



STATE OF IDAHO

**LEGISLATIVE SERVICES OFFICE AUDITS
DIVISION**

REQUEST FOR PROPOSAL

**An Examination of Information Systems Controls
of Luma**

2023-01

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RFP ADMINISTRATIVE INFORMATION

RFP Title:	An Examination of Information Systems Controls of Luma
RFP Number:	2023-01
RFP Project Description:	An examination of information technology general controls and application controls related to the State of Idaho's statewide enterprise system Luma
RFP Lead:	Lori Hendon Legislative Services Office Audits Division 700 West State Street Room 100 Boise, Idaho 83720-0003 lhendon@lso.idaho.gov (208) 334-4868
Submitting Sealed Proposal:	
Submitting Manually: MANUAL PROPOSALS MUST BE RECEIVED AT THE PHYSICAL ADDRESS PRIOR TO THE CLOSING DATE AND TIME.	Physical Address: 700 West State Street Room 100 Boise, Idaho 83720-0003
Submitting Electronically:	Electronic Submission: lhendon@lso.idaho.gov
Website:	https://legislature.idaho.gov/
Pre-Proposal Conference Date/Time:	Tuesday, September 5, 2023, at 10:00 a.m. MDT
Deadline to Receive Questions:	Tuesday, September 5, 2023, at 4:00 p.m. MDT
RFP Closing Date:	Friday, September 22, 2023, at 4:00 p.m. MDT
Award Date:	Wednesday, October 11, 2023
Initial Term of Contract and Renewals:	The term of the contract is for one year. Upon mutual, written agreement, the contract may be renewed, extended, or amended. The anticipated total contract term is one year.

1 OVERVIEW

1.1. Purpose

The Idaho Legislative Services Office – Audits Division (Division or LSO) is seeking proposals for the identification and examination of the information technology (IT) general controls and application controls (control examination) related to Luma, the new statewide enterprise resource planning system, and add-on software packages. The services requested through this RFP will cover the fiscal year ending June 30, 2024.

The control examination will address the design and operating effectiveness of all relevant controls, as defined by the American Institute of Certified Public Accountants (AICPA), Statements on Auditing Standards (AU-C section 315), to determine whether they can effectively prevent, or detect and correct, errors or fraud that could result in material misstatements to the State of Idaho's Annual Comprehensive Financial Report (ACFR). The LSO will use the results of the examination in planning the nature, timing, and extent of further planned audit procedures during its audit of the State of Idaho (State) financial statements for the fiscal year ending June 30, 2024.

The successful contractor will be responsible for testing and ensuring compliance by following the attestation standards adopted by the American Institute of Certified Public Accountants (AICPA), and standards applicable to attestation engagements (SSAE) set forth in the U.S. Government Accountability Office's (GAO) *Government Auditing Standards* (GAGAS). The contractor must also cooperate with the LSO's efforts to comply with the AICPA's requirements outlined in AU-C Section 620, Using the Work of an Auditor's Specialist.

The contractor will provide an Independent Accountant's Report on Management Assertions (Report) and a Schedule of Findings that identifies control weaknesses and provides recommendations for improving those control weaknesses. The Report for Luma will offer assurance on the adequacy of controls in place to ensure, on a day-to-day basis, transactions are properly processed, correctly reported, and complete.

1.2. Background Information

Luma is a series of integrated software systems that handle accounting, finance, procurement, payroll, and human resource management processes for the State. The solution is a software as a service (SaaS) Enterprise Resource Planning (ERP) product. The system is acquired from Infor and is a combination of cloud-based technology and integrated business applications that are specifically built for government use and implemented by Deloitte.

In addition, LeaseQuery was acquired as an add-on system to Luma to aid in the State's tracking of its leases. There are also separate accounting systems that interface with Luma and upload their information so that all accounting data at some level is maintained in the State system. This does not include several State agencies, such as the state colleges and universities and their foundations, PERSI, or the Idaho State Building Authority. It also does not include the State's component units.

The State relies upon information from Luma to produce its ACFR. The LSO performs an annual independent audit of the State's ACFR in accordance with the AICPA's *Statements on Auditing Standards* and GAGAS.

The Office of the Idaho State Controller (Office or SCO) is responsible for Luma system development, maintenance, upgrades, and enhancements, as well as for supporting system users. As of July 1, 2023, all legacy systems were transitioned to read-only access. All activity is now processed in Luma. There will not be a period of running side-by-side systems.

Luma Finance and Supply Chain Management (FSM) consists of Luma Finance and Luma Supply Chain Management. Luma Finance covers core financial management, budgetary control, project and grant

accounting, and cash management. Luma Supply Chain Management establishes vendor pricing agreements and contracts, creates, imports, and maintains item information, creates and issues several types of purchase orders, and tracks receipt of goods.

Luma Human Capital Management (HCM) consists of Luma Human Resources, Luma Payroll, and Luma Time. Luma Human Resources contains the State's organizational structure, reporting and supervisory structure, jobs/roles/positions, and work assignments. Luma Payroll offers a framework to accommodate the State's payroll requirements, as well as offering the ability to generate and maintain comprehensive compensation data and information. Luma Time utilizes a comprehensive solution that aligns labor management with the State's rules and policies; integrated modules address forecasting and budgeting, scheduling, time and attendance, performance management, and compliance.

Additional information on Luma can be found on the [SCO's website](#). This includes information about the implementation of the Finance and Procurement functionality, as well the Human Resources and Payroll functionality.

1.3. Resulting Contract

If the LSO awards a contract from this solicitation, it will do so by issuing a contract, which will be an acceptance of the successful offer. The contract will be comprised of that contract document; this RFP, including any incorporated documents; the successful Proposal, including any clarifications requested by the LSO; and an artifact formalizing any requirements agreed on through contract discussions or negotiations, if applicable.

The following documents are incorporated into this RFP:

- Solicitation Instructions for Vendor
- Standard Contract Terms and Conditions
- Special Terms and Conditions

2 QUESTIONS

2.1. Restrictions on Communications

From the issue date of this RFP until a contract is awarded, or the RFP is cancelled, vendors are prohibited from communications regarding this RFP with SCO staff, evaluation committee members, or other associated individuals, except the LSO.

2.2. Pre-Proposal Conference

A non-mandatory pre-proposal conference will be held on the day and time as indicated in the RFP Administrative Information on page 1 of this RFP. The purpose of the conference is to discuss the work to be performed with prospective offerors. In addition, this will be an opportunity to ask questions of the LSO and SCO staff. All interested parties are invited to participate by using a call-in number. Participants must pre-register to receive phone conferencing and meeting details by submitting the completed Attachment 1 – Pre-Proposal Conference Registration Form via email to the RFP Lead by Monday, August 28, 2023. Any oral answers given by the LSO during the pre-proposal conference are unofficial and will not be binding on the LSO.

2.3. Questions

Offerors requiring clarification or further information on the intent or content of this RFP or on procedural matters regarding the competitive bid process may request clarification by submitting questions. The RFP Lead is the only contact for this solicitation. All correspondence must be in writing. If it becomes necessary to revise any part of this RFP, amendments will be posted on the [LSO's website](#). It is the responsibility of interested parties to monitor the website for any updates or amendments. Any oral interpretations or

clarifications of this RFP must not be relied on. All changes to this RFP will be in writing and posted on the LSO's website to be valid.

Questions or other correspondence must be submitted in writing to the RFP Lead (see contact information in the RFP Administrative Information, page 1). QUESTIONS MUST BE RECEIVED BY 4:00 P.M. MOUNTAIN DAYLIGHT TIME ON THE DATE LISTED IN THE RFP ADMINISTRATIVE INFORMATION.

Written questions must be submitted using Attachment 2 – Offeror Questions. Official answers to all written questions will be posted on the LSO's website as an amendment to this RFP.

2.4. Vendor Proposed Modifications and Exceptions to Requirements, Terms, and Conditions

Vendors are strongly encouraged to submit any proposed modifications to the requirements, terms, or conditions of the RFP on Attachment 2 – Offeror Questions prior to the deadline to submit questions. Questions regarding these requirements must contain the following:

- The rationale for the specific requirement being unacceptable to the party submitting the question (define the deficiency).
- Recommended verbiage for the LSO's consideration that is consistent in content, context, and form with the LSO's requirement that is being questioned.
- Explanation of how the LSO's acceptance of the recommended verbiage is fair and equitable to both the LSO and to the party submitting the question.

