

Contract – Release Copy –
GSA Contract No. GS-23F-8127H

ORDER FOR SUPPLIES OR SERVICES

PAGE OF PAGES

1 67

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

1. DATE OF ORDER 29/2009	2. CONTRACT NO. (if any) TPDFIGBPA100001	6. SHIP TO: a. NAME OF CONSIGNEE Indicated on call
JER NO.	4. REQUISITION/REFERENCE NO.	

5. ISSUING OFFICE (Address correspondence to) Bureau of the Public Debt Division of Procurement Avery 5T 200 Third Street Attn: b6 Parkersburg WV 26101	b. STREET ADDRESS
	c. CITY
	d. STATE
	e. ZIP CODE

7. TO: a. NAME OF CONTRACTOR KPMG L. L. P.	7. SHIP VIA
b. COMPANY NAME	8. TYPE OF ORDER

c. STREET ADDRESS 2001 M STREET NW	<input type="checkbox"/> a. PURCHASE REFERENCE YOUR:	<input type="checkbox"/> b. DELIVERY
d. CITY WASHINGTON	e. STATE DC	f. ZIP CODE 20036-3389
9. ACCOUNTING AND APPROPRIATION DATA Indicated on call		10. REQUISITIONING OFFICE

11. BUSINESS CLASSIFICATION (Check appropriate box(es))	12. F.O.B. POINT Destination
<input type="checkbox"/> a. SMALL	<input checked="" type="checkbox"/> b. OTHER THAN SMALL
<input type="checkbox"/> d. WOMEN-OWNED	<input type="checkbox"/> e. HUBZone*
<input type="checkbox"/> c. DISADVANTAGED	<input type="checkbox"/> f. EMERGING SMALL BUSINESS
<input type="checkbox"/> g. SERVICE-DISABLED VETERAN-OWNED	

13. PLACE OF a. INSPECTION Destination	b. ACCEPTANCE Destination	14. GOVERNMENT B/L NO.	15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date) Indicated on call	16. DISCOUNT TERMS b4
--	------------------------------	------------------------	---	--------------------------

17. SCHEDULE (See reverse for Rejections)

ITEM NO. (a)	SUPPLIES OR SERVICES (b)	QUANTITY ORDERED (c)	UNIT (d)	UNIT PRICE (e)	AMOUNT (f)	QUANTITY ACCEPTED (g)
	GSA Contract #: GS-23F-8127H Blanket Purchase Agreement (BPA) The Bureau of the Public Debt is awarding this Blanket Purchase Agreement (BPA) for the Chief Financial Officers (CFO) Audit Continued					

18. SHIPPING POINT	19. GROSS SHIPPING WEIGHT	20. INVOICE NO.	17(h) TOTAL (Cont. pages)
21. MAIL INVOICE TO: b. NAME Indicated on call			\$0.00
SEE BILLING INSTRUCTIONS ON REVERSE b. STREET ADDRESS (or P.O. Box)			17(i) GRAND TOTAL
c. CITY	d. STATE	e. ZIP CODE	\$0.00

UNITED STATES OF AMERICA BY (Signature) 	23. NAME (Typed) TAMMIE S. JOHNSON TITLE: CONTRACTING/ORDERING OFFICER
---	--

**ORDER FOR SUPPLIES OR SERVICES
SCHEDULE - CONTINUATION**

PAGE NO

2

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

DATE OF ORDER: 3/2009 CONTRACT NO.: TPDFIGBPA100001 ORDER NO.:

NO. (a)	SUPPLIES/SERVICES (b)	QUANTITY ORDERED (c)	UNIT (d)	UNIT PRICE (e)	AMOUNT (f)	QUANTITY ACCEPTED (g)
	<p>For the Department of Homeland Security, Office of Inspector General. This Blanket Purchase Agreement is entered into in accordance with GS-23F-8127H, under Schedule 520, Financial and Business Services (FABS), SIN 520-7 Financial and Performance Audits and all applicable regulations, terms and conditions as set forth herein.</p> <p>Award is subject to awardee maintaining their GSA Schedule. GSA Contract Number GS-23F-8127H expires 12/31/2012. The Government will confirm that the Contractor's GSA Contract end date has been extended before placing any BPA Calls after 12/31/2012.</p> <p>Contractor: KPMG LLP POC: Scot Janssen PH: b6 Fax: b6</p> <p>KPMG, LLP's hourly rates are hereby attached to this BPA in ATTACHMENT C.</p> <p>This BPA does not obligate any funds.</p> <p>The Contracting Officer's Technical Representatives (COTRs) are as follows:</p> <p>b6 (Primary) 202-254-b6</p> <p>b6 (Alternate) 202-254-b6</p> <p>b6 (Alternate) 202-254-b6</p> <p>The COTR's have been issued a letter: Continued ...</p>					

TOTAL CARRIED FORWARD TO 1ST PAGE (ITEM 17(H))

\$0.00

AUTHORIZED FOR LOCAL REPRODUCTION
PREVIOUS EDITION NOT USABLE

OPTIONAL FORM 348 (Rev. 2/2000)
Prescribed by GSA FPMR (48 CFR) 101-11.6

ORDER FOR SUPPLIES OR SERVICES
SCHEDULE - CONTINUATION

PAGE NO.

3

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

DATE OF ORDER: 29/2009 CONTRACT NO. TEDFIGBPA100001

ORDER NO.

NO. (a)	SUPPLIES/SERVICES (b)	QUANTITY ORDERED (c)	UNIT (d)	UNIT PRICE (e)	AMOUNT (f)	QUANTITY ACCEPTED (g)
	specifying their responsibilities for this order and the scope and limits of authority.					
	Period of Performance: 10/29/2009 to 10/28/2014					

TOTAL CARRIED FORWARD TO 1ST PAGE (ITEM 17(H))

\$0.00

AUTHORIZED FOR LOCAL REPRODUCTION:
PREVIOUS EDITION NOT USABLE

OPTIONAL FORM 34B (Rev. 4/2000)

Prescribed by GSA/FAR (48 CFR) 53.213(f)

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE OF PAGES	
2. AMENDMENT/MODIFICATION NO. 0001		3. EFFECTIVE DATE See Block 15C		4. REQUISITION/PURCHASE REQ. NO. N/A	
5. ISSUED BY Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Attn: b6 Parkersburg WV 26101		6. PROJECT NO. (if applicable)		7. ADMINISTERED BY (if other than item 5) Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Parkersburg WV 26101	
8. NAME AND ADDRESS OF CONTRACTOR (Firm, Street, County, State and ZIP Code) KPMG L.L.P. 2001 M STREET NW WASHINGTON DC 20036-3369		9A. AMENDMENT OF SOLICITATION NO.		9B. DATED (SEE ITEM 11)	
CODE 035207807 FACILITY CODE		10A. MODIFICATION OF CONTRACT/ORDER NO. TPDETGBRA100001		10B. DATED (SEE ITEM 13) 10/29/2009	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation, or as amended, by one of the following methods: (a) By completing items 8 and 10, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)
See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 14A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.102(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: 52.212-4 Contract Terms and Conditions - Commercial Items (c) Changes
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCP section headings, including applicable contract subject matter where feasible)
GSA Contract #: GS-23F-8127R
The purpose of this modification is to change the Security Clearance in Section I.4, Paragraph two, sentence two, to read: Contract auditors working at CBE, in addition to having a OISA Secret Clearance, must also have a high risk background investigation. (Clearance changes from Top Secret to just Secret) All other language in Section I.4 remains as is.

