response due on 10/21/19. However, during the preproposal conference, some of the discussion noted that we would be submitting price for task items 4.1-4.3 and that pricing would be considered in SWAM evaluation. Should we include any type of pricing information with our initial proposal response or will negotiation of pricing occur at a later time following review of our proposal.

Since Pricing of the contract may not be determined until the period of negotiation, please submit your expected percentage of intended use of the subcontractor for the INITIAL PERIOD OF THE CONTRACT (I originally said the initial year but it is the initial period of the contract which is July 1, 2020—June 30, 2023. If you are as DSBSD Certified Small Business please specify in the proposal.