In the event that a proposal contains modifications or exceptions to any solicitation requirements, terms, or conditions that are not addressed during the question-and-answer period, they must be identified and submitted on Attachment 3 – Modification and Exception Form and must contain the same information outlined above. The LSO will not consider any modifications or exceptions that are not identified specifically on Attachment 3 – Modification and Exception Form.

The LSO has sole discretion to determine if the modifications or exceptions submitted by an offeror would result in a material change or otherwise threaten the integrity of the procurement process. See Appendix A – Idaho Terms and Conditions Background and Limitations. The LSO will only negotiate nonmaterial modifications or exceptions. Modifications or exceptions that the LSO determines to be material, or that otherwise threaten the integrity of the procurement process, will not be accepted or negotiated. If the offeror has conditioned its proposal on the LSO's acceptance or negotiation of its proposed modifications or exceptions, and the modifications or exceptions are deemed material, the offeror will be given the opportunity to retract the proposed modifications or exceptions from its proposal. Failure to do so will result in the offeror's proposal being found non-responsive, after which it will receive no further consideration.

Non-material modifications or exceptions may be discussed with the apparent successful offeror at the discretion of the LSO; however, the LSO shall have the right to reject any and all such modifications and/or exceptions, or to call an end to such discussions, and to instruct the offeror to amend its proposal and remove the modifications and/or exceptions. Failure to do so may result in the LSO finding the proposal non-responsive, after which it will receive no further consideration.

Except as otherwise provided within the solicitation, the LSO will not consider modifications or exceptions to the requirements, terms, or conditions that are proposed after the RFP closing date.

3 INSTRUCTIONS FOR SUBMISSION OF PROPOSAL

3.1. General Instructions

Proposals may be submitted electronically or manually, as detailed below. Except as otherwise addressed in this solicitation, all submission materials must be submitted at the same time (in a single package or electronic submission). If multiple submissions are received, only the latest timely submission will be considered.

Alternate proposals are not allowed.

All electronic files (whether submitted electronically or manually) must be in Microsoft Word, Excel, or PDF format; the only exception is for financials, brochures, or other information only available in an alternate format.

3.2. Trade Secrets

Trade secrets include any formula, pattern, compilation, program, computer program, device, method, technique, or process that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons and is subject to the efforts that are reasonable under the circumstances to maintain its secrecy. In addition to marking each page of the document with a trade secret notation, as applicable, offerors must also:

1. Identify with particularity the precise text, illustration, or other information contained within each page marked "trade secret" (it is not sufficient to simply mark the entire page). The specific information deemed "trade secret" within each noted page must be highlighted, italicized, identified by asterisks, contained within a text border, or otherwise clearly delineated from other text/information and specifically identified as a "trade secret."
2. Provide a separate document entitled "List of Redacted Trade Secret Information" which provides a succinct list of all trade secret information noted in your proposal; listed in the order it appears in your submittal documents, identified by Page #, Section #/Paragraph #, Title of Section/Paragraph, specific portions of text/illustrations; or in a manner otherwise sufficient to allow the LSO to determine the precise text/material subject to the notation. Additionally, this list must identify with each notation the specific basis for your position that the material be treated as exempt from disclosure and how exempting the material complies with the Public Records Law.
3. Submit a redacted copy of the proposal with all trade secret information removed or blacked out. The redacted copy must be submitted electronically, with the word "redacted" in the file name, whether the proposal is submitted manually or electronically.

3.3. Electronic Submission

Electronically submitted proposals must be submitted via email to the RFP Lead with the subject line "RFP LUMA IS EXAMINATION". When submitting your Proposal, ATTACH YOUR TECHNICAL PROPOSAL, SEPARATE COST PROPOSAL, AND ALL OTHER REQUIRED SUBMITTAL ITEMS to the email. Remember to submit an additional redacted version of the proposal if you have identified trade secrets.

For large files, the proposal should be sent in multiple emails. The maximum size of a single email (including all text and attachments) that the Division can receive is 35mb (megabytes).

Vendors are strongly encouraged to begin the process of submitting the response far enough in advance of the end time to allow for resolution of technical difficulties. Be advised that the LSO is not responsible for a vendor's failure to timely submit a responsive submission due to any technical or technological difficulties. Offerors are further advised to upload response materials with descriptive file names and organize and consolidate them in a manner that allows evaluators to efficiently navigate the offeror's response.

3.4. Manual Submission

The proposal must be addressed to the RFP Lead, sealed, and identified as "RFP LUMA IS EXAMINATION." Include your firm name on the outside of the package.

The Technical Proposal and separately sealed Cost Proposal must be submitted at the same time. (Place all proposal response materials within a larger package). If your proposal does not fit in a single package, mark the packages to indicate the number of packages included in the submission (e.g., "Envelope 1 of 2").

Each proposal must be submitted in one (1) original with three (3) copies of the Technical Proposal and one (1) original and one (1) copy of the Cost Proposal.

Offerors submitting manually must also submit one (1) electronic copy of the entire proposal on a USB device. The format and content must be the same as the manually submitted proposal. The electronic version must NOT be password protected or locked in any way.

The Technical Proposal must be separately sealed and identified as “Technical Proposal – RFP LUMA IS EXAMINATION.”

The Cost Proposal must be separately sealed and identified as “Cost Proposal – RFP LUMA IS EXAMINATION.”

3.5. Rejection of Proposals

Submitted proposals may be rejected for any of the following reasons:

1. Right to Reject Any or All Proposals. The practice of the Legislative Auditor is to solicit proposals with a bona fide intention to award a contract. The LSO, in its sole discretion, may reject proposals submitted in response to this RFP, without regard to the cost or quality of any proposal or other considerations, upon determination that it is in the best interest of the Legislative Auditor to do so.
2. The LSO, in its sole discretion, reserves the right to reject any individual proposed to be assigned to the engagement.
3. Proposals not including the required attachments shall be deemed non-responsive and will be rejected.
4. Omissions, inaccuracies, or misstatements will be sufficient cause for rejection of a proposal.
5. A proposal may be rejected if it is conditional, incomplete, or it contains any alterations of form or other irregularities.
6. Proposals that contain false or misleading statements or that provide references that do not support an attribute or condition claimed by the offeror may be rejected.

3.6. Review of RFP

Offerors should carefully review this solicitation, without delay, for defects and questionable or objectionable material. Except for comments made at the pre-proposal conference, comments concerning defects and objectionable material must be made in writing and received by the LSO prior to the deadline for receipt of proposals. This will help prevent the opening of a defective solicitation and exposure of an offeror’s proposal on which award could not be made. Protests by an offeror based on any omission or error, or on the content of the solicitation, may be disallowed if the offeror has not brought these faults to the attention of the LSO, in writing, prior to the deadline for receipt of proposals.

4 PROPOSAL FORMAT

These instructions describe the format to be used when submitting a proposal. The format is designed to ensure a complete submission of information necessary for an equitable analysis and evaluation of submitted proposals. There is no intent to limit the content of proposals. The prospective contractor/offeror may include any relevant information and pertinent exhibits in the proposal but must provide all information requested.

4.1. Table of Contents

Include a table of contents in the Technical Proposal identifying the contents of each section, including page numbers of major sections.

4.2. Format

Proposals shall follow the numerical order of this RFP beginning with Section 6 Mandatory Submission Requirements and continuing through the end of the applicable RFP Attachments, including all mandatory submission items detailed in Section 6 Mandatory Submission Requirements and identified throughout the RFP. Proposal sections and subsections must be identified with the corresponding numbers and headings used in this RFP. In your response, restate the RFP section, followed with your response. Offerors are encouraged to organize their submissions in such a way as to follow the general evaluation criteria listed below. Information included may be used to evaluate the offeror's firm as part of any criteria, regardless of where that information is found within these sections. Information obtained from the proposal and from any other relevant source may be used in the evaluation and selection process.

Proposals should be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this solicitation letter. Emphasis should be on conformance to the instructions, responsiveness to the requirements described herein, and completeness and clarity of content.