Discount terms: b4
Period of Performance: 10/29/2009 to 10/28/2014

Exempt as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remain unchanged and in full force and effect.

14A. NAME AND TITLE OF SIGNER (Type or print) Scott Hansen Partner		14B. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LISA R. BOSSETT	
15B. CONTRACTOR OFFICER Scott Hansen (Signature of person authorized to sign)		15C. DATE SIGNED 2-3-10	
15D. UNITED STATES OF AMERICA		15E. DATE SIGNED 2-5-2010 (Signature of Contracting Officer)	

Handwritten initials: LR5

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

2. AMENDMENT/MODIFICATION NO. 0002		3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. n/a	5. PROJECT NO. (if applicable)
6. ISSUED BY Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Attn: b6 Parkersburg WV 26101		CODE RED-b6	7. ADMINISTERED BY (if other than item 6) Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Parkersburg WV 26101	
8. NAME AND ADDRESS OF CONTRACTOR (Name, street, county, State and ZIP Code) KPMG L.L.P. 2001 M STREET NW WASHINGTON DC 20036-3388		9A. AMENDMENT OF SOLICITATION NO. (X)		
CODE 035207807		9B. DATED (SEE ITEM 11) 10/29/2009		
FACILITY CODE		9C. MODIFICATION OF CONTRACT/ORDER NO. TPDFICBPA100001		
		JOB, DATED (SEE ITEM 13) 10/29/2009		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of offers. is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACT/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority). THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: 52.212-4 Contract Terms and Conditions - Commercial Items (c) Changes
	D. OTHER (Specify type of modification and authority)

IMPORTANT: Contractor sign. is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by LCR section headings, including subject line/contract subject matter where feasible)
GSA Contract #: GS-23F-8127H

The purpose of this modification is to extend the period of performance to the deliverable schedule for the FY10 CFO Audit, Deliverable 1a. to March 17, 2010; 1b to March 31, 2010; 5 to April 30, 2010; 5a to May 10, 2010; and 5 to May 20, 2010.

The revised Performance Requirement Summary is incorporated.

Continued

Except as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remain unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) SCOT JANSSEN, Partner		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LISA R. COSETT	
15B. CONTRACTING OFFICER Scott Janssen (Signature of person authorized to sign)		16B. UNITED STATES OF AMERICA (Signature of Contracting Officer)	
15C. DATE SIGNED 3-2-10		16C. DATE SIGNED 3-2-2010	

NSN 7540-01-152-8070
Previous edition unusable

STANDARD FORM 30 (REV. 10-03)
Prescribed by GSA
FAR (48 CFR) 53.245

ERG

CONTINUATION SHEET

RFIDRIGBPA100001/0002

NAME OF OFFEROR OR CONTRACTOR:
ICFMG L.L.P.

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	<p>LIST OF CHANGES: Reason for Modification : Change Order Discount Terms: 04 Period of Performance: 10/29/2009 to 10/28/2014</p>				

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

2. AMENDMENT/MODIFICATION NO. 0003	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. n/a	5. PROJECT NO. (if applicable) 1 1
6. ISSUED BY Bureau of the Public Debt Division of Procurement Avery SF 200 Third Street Attn: [REDACTED] b6 Parkersburg WV 26101	CODE BPD-b6	7. ADMINISTERED BY (if other than item 6) Bureau of the Public Debt Division of Procurement Avery SF 200 Third Street Attn: [REDACTED] b6 Parkersburg WV 26106-5312	CODE BPD-b6
8. NAME AND ADDRESS OF CONTRACTOR (Name, street, county, state and ZIP Code) KPMC LLC 2001 M STREET NW WASHINGTON DC 20036-3389		9. (a) AMENDMENT OF SOLICITATION NO. (b) DATED (SEE ITEM 11)	
CODE 035207807 FACILITY CODE		10. MODIFICATION OF CONTRACT ORDER NO. EPDITGBPR100001 100. DATED (SEE ITEM 11) 10/29/2009	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of offers is extended. is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 9 and 10, and returning _____ copies of this amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACT ORDERS. IT MODIFIES THE CONTRACT ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation title, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(d).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: 52.212-4 Contract Terms and Conditions - Commercial Items (c) Changes
	D. OTHER (Specify type of modification and authority)

13. IMPORTANT: Contractor or not is required to sign this document and return _____ 1 _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Completed by UIC/Action results; including solicitation/contract subject matter where feasible)

GSA Contract #: GS-23F-8127H

The purpose of this modification is to incorporate 52.204-2 Security Clause Requirements.

Discount Terms: b4

Period of Performance: 10/29/2009 to 10/28/2014

Except as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remain unchanged and in full force and effect.

17A. NAME AND TITLE OF SIGNER (Type or print) Scott Hansen, Partner	17B. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LISA R. GOSSETT
17C. CONTRACTOR/OFFICER Scott Hansen (Signature of person authorized to sign)	17D. DATE SIGNED 4-22-10
17E. UNITED STATES OF AMERICA L. Gossett (Signature of Contracting Officer)	17F. DATE SIGNED 4-23-10

NSN 7540-01-182-4070
Previous edition unusable

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.240

LRG

AMENDMENT-OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE PAGE OF PAGES
 1 1

2. AMENDMENT/MODIFICATION NO. 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQ. NO. 5. PROJECT NO. (If applicable)
 0004 04/30/2010

SUBMITTED BY: CODE: BED b6 7. ADMINISTERED BY (If other than Item 6): CODE: BPD b6

Bureau of the Public Debt
 Division of Procurement
 Avery 5F
 200 Third Street
 Attn: b6
 Parkersburg WV 26101

Bureau of the Public Debt
 Division of Procurement
 Avery 5F
 200 Third Street
 Attn: b6
 Parkersburg WV 26101

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) 9A. AMENDMENT-OF SOLICITATION NO.