Offerors are encouraged to use a different color font, bold text, italics, or other indicators to clearly distinguish the RFP section from the offeror's response. Except for brochures, financials, work samples, or other similar submission items, all electronic proposals must be submitted in Microsoft Word, Excel, or PDF format, and must not be locked. Offerors are strongly cautioned against including website links or imbedded documents in the proposal; the LSO will not be responsible for the RFP Lead or any evaluator's failure to consider information outside of or imbedded in the proposal.

4.3. Evaluation Codes

(M) Mandatory Response - failure to respond to any (M) section or comply with any mandatory specification or requirement will render offeror's proposal non-responsive and no further evaluation will occur.

(ME) Mandatory and Evaluated Response - failure to respond to any (ME) section or comply with any mandatory specification or requirement in an (ME) section will render offeror's proposal non-responsive and no further evaluation will occur. Offeror must respond to these sections as directed; points will be awarded based on predetermined criteria.

(E) Evaluated Response - a response is desired and will be evaluated. If offeror cannot meet the requirement or chooses not to respond for any reason, zero (0) points will be awarded for the section. If offeror responds, points will be awarded based on predetermined criteria.

The LSO reserves the right to waive minor informalities as well as minor deviations. The LSO also reserves the right to seek clarification on any (M), (ME), or (E) requirement.

5 PROPOSAL REVIEW, EVALUATION, AND AWARD

5.1. Overview

The objective of the LSO in soliciting and evaluating proposals is to ensure the selection of a firm that will produce the best possible results for the funds expended. It is the LSO's intent to conduct a comprehensive, fair, and impartial evaluation of all proposals.

All proposals will be reviewed first to ensure that they meet the mandatory submission requirements of the RFP as addressed in sections noted with an (M) or (ME). Any proposal(s) not meeting the mandatory submission requirements will be found non-responsive and no further evaluation will occur.

Evaluation Criteria

Technical Proposal:

Mandatory Submission Requirements	Pass/Fail
Business Information (Section 7)	200 points
Organization and Staffing (Section 8)	200 points
Scope of Work (Section 9)	300 points
<u>Cost Proposal</u>	<u>300 points</u>
TOTAL POINTS	1,000 points

5.2. Technical Proposal

The Technical Proposal will be reviewed first on a “pass” or “fail” basis to determine compliance with those requirements listed in the RFP with an (M) or (ME). All proposals that are determined by the LSO, in its sole discretion, to be responsive in this regard will continue in the evaluation process outlined in this section. The Technical Proposal will be evaluated and scored utilizing one (1) or more Technical Proposal Evaluation Committee(s).

The scores for the Technical Proposal will be normalized as follows: The Technical Proposal with the highest raw technical score will receive all available Technical Points: 700 points. Other Proposals will be assigned a portion of the maximum available Technical Points, using the formula:

$$700 \quad X \quad \frac{\text{raw score of technical proposal being evaluated}}{\text{highest raw technical score}}$$

5.3. Cost Proposal

The Cost Proposal will only be opened and evaluated for offerors who receive a pass rating for the mandatory submission requirements.

The scores for the Cost Proposal will be normalized as follows: The cost evaluation will be based on the total cost provided in the proposal. The proposal with the lowest overall Total Cost proposed will receive all available cost points: 300 points. Other proposals will be assigned a portion of the maximum available cost points using the formula:

$$300 \quad X \quad \frac{\text{lowest overall Total Cost}}{\text{Overall Total Cost being evaluated}}$$

5.4. Bidder Answer Questions

During the evaluation and selection process, the LSO may request the offeror's representative answer specific questions, orally and/or in writing. If discrepancies between sections or other errors are found in a final proposal, the LSO may reject the proposal; however, the LSO may, in its sole discretion, retain the proposal and correct any arithmetic or transposition errors in price or quantity. The LSO will notify all offerors of its decision to award the contract.

5.5. Responsibility

The RFP Lead may, in the LSO's sole discretion, require the apparent high point offeror to provide documentation to demonstrate its responsibility. The RFP Lead may request documentation, including but not limited to credit or financial reports and references. Failure to provide requested documentation may result in the offeror being deemed non-responsible. Nothing herein shall prevent the LSO from using other means to determine offeror's responsibility; for example, review of standing with the state accounting board or review of most recent peer review with the AICPA.

5.6. Award

Award of contract will be made to the responsive, responsible offeror whose proposal receives the highest number of total normalized points.

6 MANDATORY SUBMISSION REQUIREMENTS

The technical proposal begins with the mandatory items identified in this list and the following sections. **NOTE: THIS CHECKLIST IS PROVIDED AS A COURTESY ONLY; OFFERORS ARE RESPONSIBLE FOR SUBMITTING ALL MANDATORY SECTIONS, ATTACHMENTS, SUBMITTAL ITEMS, ETC., REGARDLESS OF WHETHER THEY ARE IDENTIFIED IN THIS LIST.**

- (M) Cover Form: Complete, sign, and submit Attachment 4 – Cover Form.
- (M) Acknowledgement of Amendments: If the RFP is amended, the offeror must acknowledge each amendment with a signature on the acknowledgement form provided with each amendment. Failure to return a signed copy of each amendment acknowledgement form with the proposal may result in the proposal being found non-responsive.
- Section 7 Business Information:** Provide response to all (M) and (ME) sections and any other required submittal items, including but not limited to the firm's business profile, experience, organizational chart, demonstrated success, and references.
- Section 8 Organization and Staffing:** Provide response to all (M) and (ME) sections and any other required submittal items, including but not limited to the partner in charge of the engagement, key personnel and their qualifications, intended use of subcontractors, and desirable qualifications.
- Section 9 Scope of Work:** Provide response to all (M) and (ME) sections and any other required submittal items, including but not limited to understanding the approach, other factors and required information, and work plan and work schedule requirements.
- (ME) Cost Proposal: Provide your cost information on the forms provided in Attachment 5 – Detailed Cost Proposal and Attachment 6 – Offeror's Total Cost Statement. Submit the Cost Proposal in a separately uploaded file or separately sealed envelope.
- Redacted copy of Technical Proposal and list of Trade Secret redactions, as detailed in Section 3.2 Trade Secrets.
- Review the required types and levels of insurance—these are mandatory requirements. If you do not already have the required types and levels of insurance, you are **strongly encouraged** to contact your insurance representative to find out if you will be able to obtain the required insurance. (The offeror should not purchase additional insurance in reliance of being awarded a contract). If you are awarded a contract, failure to provide proof of the required insurance will be grounds for termination of the contract.

7 BUSINESS INFORMATION

7.1. (ME) Business Profile

Provide a profile of your business, including overall reputation, service capabilities and quality, business history, description of current service area, and customer base as they related to this project.

7.2. (ME) Experience

Describe in detail your knowledge and experience in providing services similar to those required in this RFP, including the number of years the firm has been performing engagements of the type under consideration. A listing of previous governmental engagements completed over the last five years, especially those related to examinations of enterprise resource planning systems, should also be included in the proposal. List applicant capacity and intent to proceed without delay if selected for this work. Provide photocopies (attached as a clearly marked Appendix to this response) of all relevant licenses, certifications, permits, professional memberships, etc.

Offeror must have the following minimum qualifications and experience:

1. Experience in performing examinations of general controls and application controls of enterprise resource planning systems used by governmental organizations in the areas of accounting, grant accounting, procurement, payroll, budgeting, and human resources.
2. Demonstrated knowledge of financial audit techniques and control procedures.
3. Active licenses/certifications relevant to the performance of a control examination, including Certified Information Systems Auditor and Certified Public Accountant.

7.3. (M) Organizational Chart

Provide a copy of your organizational chart.

7.4. (ME) Demonstrated Success

List and briefly describe three comparable projects completed by your firm or currently in progress over the last five years. Include your firm's role and discuss contract amendment history, if applicable. For each project, include the contract value (original value plus all contract amendments, if applicable), project owner, project location, contract name and title, address, current telephone number, and e-mail address.

7.5. (M) References

Provide a minimum of three referrals and references from other agencies and owners. If possible, references should be from the projects listed above and should be limited to the last five years.

8 ORGANIZATION AND STAFFING

The staff performing the examination of Luma general controls and application controls should be technically competent, having the skills and knowledge necessary to perform the work. Experience requirements identified below must be demonstrated through work on projects of similar scope. References for verifications should be provided. All professional staff assigned to this engagement must meet the following competency requirements:

- Good communication skills, both verbal and written
- Ability to evaluate system and application documentation
- Knowledge of IT audit techniques and control procedures or knowledge of financial audit techniques and control procedures

It may be unlikely for any one person to possess all of the technical skills necessary to successfully complete this examination. The professional staff must have a mix of understanding and technical skills in the appropriate and applicable areas to complete the engagement.

In addition, the certifying officer and senior level staff assigned to the engagement should meet the following additional verifiable requirements:

- A minimum of four years of experience in IT auditing (Required of senior level staff)
- A minimum of four years of experience in financial auditing (Required for at least one staff member assigned to the examination)
- Certified Public Accountant (Required of Certifying Officer)
- Certified Information System's Auditor (Required for at least one senior staff member assigned to the examination)

Describe your staff's qualifications to successfully complete the requirements of the RFP by providing a detailed response to the following:

8.1. (ME) Partner

Identify the person who will be the dedicated Partner if offeror is awarded a contract. Provide a description of the proposed Partner's experience and qualifications. You may submit a resume in response to this section.

8.2. (ME) Key Personnel and Team Members

Provide a list of key management and other roles to be used in the fulfillment of this contract (in addition to the Partner). Provide role descriptions, including requisite qualifications and experience of the person(s)/role(s) identified, as well as an explanation of how the person in that role will contribute to the project. List education completed, including professional continuing education taken within the last three years. **Your response should demonstrate the extent to which you have the expertise to accomplish the Scope of Work.**

For offers to be considered responsive, lead staff assigned to the engagement must have conducted at least three similar reviews of general controls and application controls of governmental enterprise resource planning systems. An offeror's failure to meet this minimum prior experience requirement may cause the proposal to be considered non-responsive, resulting in rejection of the proposal.

Briefly describe each team member's role on this project. *Please note, once listed in your RFP submission, these members would not be able to be reassigned without the approval of the LSO and any reassignments would need to have equivalent qualifications. Please choose individuals with this in mind.*

Provide "team" experience working together on similar projects.

List any current employees who have previously been employed by the State within the last five years. Include the government entity and dates of such employment.

8.3. (M) Subcontractors

If you intend to utilize subcontractors, identify the names of the subcontractors and describe the extent to which they will be used to comply with contract requirements. Include each position providing service and provide a detailed description of how the subcontractors are anticipated to be involved under the contract and the portion of the work the subcontractors will perform. Include a description of how the offeror will ensure that all subcontractors and their employees will meet all Scope of Work requirements. Qualifications of subcontractor staff assigned to the control review should be described in the same manner as contractor staff. The LSO, in its sole discretion, reserves the right to reject subcontractors. Subcontractors, if used, shall be subject to all terms, conditions, and qualifications required by this RFP. NOTE: The information provided for subcontractors, if any, will be evaluated as part of Section 8.2 Other Key Personnel and Qualifications.

If you do not intend to utilize subcontractor(s), provide a statement to that effect.

8.4. (M) Desirable Qualifications

It is preferable that a significant portion of the control examination can be completed in Boise, Idaho.

9 SCOPE OF WORK

All sections of the Scope of Work are required contract services. Use this proposal outline as part of your response to the RFP. Keep in mind, the evaluators will be scoring your proposal based on the methodologies proposed and the completeness of the response to each item listed below. You must describe in detail how you will meet each requirement marked (M) or (ME) below. Include personnel, proposed timelines, methodologies, and any pertinent information that will be required from the LSO in order to achieve full compliance with all tasks and deliverables.

9.1. General and Application Controls

The scope of the control examination is limited to those general and application controls over the Luma system maintained by the SCO. The examination will be conducted in accordance with a nationally recognized methodology for performing information system control audits; for example, Federal Information System Controls Audit Manual (FISCAM).

The control examination will include the following specific areas related to general controls:

1. Security Management
2. Access Controls
3. Configuration Management
4. Segregation of Duties
5. Contingency Planning

In addition, the control examination will include the following specific areas related to application controls:

1. Application Level General Controls
2. Business Process Controls
3. Interface Controls
4. Data Management System Controls

The SCO management will provide management's assertions as they relate to Luma and the control examination. The assertions will be available prior to the start of the project.

9.2. Procedures to be Completed

The following procedures must be performed by the contractor after a contract has been awarded.

1. Attend an entrance conference with the contractor's engagement supervisor, the LSO's authorized representatives, and SCO staff members prior to the commencement of any work in order to discuss the scope of services and other related factors.
2. Identify, examine, and test the significant general and application controls related to Luma.
3. Participate in bi-weekly meetings with the LSO's project director to discuss the scope of the work, progress to completion, impediments, and initial findings to date. Discussions will also include any unique issues that may have surfaced in the design or implementation of relevant controls. The LSO will use this information to determine whether a change in scope is warranted or whether to cease further testing.
4. Schedule any additional meetings needed with the SCO during fieldwork to address the design and implementation of relevant controls, operational effectiveness of these designs, any operational deviations from such designs, and any changes being considered to address potential control deficiencies. These meetings should include LSO staff.

5. When the contract is completed, an informal debriefing may be performed at the discretion of the LSO project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.
6. Procedures should include but are not limited to the following:

Planning and General Controls

- a) Gain an understanding of the business processes and IT internal controls. Prepare a formal, written risk assessment and audit plan. Document any IT, network management, and/or security software that will be used in performing the engagement.
- b) Identify and document all significant functions or sub-functions currently used in the Luma system and the general management and organizational controls surrounding their operation.
- c) Review and document controls for computer services to address physical security, operations, system software, change management, telecommunications, backup, and disaster recovery/business continuity planning.
- d) Review and document controls for information security and privacy to address security administration, access control, data security, and program security.

Application Controls

- a) Review the application maintenance process of the Luma system and add-on software packages to address implementation and evaluation of system changes, including updates and upgrades from the software vendors.
 - b) Review implementation documentation, including all "Go Live" reports, to verify that the final STARS balances, the State's legacy financial accounting system, matched the initial Luma amounts.
 - c) Develop, document, and perform procedures that adequately review and evaluate application functions in relation to controls and risks.
 - d) Assess risks for each function or sub-function based on relevant risk assessment criteria and methodology.
 - e) Evaluate current work assignments of personnel in relation to potential issues regarding segregation of duties.
 - f) Develop and execute any application control testing procedures as deemed necessary to support findings or assertions.
 - g) Ensure that all systems that interface into Luma do so in an accurate and proper manner.
7. Prepare and document findings detailing the condition, criteria, cause, effect, and recommendation. For each finding, the contractor should determine whether the control deficiency, individually or in combination with others, constitutes a significant deficiency or material weakness. Findings must address the types of errors the control was designed to prevent, or detect and correct, and should take into account mitigating controls.
 8. Present each finding to SCO management to obtain a written response, including a corrective action plan, and prepare any needed response.
 9. Prepare a written Independent Accountant's Report on Management's Assertions:
 - a) Including a statement describing the scope of the examination and the time period examined.
 - b) Including a Schedule of Findings that identifies control weaknesses, the types of potential misstatements that could occur, and the State's policies and procedures for preventing or detecting these misstatements and offers recommendations for improving those control weaknesses and mitigating risks; remediation of any control weaknesses or functionality that poses a risk of potential fraud.
 - c) Offering assurance that, on a day-to-day basis, transactions are complete, properly processed, and reported correctly.

- d) Offering assurance on the adequacy of controls in place to ensure the transactions initiated, authorized, recorded, and processed through Luma are accurately and completed reported in the financial records.
- e) Providing recommendations for any control strengths identified that could be expanded to provide greater assurance of data security and accuracy.

10. Attend an exit conference with the contractor's engagement supervisor, the LSO's project director, and staff members from the SCO at the completion of the work in order to present the findings and recommendations from the written report.