KEMG L.L.P.
 2001 M STREET NW
 WASHINGTON DC 20036-3389

(X) 9B. DATED (SEE ITEM 11):
 X 10A. MODIFICATION OF CONTRACT ORDER NO.
 PPDFIGBPA100001
 10B. DATED (SEE ITEM 13):
 10/29/2009

CODE 035207807 FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended.
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 16, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
 See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE
 A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A;
 X B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b);
 C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
 D. OTHER (Specify type of modification and authority).

IMPORTANT: Contractor is not; is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible):

GSA Contract #: GS-23F-8127H
 The purpose of this modification is to forward the revised DD254 to the contractor.
 LIST OF CHANGES:
 Reason for Modification : Other Administrative Action
 Discount Terms: b4
 Period of Performance: 10/29/2009 to 10/28/2014

Except as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.

16A. NAME AND TITLE OF SIGNER (Type or print) 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
 16B. CONTRACTOR/OFFEROR 16C. DATE SIGNED 16B. UNITED STATES OF AMERICA 16C. DATE SIGNED
 (Signature of person authorized to sign) (Signature of Contracting Officer)
 Bernadette A. Kern 4.30.10

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

2. AMENDMENT/MODIFICATION NO. 0005		3. EFFECTIVE DATE See Block 16C		4. REQUISITION/PURCHASE REQ. NO. n/a		5. PROJECT NO. (if applicable)	
6. ISSUED BY Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Attn: [b6] Parkersburg WV 26106-5312		CODE: BED b6		7. ADMINISTERED BY (If other than item 6) Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Attn: H. Allen Parkersburg WV 26101		CODE: BFD-b6	
8. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code) KPMG-L.L.P. 2001 M STREET NW WASHINGTON DC 20036-3389				9A. AMENDMENT OF SOLICITATION NO. (X)			
				9B. DATED (SEE ITEM 11)			
				9C. 10A. MODIFICATION OF CONTRACT ORDER NO. (DEFCTGBEA10000)			
				9D. 10B. DATED (SEE ITEM 11) 10/29/2009			
CODE: 035207.007		FACILITY CODE:					

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of offers is extended. is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in this solicitation or as amended, by one of the following methods: (a) By completing items 8 and 16, and returning _____ copies of this amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or teletype which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by teletype or letter, provided each teletype or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: 52.212-4 Contract Terms and Conditions - Commercial Items (c) Changes
	D. OTHER (Specify type of modification and authority)

IMPORTANT: Contractor is not. is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UOP section headings, including solicitation/contract subject matter where applicable)

GSA Contract #: GS-23E-0127H

The purpose of this modification is to:

- Incorporate a revised PWS dated 04/21/2010. PWS attached.
- Substitute Key Personnel (Section 1.15 of PWS) Resumes attached.

KPMG cover letter attached Proposing Changes.

Funding will be obligated/deobligated via individual calls to each component.

Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) SCOT JANSSEN Partner		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) BERNADETTE A. KORN	
15B. CONTRACTOR/OFFEROR Scot Janssen (Signature of person authorized to sign)		16B. UNITED STATES OF AMERICA Bernadette A. Korn (Signature of Contracting Officer)	
15C. DATE SIGNED 5-11-10		16C. DATE SIGNED 5-11-10	

NSN 7540-01-152-0070
Previous edition unusable

STANDARD FORM 30 (REV. 10-85)
Prescribed by GSA
FAR (48 CFR) 53.243

38

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE PAGE OF PAGES
 1 2

2. AMENDMENT/MODIFICATION NO. 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQ. NO. 5. PROJECT NO. (If applicable)
 0006 See Block 16C NA

6. ISSUED BY CODE BDD b6 7. ADMINISTERED BY (If other than Item 6) CODE BDD b6
 Bureau of the Public Debt Division of Procurement Avery 5F 200 Third Street Attn: b6
 Parkersburg WV 26101

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) 9A. AMENDMENT OF SOLICITATION NO. (X)
 KPMG L.L.P. 1676 INTERNATIONAL DRIVE MCLEAN VA 22102-4832
 9B. DATED (SEE ITEM 11)
 10A. MODIFICATION OF CONTRACT/ORDER NO. X TDFEIGBPAL00001
 10B. DATED (SEE ITEM 13) 10/29/2009
 CODE 035207807 FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS
 The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of this amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
 See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority). THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
X	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 48.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER (Specify type of modification and authority).

14. IMPORTANT: Contractor: is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
 GSA Contract #: GS-23F-8127H

The purpose of this modification is to document the following changes in administration of this order:

After award through September 30, 2010, any questions or issues related to this procurement will be handled by b6 Administrator who can be reached at 304-480-b6 or contractadministration@bpd.treas.gov. When sending an e-mail to the contract administration e-mail box, include the award number and administrator's name in the subject line of the e-mail.

Effective October 1, 2010, the Department Of Homeland Security, Office of Inspector Continued

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
 TAMMIE S. JOHNSON
 15B. CONTRACTOR/OFFEROR 15C. DATE SIGNED 16B. UNITED STATES OF AMERICA 16C. DATE SIGNED
 (Signature of person authorized to sign) (Signature of Contracting Officer) 9-29-2010

NAME OF OFFEROR OR CONTRACTOR
KPMG L.L.P.

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	<p>General, will be responsible for the administration for this procurement action. When submitting administrative request, use the following:</p> <p>Email: OIG.Acquisitions@dhs.gov Phone: 202-632-0241</p> <p>LIST OF CHANGES: Reason for Modification : Other Administrative Action Discount Terms: 04 Period of Performance: 10/29/2009 to 10/28/2014</p>				

ATTACHMENT A

U. S. DEPARTMENT OF HOMELAND SECURITY

OFFICE OF INSPECTOR GENERAL



Performance Work Statement for the Audit of the
Department of Homeland Security's Consolidated Balance Sheet, Statement of Custodial Activity, and
Other Related Audits for FY 2010 with four option years

As Of:
10/16/2009

DEPARTMENT OF HOMELAND SECURITY

**STATEMENT OF OBJECTIVES
TABLE OF CONTENTS**

Contents	Page	
PART 1	GENERAL INFORMATION	
1. Purpose	1	
2. Background	1	
3. Labor Categories	7	
4. Security Clearances	10	
5. Information Security and Confidentiality of Data	11	
6. Oversight and Project Management	13	
7. Workpapers	14	
8. Quality Assurance Review by the OIG	16	
9. Independence	16	
10. Quality Assurance/Personnel Qualifications	16	
11. Computer Software	17	
12. Technical Information System Requirements	17	
13. Elimination of Barriers in Information Technology	17	
14. Government Furnished Property	17	
15. Substitution of Key Contractor Personnel	18	
16. Subcontracting	18	
17. COTR	18	
18. Invoices and Payments	18	
19. Audit Site and Travel	19	
20. Period of Performance	19	
21. Standards	19	
22. Types of Audits	20	
23. Breakdown of Hours by Component	20	
PART 2	SCOPE AND OBJECTIVES	
1. Scope		
A. Audit of Consolidated Financial Statements	21	
B. Internal Control over Financial Reporting (ICOFR)	22	
2. Audit Objectives Integrated Financial Statements & ICOFR	23	
PART 3	DELIVERABLES	
1. Schedule - Integrated Financial Statement Audit & ICOFR	25	
2. Descriptions - Integrated Financial Statement Audit & ICOFR	35	
Appendix	Non-Disclosure Agreement	39
<hr/>		
Appendix	Independence Declaration Form	42
<hr/>		
Appendix	Policies and Procedures	43
<hr/>		
C		

PART 1 - GENERAL INFORMATION

1.1 Purpose

Although the Department of Homeland Security (DHS or Department) Office of Inspector General (OIG) is responsible for the DHS Integrated Financial Statement and Internal Control over Financial Reporting (ICOFR) audit (Integrated audit), the OIG has determined that a Contractor shall perform the audit as well as stand-alone audits at individual components. Note: The ICOFR portion of the Integrated audit will only be done in support of the consolidated audit at the consolidated level as well as at components having a stand-alone audit.

The purpose of this performance work statement is to acquire the services of an independent public accounting (IPA) firm to audit the financial statements of the DHS for the year ended September 30, 2010 with further audits through FY 2014. The Office of Management and Budget (OMB) require audit reports to be submitted as part of the Annual Financial Report (AFR). The Number and scope of audit by component may change throughout the BPA. The DHS Integrated audit will be completed on or before the deadline established by OMB.

Number and types of audits may vary and fluctuate throughout the course of the BPA and will be identified at each BPA call.

1.2 Background

DHS was established by the *Homeland Security Act of 2002 (HSA)*, Public Law 107-296 dated March 25, 2002, as an executive department of the United States government. DHS' mission is to lead the national effort to secure America. This mission includes the prevention and deterrence of terrorist attacks and protection against, and response to, threats and hazards to the nation. Additionally, DHS' mission is to ensure the safety and security of borders, welcome lawful immigrants and visitors, and promote the free-flow of commerce.

Implementation of the Post-Katrina Emergency Management Reform Act and Other Organizational Changes:

Transfers Mandated By the Post-Katrina Emergency Management Reform Act

On October 4, 2006, the President signed into law the Post-Katrina Emergency Management Reform Act (PKEMRA). The Act established new leadership positions within the Department, brought additional functions into the Federal Emergency Management Agency (FEMA), created and reallocated functions to other components within the Department, and amended the Homeland Security Act, in ways that directly and indirectly affect the organization and functions of various entities within DHS.

In addition, pursuant to the Secretary's Authority under Section 872, Reorganization Authority of the Homeland Security Act (HSA) of 2002 (The Reorganization Authority under the HSA) DHS has made certain other organizational changes outside of PKEMRA. All changes as a result of the PKEMRA and Reorganization Authority under the HSA were effective as of March 31, 2007, unless otherwise noted.

As a result of the PKEMRA:

- FEMA was expanded to include some programs from the Preparedness Directorate, including the Office of Grants and Training (G&T); the Radiological Emergency Preparedness Program (REPP); and the United States Fire Administration (USFA).
- A new Office of Emergency Communications (OEC) was established and reports directly to the Assistant Secretary for Cyber Security and Communication within the National Protection and Programs Directorate (NPPD).

Pursuant to the Reorganization Authority under the HSA:

- The Preparedness Directorate was renamed the National Protection and Programs Directorate (NPPD). The new NPPD includes the following offices: Office of Under Secretary, Office of Infrastructure Protection, Office of Risk Management and Analysis, Office of Cyber Security and Communications, Office of Intergovernmental Programs, and the US-VISIT program.

The Office of Health Affairs (OHA) was established and is comprised of the Office of the Chief Medical Officer and offices responsible for carrying out the department's biodefense responsibilities.

During FY 2007, DHS began reporting the Sport Fish Restoration and Boating Trust Fund (SFRBTF) in the applicable financial statements and footnotes based on the updated Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, requirements for the reporting of mixed funds (partially earmarked and partially non-earmarked). The SFRBTF is a Treasury managed trust fund. During FY 2006 and prior, the SFRBTF was reported by the Department of Interior.

Office of the Under Secretary

Office of Infrastructure Protection will identify risks, threats and vulnerabilities to critical infrastructure, and develop methods to mitigate them. The office will continue to help strengthen the first line of defense against attacks on our Nation's critical infrastructure and provide robust real-time monitoring and response to incidents of national significance.

Office of Cyber Security and Communications (CS&C) combines the Office of Cyber Security and Telecommunications and the Office of the Manager of the National Communications System with the new Office of Emergency Communications. CS&C will focus both on cybersecurity and on emergency and interoperable communications, identifying cyber vulnerabilities and threats, and helps protect against and respond to cyber-based attacks, including performing analysis on the potential consequences of a successful attack.

Office of Risk Management and Analysis, formerly within the Office of Infrastructure Protection, will directly report to the Under Secretary and will expand its focus from physical critical infrastructure to cybersecurity and other risk analysis arenas. This expanded mission will broaden the Office's efforts to address risk issues for the overall protection, prevention, and mitigation of homeland security risks.

Office of Intergovernmental Programs will provide the Department-level focal point for coordinating related communications and policies with departmental leadership, and ensuring consistent and coordinated component level interactions. This office will provide a clear pathway for communications with departmental leadership.

US-VISIT will maintain its current role, but will be administratively relocated to the National Protection and Programs Directorate (NPPD).

Office of Health Affairs

The Office of Health Affairs (OHA) will be led by the Chief Medical Officer, who will now have the title of Assistant Secretary for Health Affairs and Chief Medical Officer. The Office of Health Affairs will have three main divisions:

- Weapons of Mass Destruction (WMD) and Biodefense will be led by a Deputy Assistant Secretary and will lead the department's biodefense activities, including the BioShield and BioWatch programs (transferring to OHA from S&T) and the National Biosurveillance Integration System (transferring to OHA from Infrastructure Protection).
- Medical Readiness will oversee contingency planning, readiness of medical first responders, WMD incident management support, and medical preparedness grant coordination.
- Component Services will provide policy, standards, requirements and metrics for the department's occupational health and safety programs and provide protective and operational medical services within the department.