9.3. Report

The contractor shall provide an electronic draft copy of the report providing assurances and identifying findings, including control weaknesses, and offering recommendations for improving those controls by 4:00 p.m. MDT on May 17, 2024. Within one week, the LSO will provide the contractor with comments regarding the draft report. Upon acceptance of the draft report by then LSO, the contractor shall deliver five original reports and an electronic version to the LSO by 4:00 p.m. MDT on May 31, 2024. The contractor shall have a Certified Public Accountant (CPA) as the certifying official of the final report.

The contractor will also be required to present the findings and recommendations in the report to SCO management.

9.4. The LSO Assistance

The contractor shall allow at least one and up to two staff member(s) to work with the contractor staff to assist the LSO in building the organization's IT knowledge and skills. The staff member(s) will be available full time to help conduct work in support of the engagement at no cost to the contractor. The offeror should factor the availability of at least one and up to two LSO staff members into their cost proposal; however, while the LSO staff member(s) assigned to the engagement will have financial audit experience, they will have limited IT experience.

9.4. Working Papers

The contractor shall produce adequate detailed written audit documentation of all procedures performed to substantiate the examination and testing of general and application controls. This will include any checklists, working papers, and flowcharts obtained or created during the engagement. The contractor should gather and provide sufficient, competent, and relevant evidence so an experienced independent person could review the work and reach the same conclusion. Working papers should include source, purpose, scope and methodology, analysis, conclusion, sufficient cross-references, and all supporting documents. Workpapers should identify the individuals responsible for their preparation and review.

These documents become the property of the LSO and will be used in designing appropriate substantive testing to be performed by the LSO.

The contractor shall complete the workpapers and provide them to the LSO incrementally for review. Incremental submission of working papers shall be agreed on by the LSO and the contractor prior to the start of fieldwork but will occur no less frequently than monthly. Upon completion of the attestation services, all working papers associated with the control examination shall be submitted to the LSO project director in accordance with the contractual provisions. All final documentation of services shall be submitted no later than the date specified.

All work performed must comply with AICPA attestation standards and the GAGAS standards applicable to financial audits. The contractor must also cooperate with the LSO's efforts to comply with the AICPA's requirements outlined in AU-C section 620, Using the Work of an Auditor's Specialist.

9.5. Location of Work

Significant portions of the work will take place in Boise, Idaho. The offeror should include in their price proposal transportation and per diem (lodging, meals, and incidentals) costs sufficient to pay for travel to Boise to conduct fieldwork. A minimum of 65 percent of the engagement time should be spent on-site in Boise. The LSO will provide workspace for the contractor.

9.6. The LSO Responsibilities

The LSO will be responsible for:

1. Preparing and distributing the engagement letter.
2. Reviewing the contractor's audit plan, risk assessment, workpapers, and findings, working collaboratively with the contractor to revise if necessary.
3. Participating in key engagement meetings.

Upon receipt of the final report and audit documentation, the LSO will:

1. Review the report and all working papers.
2. Approve or reject the report and working papers.
3. Approve or reject the final payment for services rendered.

The LSO shall have the right to reject, at any time during this contract period, any work or deliverable not meeting the terms of this contract. However, any rejection of services must be based solely on the contractor's failure to comply with the terms of this contract and cannot be based on the nature of the contractor's report on the weaknesses in internal controls identified in its report. Should the LSO reject any services, the LSO authorized representative shall provide written notice to the contractor of such rejection, giving the reason thereof. Written notice shall be made either electronically or delivered via hard copy to the contractor, whichever method selected is in the sole discretion of the LSO. The right to reject services shall extend throughout the life of the contract.

The LSO may request the contractor to perform additional duties under the contract. Before this work would begin, the LSO and the contractor will mutually agree in writing on the terms, including compensation, for additional work to be performed.

Based on the mutually agreed on work plan or schedule (see Section 9.10 Work Plan and Work Schedule Requirements), the LSO shall determine whether a deliverable has been successfully completed and is acceptable. Payment will be made for accepted deliverables within 30 days of receipt of a signed detailed invoice. If a deliverable is not accepted, the LSO shall provide the rationale in writing within 30 days of receipt of the deliverable.

The contractor acknowledges that the LSO is relying on the timely completion of these documents in planning the audit of the State's fiscal year 2024 financial statements and acknowledges that it is critical that the reports are delivered on schedule. If the contractor fails to meet the completion date prescribed herein, the LSO may, at its option, reduce the agreed compensation by an amount not to exceed ten percent (10%) of the total contract amount as liquidated damages for the failure to complete the contract by the completion date.

9.7. Contract Term and Work Schedule

The contract term and work schedule set out herein represents the LSO's best estimate of the schedule that will be followed. If a component of this schedule is delayed, the rest of the schedule may be shifted by the same number of days, at the discretion of the Division. The project schedule may be adjusted by the LSO's project director with written notice to the contractor.

The length of the contract will be from the date the contract is signed by the Legislative Auditor until project completion, approximately June 30, 2024.

The contract may be extended an additional year, to approximately June 30, 2025, at the discretion of the Division for the purpose of performing procedures to follow up on weaknesses in Luma identified in the control examination report for the year ending June 30, 2024. If the contract is extended, LSO and the contractor will mutually agree in writing upon the terms, including compensation, for additional work to be performed.

The approximate contract schedule is as follows:

Item	Time	Date of Action
Issue RFP		Monday, August 14, 2023
Optional Notice of Interest	4:00 p.m. MDT	Friday, September 1, 2023
Pre-Proposal Conference	10:00 a.m. MDT	Tuesday, September 5, 2023
Questions Due	4:00 p.m. MDT	Tuesday, September 5, 2023
Questions and Answers Posted	10:00 a.m. MDT	Friday, September 8, 2023
Deadline for Receipt of Proposals	4:00 p.m. MDT	Friday, September 22, 2023
Evaluation Period		Wednesday, September 27, 2023
Notice of Intent to Award Contract Posted	10:00 a.m. MDT	Wednesday, October 11, 2023
Contract Signed by Division		Wednesday October 18, 2023

After the contract has been awarded, the following key dates apply:

Item	Time	Anticipated Date of Action
Project Starts		Monday, February 5, 2024
Incremental Submission of Working Papers Delivered to the LSO		Based on the mutually agreed upon work plan or schedule but no less than monthly
Submission of All Working Papers up to This Date Delivered to the LSO	4:00 p.m. MDT	Friday, May 10, 2024
Draft Copies of Report Delivered to the LSO	4:00 p.m. MDT	Friday, May 10, 2024
The LSO Comments Returned to Contractor	4:00 p.m. MDT	Friday, May 17, 2024
Final Copies of Report Delivered to the LSO	4:00 p.m. MDT	Friday, May 31, 2024
Final Submission of All Working Papers to Delivered the LSO	4:00 p.m. MDT	Friday, May 31, 2024

Note: All dates are approximate and subject to change.

9.8. (ME) Understanding and Approach

Describe your understanding and approach to the project, including specific techniques, administrative and operational management expertise, and typical staffing patterns (e.g., ratio of management and key staff to general professional staff) used in the type of services described in this RFP. Identify and discuss any potential problems you foresee during the design and implementation phase as well as methods you would recommend to mitigate those problems. Discuss applicant areas of strength and limitations as they would apply to this project.

Describe your firm's project management approach and team organization during all phases for similar projects. How would these apply to this project? Also, describe systems used for planning, scheduling, estimating, and managing project oversight and accountability services. Finally, describe the firm's experience on quality assurance and dispute resolution. Provide a copy of your firm's most recent peer review and letter of comment, if applicable, and include a statement indicating whether that peer review included specific government engagements. Describe the firm's Quality Assurance/Quality Management as it relates to data and other information-gathering for this project. Include a statement about how that would be implemented for this project.

9.9 (ME) Other Factors and Required Information

The offeror shall:

1. Provide current workload and ability to comply with the timelines detailed in Section 9.7 of this RFP.
2. Provide a statement regarding your assurance that this engagement does not and will not result in a conflict of interest, including but not limited to audit engagements, oversight of existing contracts outside of state government, and any other official reasons that a conflict of interest might be determined under state and federal law.
3. List any special contract terms and conditions the firm/team would like to be considered for inclusion in any contract it might execute with the LSO under this RFP.
4. Provide a schedule of professional hours and fees (Attachment 5 – Detailed Cost Proposal) and a total cost statement (Attachment 6 – Total Cost Proposal) to be submitted in a separate envelope marked “Cost Proposal”.