The following section provides general background on major organizational components of DHS:

Customs and Border Protection (CBP)

CBP consists primarily of legacy Customs, the border operations of the legacy Immigration and Naturalization Services (INS), and part of the Animal and Plant Health Inspection Service (APHIS). CBP is the single unified border agency of the United States and serves the American public, travelers, and the international trade community. Substantially all of the revenues collected by CBP are remitted to Treasury's General Fund. Operating and other costs are funded principally through congressional appropriations. CBP records its financial transactions through the Systems Applications and Products (SAP), which consists of a core financial system (that supports primary financial accounting and reporting processes and a number of additional subsystems for specific operational and administrative management functions) and interfaces with ancillary systems. The core system (general ledger, accounts receivable, disbursements/payable, purchasing, travel and budget execution accounts) was fully implemented in October 2004 and serves as the overall accounting system for all processes used by CBP. The subsystems send transactions through an interface to the basic system, and these transactions are automatically entered into the general ledger. Prior to October 2004, the Asset Information Management System (AIMS) was CBP's financial system.

Immigration and Customs Enforcement (ICE)

ICE consists primarily of legacy Customs and INS enforcement operations and the legacy Federal Protective Service (FPS). ICE has responsibility for programs dealing with the detention and removal of aliens, intelligence gathering, investigations, money laundering, and alien smuggling, among others. ICE is co-located with many Citizenship and Immigration Services (CIS) operations.

ICE's core financial reporting system of record is the Federal Financial Management System (FFMS), a commercial off-the-shelf financial reporting system that was fully implemented in FY 2003. FFMS is the official system of record and is built in Oracle BI Relational Database Management System. It includes the core system used by accountants, FFMS Desktop, which is used by average users, and a National Finance Center payroll interface. ICE owns and operates FFMS. Historically, ICE performed the financial reporting function for ICE, MGT, S&T and some preparedness functions using FFMS per the shared services agreement these agencies have with ICE. Currently, CIS is in process of moving or has moved the responsibility for accounting operations and financial reporting to CIS. As a result, CIS has added the number of controls over its processing of transactions at ICE. From an audit stand point, this means that there are two control environments at ICE that should be considered during planning and testing - ICE plus the shared service components and the ICE CIS environment respectively.

FFMS is physically located at the U.S. Department of Commerce (DOC) facility in Springfield, VA. Prior to the implementation of FFMS, ICE's primary financial system was the Financial Accounting and Control System (FACS). In FY 2005, FACS was still being utilized in a limited capacity. Specifically, transactions related to unliquidated obligations that were initially obligated prior to FY 2003 are recorded in FACS. At a summary level, the transactions recorded in FACS are recorded in FFMS.

Transportation Security Administration (TSA)

TSA was established on November 19, 2001, under the Aviation and Transportation Security Act. Its mission is to provide security for all modes of transportation to ensure freedom of movement for people and commerce.

TSA is supported by a combination of general funds and user fees. In FY 2005, TSA transitioned to Coast Guard's (CG's) financial system as its core accounting system (CAS), which provides accounts payable, accounts receivable, general ledger, and budgeting functionality. CAS is Oracle-based and is a commercial off-the-shelf software package.

Federal Emergency Management Agency (FEMA)

FEMA's mission is to prepare for, prevent, respond to, and recover from disasters. FEMA's primary balance sheet asset is the disaster relief fund (DRF), which funds disaster related programs, including disaster housing assistance, individual family grants, public assistance grants, and hazard mitigation grants. The level of activity in the fund can vary widely each year depending on the number and severity of disasters. FEMA has consolidated much of its DRF

accounting work at a disaster finance branch at its Bluemont, VA facility. Financial statement preparation and other overall accounting activities are performed at its Washington, D.C. headquarters.

National Preparedness will include existing FEMA programs and several legacy Preparedness Directorate programs. It will focus on policy, contingency planning, exercise coordination and evaluation, emergency management training and hazard mitigation with respect to the Chemical Stockpile Emergency Preparedness (CSEP) and Radiological Emergency Preparedness Program (REPP). National Preparedness will oversee two divisions: Readiness, Prevention and Planning (RPP), and the (NIC). RPP will be the central office within FEMA handling preparedness policy and planning functions. The National Integration Center will maintain the National Incident Management System (NIMS), the National Response Plan (NRP), and will coordinate activities with the U.S. Fire Administration.

The Office of Grant Programs The Training and Systems Support Divisions of the Office of Grants and Training is part of the National Integration Center (NIC). The Office of the Citizen Corps is part of RPP.

FEMA uses IFMIS, as its core financial system. The National Emergency Management Information System (NEMIS), which is used to initiate the disaster grant process, is the primary feeder system to IFMIS. Other systems that support financial management at FEMA are the National Flood Insurance Program/Actuarial Information System/Write Your Own (NFIP/AIS/WYO), Logistics Information Management System (LIMS), the Automated Acquisition Management System (AAMS), Fire Grants System to process Fire Assistance Grants. Additionally, a second instance of IFMIS (used previously by Office of Justice Programs and moved to FEMA) is used as the core financial system for the Office of Grants and Training. In FY 2009 FEMA plans moving FY 2009 appropriations to one instance of IFMS. Also, in FY 2009 FEMA started using a new system at NFIP called NextGen that consolidates insurance companies' financial information.

Coast Guard (CG)

The CG is one of five armed forces in the nation and plays a significant role in homeland security. Because of other missions, by law it retains its identity within DHS. CG has multiple missions related to maritime safety, mobility, and security, national defense, and the protection of natural resources. CG has never received a stand-alone financial statement audit.

The CG implemented Oracle Financials as its core financial system in FY 2004. In FY 2005, TSA transitioned to CG's financial system as its core accounting system (CAS), which provides accounts payable, accounts receivable, general ledger, and budgeting functionality. CAS is Oracle-based and is a commercial off-the-shelf software package.

Citizenship and Immigration Services (CIS)

CIS is responsible for the administration of immigration and naturalization functions. These functions include adjudications related to visa, immigration, and naturalization petitions and asylum and refugee applications. CIS has four service centers, a records center and many district offices.

CIS initiates accounting transactions and ICE, as the service provider, processes those transactions with CIS performing the financial reporting function in-house. As noted above, CIS is taking over more control over the accounting functions. However, it should be noted that neither ICE or CIS currently have reliable systems to readily determine deferred revenue.

Secret Service

The Secret Service has a dual mission of protection and investigation of financial crimes. By law, it retains its identity with DHS. Secret Service performs its own accounting functions. Secret Service implemented an Oracle Federal Financial System for its financial reporting in October 2004. Prior to October 2004, Secret Service was using Financial Management Accounting System (FMAS), which was a mainframe-based system.

Federal Law Enforcement Training Center (FLETC)

FLETC is the leader in career-long law enforcement training and prepares law enforcement professionals to fulfill their responsibilities safely and proficiently, ensuring that training is accomplished in the most cost-effective manner. FLETC serves as an interagency law enforcement training organization for 81 Federal agencies and provides services to state, local and international law enforcement agencies.

FLETC is headquartered on 1,500 acres at Glynco, Georgia (near the port city of Brunswick). FLETC also operates facilities in Artesia, New Mexico; Charleston, South Carolina; Cheltenham, Maryland; and the International Law Enforcement Academies (ILEA) at Gaborone, Botswana and supports training at other ILEAs in Hungary and Thailand.

Since its inception in 1970, the FLETC has invested heavily in renovation, expansion, acquisition, and new construction to meet the ever-increasing training needs of its federal agencies.

In August 2008, the FLETC implemented an upgrade to its Momentum financial system. The upgrade consisted of minor upgrades in the area of security.

DHS Accounting System

DHS continues to work towards the consolidation of its financial systems to a single approach that will address the needs of DHS' 22 components. DHS has made several attempts to develop and implement a new system but each attempt has been unsuccessful.

In early January 2009, DHS issued a new Request for Proposal inviting potential vendors to submit proposals that would use existing government or private sector approaches to consolidate DHS' financial systems.

DHS received 2.7 billion under the American Recovery and Reinvestment Act of 2009 (Recovery Act or Act). The Act requires DHS to meet transparency requirements including reporting separately on the funds in the financial statements. KPMG will incur additional hours to test compliance with Recovery Act requirements, and in the consolidated audit reporting phase to test proper segregation and reporting of Recovery Act funds in the Department's Annual Financial Report (AFR). OMB guidance indicates that Recovery Act funds will need to be segregated and separately disclosed in the AFR.

The DHS Recovery Act programs and related processes did not exit in February 2009, and therefore were not included in the OIG's PWS. As a result, KPMG will need to perform additional audit procedures over the Recovery Act funds that were not included in the scope the FY 2009 Integrated audit PWS.

The following DHS components received Recover Act funding:

Directorate for Management (MGT): MGT received \$200,000,000 for the construction of the DHS headquarters at the current St. Elizabeth's hospital site.

• Customs and Border Protection (CBP): CBP received a total of \$680,000,000 in Recovery Act funding. This funding is further divided into the following programs:

- \$100,000,000 for procurement and deployment of non-intrusive inspection systems; CBP expects to obligate approximately 38% of total funding in FY 2009.
- \$60,000,000 for procurement and deployment of tactical communications equipment and radios; CBP expects to complete site lease negotiations in FY 2009.
- \$100,000,000 for expedited development and deployment of border security technology on Southwest border (SBI-net); CBP expects to procure equipment for Nogales and Sonoyta Stations in FY 2009.
- \$420,000,000 to plan, manage, design, alter, and construct CBP-owned land border ports of entry; CBP expects to obligate approximately 50% of the total funding in FY 2009.

- Immigration and Customs Enforcement (ICE): ICE received \$20,000,000 for the procurement and deployment of tactical communications equipment and radios. Due to immateriality of the additional funding, to be split between 2009 and 2010, no additional audit procedures are considered necessary in 2009.
- Transportation Security Administration (TSA): TSA received \$1,000,000,000 to procure and install checked baggage and checkpoint explosives detection systems. The funding will be broken into approximately \$750,000,000 in OTAs and \$250,000,000 in property procurement. The OTA roll-out will begin towards the end of FY 2009; however, little is expected to be obligated during FY 2009 related to OTAs. Property procurement is expected to roll-out mid-year and delivery accepted in late FY 2009. Additional audit procedures are:
- United States Coast Guard (USCG): USCG received \$98,000,000 for shore facilities and aids to navigate facilities; priority procurements due to materials and labor cost increases; and costs to repair, renovate, assess, or improve vessels. USCG also received \$142,000,000 for the alteration or removal of obstructive bridges. Additional audit procedures are:
- Federal Emergency Management Agency (FEMA): FEMA received \$610,000,000 in funding for the following programs:
 - o \$150,000,000 for the Public Transportation Security Assistance and Railroad Security Assistance grant program: FEMA expects to obligate most of the funding in FY 2009, but disbursements will not be made until FY 2010.
 - o \$150,000,000 for Port Security Grants: FEMA expects to obligate most of the funding in FY 2009, but disbursements will not be made until FY 2010.
 - o \$210,000,000 for Firefighters Assistance Grants for modifying, upgrading, or constructing non-Federal fire stations: Awards are not planned to be made or obligated by FEMA until FY 2010.
 - o \$100,000,000 for the Disaster Assistance Direct Loan Program — Emergency Food and Shelter

The DHS CFO's Resource Management Transformation Office (RMTO) is leading the new financial systems consolidation process with input from DHS components. The Department hopes to award the financial systems consolidation contract in September 2009.

1.3. Labor Categories

This BPA shall be considered a firm-fixed price or time and materials with travel paid in accordance with Federal Travel Regulations (FTR). As the Contractor adds staff (at any level), or promotes staff, a resume of each individual must be submitted to the Contracting Officer's Technical Representative (COTR) for approval. Additionally, the staff must be paid at or above the labor category in order to charge the staff to that labor category. The following categories of labor will be applicable to all work contained in this solicitation. The requirement for continuing education and training in the past two years as required below relates to the two-year period prior to the release date of the call. Personnel in all labor categories below, except for (d) Staff Auditor, (j) IS/IT Staff Auditor, and (m) Junior Computer Consultant, are considered key personnel.

(a) Partner/Principal

The Partner/Principal is required to be a Certified Public Accountant (CPA) and licensed by the appropriate state licensing authority and be in good standing with the AICPA, State Board, etc. The minimum education requirements include: (a) a bachelor's degree in accounting or business, and (b) 80 hours of continuing professional education (CPE) in the past two years that meets the Government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to Government auditing, the Government environment, or the specific or unique environment in which the audited entity operates. The minimum experience requirements in this category include: (a) being a partner or principal in the Contractor's or subcontractor's organization, and (b) having a minimum of seven years general audit experience and three years Federal Government financial audit experience. The partner/principal is responsible for the work performed, i.e., overall project management and final report review.