9.10 (ME) Work Plan and Work Schedule Requirements

The proposal shall include a work plan or schedule for task completion. The work plan or schedule should identify each major task, necessary subtask, and/or specific milestones by which progress can be measured and payments made.

ATTACHMENT 1 – PRE-PROPOSAL CONFERENCE REGISTRATION FORM

2023-01 An Examination of Information Systems Controls of Luma

PRE-PROPOSAL CONFERENCE	Tuesday, September 5, 2023, at 10:00 a.m. MDT
Legislative Services Office, Audits Division	2023-01 An Examination of Information Systems Controls of Luma

Oral Information: Questions concerning an RFP must be directed in writing to the RFP Lead in the time period prescribed in the RFP document. Offerors are cautioned against relying on any verbal information and do so at the offeror’s sole risk. The RFP may only be amended by written documentation posted to the Legislative Services Office website.

Potential offerors choosing to participate in the Pre-Proposal Conference **must pre-register** by submitting this completed form, via e-mail, to the RFP Lead at lhendon@iso.idaho.gov. After the RFP Lead receives your form and the registration deadline passes, you will be provided with phone conferencing and meeting details. Please indicate in the appropriate column if your attendance will be by phone. Attendees are asked to register for the Pre-Proposal Conference no later than 4:00 p.m., Mountain Daylight Time, Thursday, August 31, 2023.

PLEASE TYPE OR PRINT:

Name	Firm	Email Address	Phone Number

ATTACHMENT 2 – OFFEROR QUESTIONS

2023-01 An Examination of Information Systems Controls of Luma

Instructions:

DO NOT IDENTIFY YOUR NAME OR YOUR COMPANY’S NAME OR PRODUCT NAMES OF INTELLECTUAL PROPERTY IN YOUR QUESTIONS.

ADD ROWS BY HITTING THE TAB KEY WHEN IN THE FINAL ROW OF THE TABLE.

The following instructions must be followed when submitting questions using the format on the next page.

1. DO NOT CHANGE THE FORMAT OR FONT. Do not bold your questions or change the color of the font.
2. Enter the RFP section number that the question is for in the “RFP Section” field (column 2). If the question is a general question not related to a specific RFP section, enter “General” in column 2. If the question regards a State Term and Condition or a Special Term and Condition, state the clause number in column 2. If the question regards an attachment, enter the attachment identifier (example “Attachment 1”) in the “RFP Section” (column 2), and the attachment page number in the “RFP Page” field (column 3).
3. Do not enter text in the “Response” field (column 5). This is for the LSO’s use only.
4. Once completed, e-mail this form per the instructions in the RFP. In the e-mail subject line state the RFP number followed by “Questions.”

Question	RFP Section	RFP Page	Question	Response
1				
2				
3				
4				
5				
6				
7				
8				
9				

ATTACHMENT 4 – COVER FORM

2023-01 An Examination of Information Systems Controls of Luma

(M) Attachment 4, Cover Form must be completed, signed, and submitted with your proposal. Failure to complete and submit this form may result in your proposal being deemed non-responsive.

Instructions: The Technical Proposal must include a signed copy of this cover form. Copy and paste this form onto your company letterhead or create a document with the following information: offeror’s company name, mailing address, phone number, fax number, and e-mail address, and the name of offeror’s authorized signer. The cover form must include the RFP number and title and must be signed by an individual authorized to commit the offeror to the contents of the proposal.

Requirement	Response
Offeror’s corporate or other legal entity status	<input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Corporation (LLC) <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other (specify)
Offeror’s Tax Identification Number	EIN:
Offeror’s DUNS Number	DUNS:
Is offeror a legal entity with the legal right to contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is offeror licensed in the State of Idaho to provide attestation services?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other than modifications/exceptions identified on Attachment 3 – Modification and Exception Form, in compliance with Section 2.4 Vendor Proposed Modifications and Exceptions to Requirements, Terms, and Conditions of this RFP, does offeror accept, and is offeror willing to comply with, the requirements of this RFP and attachments, including but not limited to those identified in Section 1.3 Resulting Contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is offeror in compliance with applicable equal employment regulations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does offeror affirm that it has not employed any company or person other than a bona fide employee working solely for the offeror, or a company regularly employed as its marketing agent, to solicit or secure the contract and that it has not paid or agreed to pay any company or person other than a bona fide employee working solely for the offeror, or a company regularly employed as its marketing agent, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award of the contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does offeror understand and agree that for breach or violation of the above term, the LSO has the right to annul the contract without liability or, in its discretion, to deduct from the offered price the amount of any such fee, commission, percentage, brokerage fee, gifts, or contingencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Requirement	Response
Firm(s) and/or staff responsible for writing the proposal	Names:
Does offeror affirm that it is not currently suspended, debarred, or otherwise excluded from federal or state procurement and non-procurement programs? Note: vendor information is available at https://sam.gov .	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does the offeror affirm that the proposal will be firm and binding for ninety (90) calendar days from the proposal opening date?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does offeror warrant that it does not knowingly and willfully employ persons who cannot legally work in this country; and that the offeror takes steps to verify that it does not hire persons who have entered our nation illegally or cannot legally work in the United States; and that any misrepresentation in this regard or any employment of persons who have entered our nation illegally or cannot legally work in the United States constitutes a material breach and will be cause for the imposition of monetary penalties up to five percent (5%) of the contract price, per violation, and/or termination of the contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Signed By: _____

Printed Name: _____

Date: _____

ATTACHMENT 5 – DETAILED COST PROPOSAL

2023-01 An Examination of Information Systems Controls of Luma

(ME) Attachment 5, Detailed Cost Proposal must be completed and submitted with your proposal. The offeror must provide a fully burdened rate which must include, but is not limited to, all operating and personnel expenses, such as: overhead, salaries, administrative, travel, profit, and supplies. The Detailed Cost Proposal is to be submitted in a separate envelope marked “Cost Proposal” with Attachment 6 – Offeror’s Total Cost Statement.

Proposed Hours/Rates by Job Class

List estimated hours and rate by class of employee. Provide cost information for any and all positions you anticipate using for the examination, as described in RFP Section 8 Organization and Staffing. (You may add as many positions as you need.)

Class	Estimated Hours	Percentage of Total	Hourly Billing Rate	Extended Price (Estimated Hours X Hourly Billing Rate)
Partners/Principals			\$ per hour	\$
Managers/Supervisors			\$ per hour	\$
In-Charge Seniors			\$ per hour	\$
Intermediates			\$ per hour	\$
Staff			\$ per hour	\$
Total Proposed Hours/Cost		100%		\$

Hours by Engagement Area

Provide estimated hours by major engagement area.

Description	Estimated Hours	Percent of Total Hours
Overall Planning		
Program Preparation		
Luma General Controls		
Luma Application Controls		
Supervision and Review		
Other		
Total Proposed Hours		100%

Company Name: _____

Name of Individual Submitting Bid: _____

Phone: _____ Fax: _____

E-mail: _____

ATTACHMENT 6 – OFFEROR’S TOTAL COST STATEMENT

2023-01 An Examination of Information Systems Controls of Luma

(ME) Attachment 6, Offeror’s Total Cost Statement must be completed and submitted with your proposal. On firm letterhead, submit a statement in this format, signed by a member authorized to bind the firm. This is to be submitted in a separate envelope and file marked “Cost Proposal”, with Attachment 5 – Detailed Cost Proposal.

Date

April Renfro
Legislative Auditor
PO Box 83720
Boise, ID 83720-0054

Dear Ms. Renfro:

We hereby propose to perform the examination of controls for Idaho’s Luma ERP system in relation to your audit of the financial statements of the State of Idaho and its Single Audit for the fiscal year ending June 30, 2024. We propose a maximum _____ professional hours and a maximum \$_____ in professional fees to complete this engagement.