(b) Audit Manager

The Audit Manager is required to be a CPA and licensed by the appropriate state licensing authority. The minimum education requirements include: (a) a bachelor's degree in accounting or business, and (b) 80 hours of CPE in the past two years that meets the Government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to Government auditing, the Government environment, or the specific or unique environment in which the audited entity operates. The minimum experience requirements include: (a) having a minimum of five years general audit experience; and (b) two years Federal Government financial audit experience at a supervisory level. The responsibilities in this category include: (1) reviewing audit documentation, financial statements and reports; (2) conducting discussions with clients about the results of the work performed; (3) directing senior and staff auditors; (4) reviewing and approving work plans and programs; (5) ensuring that assignments are carried out within the budgeted time and within delivery commitments; (6) reviewing audit documentation and financial statements and related reports for accuracy and completeness; and (7) following the progress of the engagement and helping resolve accounting, auditing, and reporting problems as they arise. The Audit Manager is regularly assigned to other audit engagements in a managerial capacity.

(c) Senior Auditor

The minimum education requirements include: (a) a bachelor's degree in accounting or business, and (b) 80 hours of CPE in the past two years that meets the Government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to government auditing, the Government environment, or the specific or unique environment in which the audited entity operates. The minimum experience requirements include: (a) being a senior in the Contractor's or subcontractor's organization, (b) having a minimum of two years general audit experience, and (c) one year of Federal Government financial audit experience. The responsibilities in this category include: (1) independently performing a major segment of an audit; (2) directing the work of staff auditors; (3) instructing them in the work to be performed; and (4) reviewing the work done and directing revisions, if necessary. The Senior Auditor makes decisions on all but the most unusual accounting, auditing, and reporting matters and is regularly assigned to other audit engagements in the capacity of senior auditor.

(d) Staff Auditor

The minimum education requirements include: (a) a bachelor's degree in accounting or business and (b) 80 hours of continuing education and training in the past two years that meets the Government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. The responsibilities in this category include performing specific audit steps under the supervision of a senior auditor. All activities of the staff auditor are supervised.

(e) Audit Specific Specialist(s)

The minimum experience requirements include: (a) having thorough knowledge and formal training in the required specific specialty, (b) a high level of experience in applying the specific specialty, and (c) recognized standing in the applicable field. The responsibilities in this category include providing auditors with professional expertise in such areas as health, safety, law, investigations, actuarial science, mining, engineering, appraising, mathematics, statistics, economics, writing, or other specialties that may be needed to plan, develop, and present technical assistance and training, expanded scope audits, economy and efficiency audits, program results audits, full scope audits, financial and compliance audits, indirect cost audits, and other types of audit services (e.g., audit coordination, audit orientation, pre-award surveys, pricing reviews, quality control reviews, evaluations, etc.) This category includes all specific specialties needed to complete assigned tasks that are not covered by the other labor categories in this contract. The use of each specific specialty is to be negotiated with the Contracting Officer within each task order.

(f) Statistician

This person must be a member in good standing of a recognized professional statistical association as well as have a minimum of six years of current, significant sampling experience in a Government audit or program evaluation environment. Demonstrated experience preferably includes the knowledge and ability to design samples that meet

GAO yellow book and the GAO/PCIE Financial Audit Manual (FAM) sampling requirements as well as applicable AICPA sampling auditing standards.

(g) Information Systems/Information Technology (IS/IT) skill classifications

The IS/IT audit or evaluation classifications include individuals with specialized IS/IT technical knowledge, skills, and abilities who may not be CPAs, but who have responsibilities and a level of experience similar to, and who function at a level comparable to partners, managers, senior auditors, or staff auditors. For the purposes of labor classifications, IS/IT auditors who perform routine general application control reviews as well as those who use computer assisted audit techniques are not considered in these classifications, but rather are considered in the accounting, auditing, and related skills classifications as described above.

(h) IS/IT Audit Partner (or equivalent title)

The minimum education requirements include: (a) a bachelor's degree or advanced degree(s) in an appropriate technical field, and (b) 80 hours of CPE in the past two years that meets the Government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to Government auditing, the Government environment, or the specific or unique environment in which the audited entity operates. The IS/IT audit partner must be a Certified Information Systems Auditor (CISA) or be a CPA with equivalent experience such as performing general control evaluations of large systems, network security reviews, and extensive review of applications, and must also be actively pursuing the CISA certification. At least ten years technical experience is required, including all of the following areas: 1) IS audit process; 2) IT governance; 3) systems and infrastructure lifecycle management; 4) IT service delivery and support; 5) protection of information assets; and 6) business continuity and disaster recovery. Employee does not necessarily have a proprietary interest in the firm. This person has final authority in the conduct of engagements and full responsibility for the work performed.

(i) IS/IT Audit Manager (or equivalent title)

The minimum education requirements include: (a) a bachelor's degree or advanced degree(s) in an appropriate technical field; and (b) 80 hours of CPE in the past two years that meets the Government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to Government auditing, the government environment, or the specific or unique environment in which the audited entity operates. The IS/IT audit manager must be a Certified Information Systems Auditor (CISA), a Certified Information System Security Professional (CISSP), or be a CPA with equivalent experience such as performing general control evaluations of large system, network security reviews, and extensive review of applications, and must also be actively pursuing the CISA certification. At least five years technical experience is required, including all of the following areas: 1) IS audit process; 2) IT governance; 3) systems and infrastructure lifecycle management; 4) IT service delivery and support; 5) protection of information assets; and 6) business continuity and disaster recovery.

The IS/IT manager is responsible for complex engagements, or the technical aspects of complex engagements, and may oversee two or more engagements simultaneously. He/she has demonstrated ability to assume full responsibility for directing engagements and special assignments. This individual reviews audit documentation and related reports for accuracy and completeness, and conducts discussions with clients about the results of the work performed; directs audit Seniors and Staff; reviews and approves work plans and programs; ensures that assignments are carried out within the budgeted time and within delivery commitments. The IS/IT manager follows the progress of the engagement and helps resolve technical issues as they arise and is regularly assigned to other engagements in a managerial technical capacity.

(j) IS/IT Audit Senior (or related title)

The minimum education requirements include: (a) a bachelor's degree in an appropriate technical field; and (b) 80 hours of CPE in the past two years that meets the government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. Also, required is at least two years of experience in IS/IT auditing. The IS/IT audit senior performs most assignments with a minimum of supervision; directs the work of staff auditors, instructing them in the work to be performed, reviews the work done;

and directs revisions, if necessary; and makes decisions on all but the most unusual matters. This person is regularly assigned to other engagements in the capacity of an IS/IT senior auditor.

(k) IS/IT Staff Auditor (or equivalent title)

The minimum education requirements include a bachelor's degree in an appropriate technical field and 80 hours of continuing education and training in the past two years that meets the government's CPE requirements, with at least 24 of the 80 hours of continuing education and training in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. There are no minimum experience requirements. This person performs specific procedures under the guidance of a senior auditor. All activities of the IS/IT staff auditor are supervised.