FIRM
NAME
TITLE
PHONE

APPENDIX A – IDAHO TERMS AND CONDITIONS BACKGROUND AND LIMITATIONS

2023-01 An Examination of Information Systems Controls of Luma

Idaho Terms and Conditions – Background

As a public entity, the LSO is subject to statutes, rules, and policies that result in terms and conditions unlike those common in contracts between private parties. The LSO does not have authority to vary many of these terms and in some instances variations are void under Idaho law. See IDAPA 38.05.01.112.

Idaho is not unique. Many of the terms in the State of Idaho Standard Terms and Conditions are similar to terms offered by most federal, state, and local government agencies. Vendors who seek to work with government agencies should become familiar with these terms. The following information explains the legal and policy basis for the terms to help you evaluate the risks and benefits of working with public entities.

Termination – Costs of Re-procurement

The State of Idaho Standard Terms and Conditions provision concerning termination specifically identifies the costs of re-procurement as a damage arising from a breach of contract by a vendor. This damage is identified because of the public agency budgeting process and the competitive solicitation process required by Idaho's purchasing laws. The Idaho purchasing laws provide a preference for open, competitive procurements. These procurements come at a cost to the agency, which is generally included in the agency budget requested from the Idaho Legislature more than twelve months prior to incurring the expense. Unlike a private business, public agencies cannot independently pass through the costs of re-procurement to Idaho taxpayers, who are the customers of government. Instead, Idaho agencies must submit a request for the costs to the Idaho Legislature in a subsequent budget year, which is usually after the need arises to secure a replacement vendor due to a breached contract. As a matter of public policy, the contractor whose breach caused the damage of requiring re-procurement must pay those costs at the time of breach so that the public can receive the benefit of the contract made on its behalf through re-procurement of a new contract. This policy is reflected in the State of Idaho Standard Terms and Conditions provision concerning termination and the LSO does not generally vary this requirement.

Termination – Fiscal Necessity

Idaho Constitution Article VII, section 11 prohibits an expenditure in excess of a legislative appropriation. Idaho Code section 59-1015 prohibits state agencies from entering into contracts that create any expense or liability in excess of an appropriation. Idaho Code section 59-1016 provides that any such contract is void. IDAPA 38.05.01.112 contains the same provisions. An appropriation can be reduced under Idaho law through "give backs" and "hold backs" issued by the executive branch. When the LSO enters into a contract, it must contain the term allowing for termination for fiscal necessity to comply with these provisions. Variation of this term is not offered.

Anti-Discrimination/Equal Employment Opportunity

Many Idaho agencies receive federal funding that is subject to a requirement concerning a pass-through to vendors of the obligation to comply with federal civil rights and anti-discrimination laws. The pass-through obligation may extend beyond the specific federal funds to all agency contracts. Variation of this term is not offered to prevent a breach of the State of Idaho's obligations under its agreements with the United States.

Taxes

The State of Idaho Standard Terms and Conditions provision concerning taxes identifies that Idaho agencies are exempt from the payment of taxes and provides that the contractor is responsible for all taxes assessed against the contractor as a result of doing business with the State of Idaho. State agencies are not granted an appropriation to pay taxes due to the exemptions that apply to government agencies. As discussed under Termination – Fiscal Necessity, terms in excess of appropriation are void under Idaho law. Variation of this term is not offered.

Indemnification

Many vendors request that the State of Idaho offer an indemnification of the vendor. An indemnification is a promise to pay funds that have not been appropriated in the current budget year or that may be appropriated in a future budget year but has not yet been approved by the Idaho Legislature. Idaho Constitution Article VII, section 11 prohibits an expenditure in excess of a legislative appropriation. Idaho Code section 59-1015 prohibits state agencies from entering into contracts that create any expense or liability in excess of an appropriation. Idaho Code section 59-1016 provides that any such contract is void. IDAPA 38.05.01.112 contains the same provisions. Variation of this term is not offered.

In assessing the risk of doing business with the State of Idaho, vendors should consider the following: the State of Idaho has waived its sovereign immunity for torts as described in the Idaho Tort Claims Act, Idaho Code title 6, chapter 9. To the extent that the State or its employees have committed a tort, contractors have legal remedies available through that act. Tort liability is funded by the Idaho Legislature through an appropriation to the Retained Risk Program and appropriation issues do not arise in actions under the act. In addition, under existing Idaho court decisions, the State does not have sovereign immunity for contract claims arising from a properly entered contract. If the State is in breach of its contract obligations, contractors have the legal remedies available under any contract. Lastly, states are generally prohibited from the benefits of the federal bankruptcy laws. Unlike private companies, an indemnification clause is not required to preserve a remedy through the company's insurer should the company declare bankruptcy.

Public Records

All Idaho agencies are subject to the Idaho Public Records Act, Idaho Code title 74, chapter 1. State agencies cannot by contract vary the requirements of the act or agree to violate the act by withholding records properly subject to release under the act. The State of Idaho Standard Terms and Conditions provision concerning disclosure of public records has been drafted to allow contractors to designate records as exempt under the provision of the act if the contractor agrees to defend that designation and to indemnify the State of Idaho for any costs and penalties imposed under the act. Variation of this term is not offered.

Assignments

Idaho code section 67-9230 prohibits the transfer of a contract issued by the LSO without written approval by the Idaho Board of Examiners. At the option of the State, a contract transferred in violation of this provision can be annulled. Idaho Code section 67-1027 provides that the Idaho Controller shall not pay an assignee of a contract if the assignment has not been approved by the Idaho Board of Examiners. The State of Idaho Standard Terms and Conditions provision concerning assignment cannot be varied in a way that allows assignment without approval of the Idaho Board of Examiners.

Governing Law, Jurisdiction and Venue, Arbitration, Waiver of Jury Trial

As a sovereign state, the State of Idaho is not subject to the jurisdiction of the courts of its sister states. The Idaho legislature has not consented to the waiver of this limitation by state agencies. The 11th Amendment to the United States Constitution provides limitations on the jurisdiction of federal courts over claims against the State of Idaho. IDAPA 38.05.01.112, approved by the Idaho Legislature in 2015, provides that terms subjecting the State of Idaho to the jurisdiction of the courts of other states are void.

Agencies of the State of Idaho are subject to Idaho law and cannot vary the legal provisions governing the agency by contract. Based on this limitation, the LSO will not consent to the application of laws other than the laws of the State of Idaho to all of a contract without consulting legal counsel.

Idaho Code section 29-110 provides that any term of a contract subjecting a party to arbitration conducted outside the State of Idaho is void. IDAPA 38.05.01.112 requires agencies consult with the Office of the Attorney General prior to consenting to arbitration. At this time, the Office of the Attorney General does not generally advise agencies to consent to arbitration. The LSO will not consent to an arbitration provision without consulting legal counsel.

IDAPA 38.05.01.112 requires agencies consult with the Office of the Attorney General prior to consenting to waiver of the right to a jury trial. At this time, the Office of the Attorney General does not generally advise

agencies to consent to waiver of the right to a jury trial. The LSO will not consent to waiver of the right to a jury trial without consulting legal counsel.

Payment Terms

Idaho Code section 67-2302 establishes the general legal requirements for payments by Idaho agencies. Among other things, this section prohibits full payment on partial deliveries and establishes a statutory rate of interest and penalties on late payments. Idaho agencies cannot vary these terms by contract.

Limitations of Liability

As the LSO is a public entity representing Idahoans, requests to limit the liability of a contractor are considered matters of public policy. Limitations of liability are authorized only when it is appropriate for the taxpayers of Idaho to bear the risk of the contractor's breach or where the limitation is in excess of any reasonable contractor liability under the contract. In general, it is the policy of the LSO to expect contractors to secure insurance to provide for the reasonable risks of operating the contractor's business. As representatives of all Idahoans and as a matter of public policy, the LSO will not approve limitations of liability for death or personal injury or damage to real property.

Right of Rejection

Offerors must comply with all the terms of this RFP and all applicable local, state, and federal laws, codes, rules, and regulations. The LSO may reject any proposal that does not comply with all the material and substantial terms, conditions, and performance requirements of this RFP.

Offerors may not qualify the proposal or restrict the rights of the LSO. If an offeror does so, the RFP Lead may determine the proposal to be a nonresponsive counteroffer and the proposal may be rejected.

A proposal may be rejected if it contains a material alteration or erasure that is not initialed by the signer of the proposal.

The LSO may waive minor informalities that:

1. Do not affect responsiveness.
2. Are merely a matter of form or format.
3. Do not change the relative standing of other offers or otherwise prejudice other offers.
4. Do not change the meaning or scope of the RFP.
5. Are trivial, negligible, or immaterial in nature.
6. Do not reflect a material change in the work, services, or products requested.
7. Do not constitute a substantial reservation against a requirement or provision.

Furthermore, a proposal may be rejected in whole or in part when in the best interest of the LSO.

Null and Void

Proposals must comply with the Right of Rejection above. However, if the LSO fails to identify or detect in a proposal a term or condition that conflicts with those contained in this RFP or that diminishes the LSO's rights under any contract resulting from the RFP, the term(s) or condition(s) will be considered null and void. After award of contract:

1. If conflict arises between a term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail;
2. If there is a conflict between the RFP and the contract document, the contract document will govern; and
3. If the LSO's rights would be diminished as a result of application of a term or condition included in the proposal, the term or condition will be considered null and void.

Clarification of Offers

To determine if a proposal is reasonably suitable for award, communications by the LSO or the proposal evaluation committee (PEC) are permitted with an offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal. The purpose of these discussions will be to ensure full understanding of the requirements of the RFP and proposal. Discussions will be limited to specific sections of the RFP or proposal identified by the LSO. Discussions, if held, will be after initial evaluation of proposals by the LSO or the PEC. If modifications are made as a result of these discussions, they will be put in writing. Following discussions, the LSO may set a time for best and final proposal submissions from those offerors with whom discussion were held. Proposals may be reevaluated after receipt of best and final proposal submissions. Clarifications may not result in a material or substantive change to the RFP or the proposal.

Prohibition on Marketplace Competitor

Luma is supported by Infor's Enterprise Resource Planning (ERP) products, which are guarded by proprietary rights and confidentiality agreements between Infor and the State. Confidential information includes, but is not limited to, licensed software, technology, detailed infrastructure specifications, and trade secrets. As a result, responses to this solicitation will be reviewed to ensure that the offeror, or any subcontractor, is not a marketplace competitor of Infor. Existing proprietary rights and confidentiality agreements between Infor and the State would prevent an award from this solicitation to a marketplace competitor.

Evaluation of Proposals

An evaluation committee made up of at least three state employees or public officials will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in Section 5 Proposal Review, Evaluation, and Award of this RFP.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time will be established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

Contract Negotiation

After final evaluation, the LSO may negotiate with the offeror of the highest-ranked proposal. The option of whether to initiate contract negotiations rests solely with the LSO. Negotiations, if held, shall be within the scope of the RFP and limited to those items which would not have an effect on the ranking of proposals.

Failure to Negotiate

If the selected offeror:

- Fails to provide the information required to begin negotiations in a timely manner; or
- Fails to negotiate in good faith; or
- Indicates they cannot perform a contract within the budgeted funds available for the project; or
- After a good faith effort with the LSO, simply cannot come to terms,

the LSO may terminate negotiations with the offeror initially selected and commence negotiations with the next highest-ranked offeror.

Notice of Intent to Award – Offeror Notification of Selection

Upon selection of an apparent successful offeror, the LSO will issue a written Notice of Intent to Award and send copies to all offerors. The Notice of Intent will set out the names of all offerors and identify the proposal selected for award.

Contract Payment

Funds will be available in an appropriation to pay for the LSO's monetary obligations under the contract. No payment will be made until the billing is approved by the LSO project director. A payment is considered made on the date it is mailed or personally delivered to the contractor. The LSO is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

Contract Personnel

Any change of the project team members or subcontractors named in the proposal must be approved, in advance and in writing, by the LSO project director. Personnel changes that are not approved by the LSO may be grounds for the LSO to terminate the contract.

Inspection and Modification – Reimbursement for Unacceptable Deliverables

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the LSO project director. The LSO may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. The LSO project director may instruct the contractor to make corrections or modifications, if needed, to accomplish the contract's intent. The contractor will not unreasonably withhold such changes.

In addition to any other right of the LSO under the contract to terminate the contract, the LSO may terminate the contract for substantial failure of the contractor to perform the contract. In this event, the LSO may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

Termination of Contract

Upon delivery of written notice to the contractor, the contract may be terminated by the Legislative Auditor with or without cause. To terminate, the LSO project director shall provide notice by e-mail or delivery of a hard copy to the contractor, whichever method is selected in the sole discretion of the LSO project director. If the contract is so terminated and the termination is not based on a breach by the contractor, the LSO shall compensate the contractor for services provided under the terms of the contract up to the date the termination notice is delivered, as long as the contractor provides the LSO with a statement in writing containing a description of the services provided prior to contract termination and a copy of all documents, reports, materials, and other items required to be delivered to the LSO project director by this RFP.

Breach of Contract

In the case of a breach of contract, for whatever reason, by the contractor, the LSO may procure the services from other sources and hold the contractor responsible for damages resulting from the breach.

Contract Amendments

In addition to any other amendment the parties may be allowed to make under the contract, the terms of the contract entered into as a result of this RFP may be amended by mutual agreement of the parties.

Contract Changes – Unanticipated Amendments

During the course of the contract, the LSO may request the contractor to perform additional work. That work will be within the general scope of the initial contract and may not amount to a material amendment of the contract. When additional work is requested and the contractor agrees to perform the additional work, the LSO project director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule and price for accomplishing the additional work. Cost and pricing data must be provided to justify the cost of such amendments.

The contractor may not commence the additional work until the LSO project director has secured any required approvals necessary for the amendment and the LSO and the contractor have signed a written contract amendment.

APPENDIX B – SPECIAL TERMS AND CONDITIONS

2023-01 An Examination of Information Systems Controls of Luma

Cancellation of Solicitation

This RFP may be cancelled at any time.

Nondisclosure and Confidentiality

The contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified herein and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, the confidential information. “Reasonable care” means compliance by the contractor with all applicable federal and state law, including the Social Security Act and the Health Insurance Portability and Accountability Act (HIPAA). The contractor must promptly notify the LSO in writing if it becomes aware of any improper storage, disclosure, loss, unauthorized access to, or use of the confidential information.

Confidential information may be data, files, software, information, or materials (whether prepared by the state, the LSO, or their agents, advisors, or contractors) in oral, electronic, tangible, or intangible form (however stored, compiled, or memorialized) which has been provided by the State to the contractor or a contractor agent or otherwise made available to the contractor or a contractor agent in connection with the contract, or acquired, obtained, or learned by the contractor or a contractor agent in the performance of the contract. Examples of confidential information include, but are not limited to, personal information, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc.).

Additionally, all data, documents, reports, materials, and other items generated as a consequence of work done under the contract resulting from this RFP shall be held as confidential.

Independence/Conflict of Interest

The offeror must disclose, and if awarded a contract shall have a continuing duty to disclose, any financial, business, or other relationship of the offeror, subcontractor, or individual employees that may have an impact on the work performed.

In this disclosure, the offeror should include information regarding situations that might create an appearance of a lack of independence, regardless of whether the offeror believes that the situation creates an actual conflict of interest, and how the offeror intends to manage such situations. If the offeror believes that there may be an appearance of a conflict of interest or lack of independence based on any previous or ongoing work the offeror has performed, the offeror shall specifically address how it plans to address and manage that appearance, including, but not limited to, how appropriate safeguards would be applied by the offeror to guard against that appearance.

If the offeror believes that no conflict of interest or appearance of lack of independence as described above exists, then a statement to that effect must be made in the proposal.

The contractor shall keep itself free from any potential conflict of interest and maintain its independence, both in fact and appearance. Offerors must certify and represent that they shall not, at any time during the duration of the awarded contract and for one year prior, have an accounting, auditing, or any other relationship with any entity covered under the contract that may impair the independence of the contractor.

The LSO shall have the right to disqualify or terminate an offeror if the LSO believes that the best interests of the State require that the offeror be disqualified or terminated because the offeror has a conflict of interest or because a situation exists that creates the appearance of a lack of independence and also to disqualify any proposed personnel on that basis. The LSO's determination regarding any questions of conflict of interest shall be final.