(l) IS/IT System Software Specialist

The IS/IT System Software Specialist must have at least five years of experience working with systems software in a variety of different environments, including reviews of or installation and implementation of systems software. Experience should include operating systems and access control software, and the ability to read assembler code and related macros as part of the systems software installation and maintenance function. Specialist should have the ability to evaluate installation and implementation of systems software for potential information security exposures.

(m) Senior Computer Consultant

The Senior Computer Consultant must have at least ten years of experience in computer consulting services, including such areas as system design, hardware and software evaluations, systems management, and systems implementation methods.

(n) Junior Computer Consultant

The Junior Computer Consultant must have at least five years of experience in computer consulting services, including such areas as systems design, hardware and software evaluations, systems management, and system implementation methods.

1.4 Security Clearances

All Contractor personnel must be U.S. citizens and at a minimum hold a DISA security clearance at the interim secret level except for IT staff. IT staff must hold a DISA top-secret clearance. There shall be no exceptions to this policy. Additionally, Contractor personnel performing work under this order shall be subject to security background investigations as prescribed by the OIG, DHS, or DHS components. In addition, the OIG requires all Contractor personnel assigned to the call to have a DHS suitability determination. The suitability determination takes approximately 30 days to complete once the DHS Security Office has received a complete package and there are no complications. The contractor employees and subcontractors are not allowed to conditionally work on this call support unless the employee has been granted an EOD (favorable suitability determination).

All contract auditors working at Secret Service must have DISA Top Secret clearances. Contract auditors working at CBP, in addition to having a DISA Top Secret clearance, must also have a high risk background investigation. This investigation is performed by CBP after the contractor personnel have received a favorable DHS suitability determination. All IT auditors must have a Top Secret clearance. However, IT auditors who work solely on the CBP audit must instead (1) comply with the security clearance requirements for all contractor personnel stated above, e.g., DISA clearance and DHS suitability determination, and (2) must comply with CBP security clearance requirements. In order to conduct the audit, the Contractor must be prepared to supply appropriately cleared staff to meet DHS or component requirements. The Contractor must also have a DISA Top Secret facility clearance.

All Contractor personnel will be pre-screened by the OIG Security Officer, and/or through other processes as designated by the COTR, for level of clearance before being allowed to work on this audit. If there are questions concerning the suitability of a contract employee during the pre-screening process or once the background investigation is completed, notification and an opportunity to respond will be provided to the contract employee. If denied a security clearance, the contractor (and/or the contractor employee), may appeal the decision for review by

the DHS Chief Security Officer. If the contract employee is found unsuitable, the DHS Chief Security Officer will notify the Contractor's Security Officer. The contract employee shall be removed promptly from his/her duties, and a replacement will be requested. In the absence of a written waiver by contract personnel, the provisions of the Privacy Act may preclude discussion of the details of background investigations(s) and/or the OIG action with the Contractor.

1.5 Information Security and Confidentiality

The Contractor shall comply with all laws, regulations, federal guidelines, and internal DHS/DHS component policies regarding the handling, storage, and safeguarding of DHS information, including DHS information stored on Contractor computers. The DHS OIG may require the contractors to have software used on Contractor computers to be certified and accredited in accordance with DHS guidance. The OIG will provide the Contractor (specifically the engagement Partner) with a written copy of the laws, regulations, federal guidelines, and internal DHS policies with which the Contractor is expected to comply. This information to be provided by the OIG to the Contractor is For Official Use Only (FOUO) and therefore the engagement Partner must have a security briefing prior to receiving the specific DHS security policies. The OIG is unable to provide individual DHS component policies; therefore, the contractor shall request and obtain such policies, if any, from the components at the beginning of the audit. If DHS' policy is stricter than a component's policy, DHS' policy shall be followed. If a component's policy is stricter, the component's policy shall be followed. The OIG and/or the Government Accountability Office (GAO) reserve the right to conduct onsite visits to review the Contractor's documentation and in-house procedures for protection of information.

The Contractor shall maintain the confidentiality of and protect all documents, data, and other information supplied to it by DHS. The type of information being handled will determine the confidentiality and protective requirements. DHS and its components are responsible for identifying and marking documents, data, and other information that require specific protective measures. The OIG is unable to vouch for the effectiveness of component information security procedures. Therefore, the contractor shall notify the components verbally and in writing at the beginning of the audit and periodically during the audit of their responsibility under DHS policy and this contract to identify and properly mark sensitive and classified information and to provide handling instructions for such information prior to its release to the Contractor. Such notification may be documented in entrance conference agendas and biweekly status reports.

If information is not designated as sensitive or classified, the Contractor will nonetheless take reasonable precautions to maintain the confidentiality of all documents, data, and other information supplied to it by DHS. The Contractor agrees to take appropriate and reasonable measures to restrict access to such information, prevent unauthorized disclosure, and share such information with only those Contractor employees needing such information to perform assigned work under this call.

The OIG will work with the OIG Security Office to provide the Contractor with specific minimum requirements for handling sensitive but unclassified (SBU) and classified information. The OIG also will work with the OIG Security Office to implement DHS Management Directive Number 11053, "Security Education, Training, and Awareness Program Directive," to require all new contractor and sub-contractor employees who are new to the engagement in FY 2010, to attend a Security Orientation Training Briefing within the first 30 days of assignment. This security briefing will follow the outline of the non-disclosure agreement to include the responsibilities of handling and safeguarding Protected Critical Infrastructure Information (PCI), Sensitive Security Information (SSI), Sensitive but Unclassified Information (SBU), and Classified Information. An annual refresher briefing will also likely be required for returning contractor and sub-contractor employees.

The Contractor acquires no possessory and no proprietary interests in information DHS provides. The Contractor agrees not to disclose any information concerning the work under this BPA to any outside parties, including any parties not associated directly with this audit, unless prior written approval is obtained from the Contracting Officer's Technical Representative (COTR), in coordination with the Contracting Officer.

Additional information on specific types of information follows:

Sensitive But Unclassified Information (SBU)

The Contractor shall adhere to DHS Management Directive 11042.1, "Safeguarding Sensitive But Unclassified Information," (this information will be provided to the engagement Partner upon receiving the security briefing). The

Contractor also agrees to take appropriate measures to restrict access to SBU information to only those Contractor employees needing such information to perform assigned work under a call; i.e., on a "need to know" basis.

DHS component policies may be more restrictive, and the Contractor shall adhere to those policies, as provided by the components. As discussed earlier, the Contractor shall request such policies at the beginning of the audit. Specifically, the Contractor shall request each component in which audit work is performed to provide the component's established policies and procedures for handling SBU information and information in general. In accordance with DHS policy and this contract, DHS is responsible for identifying any SBU information that is provided to the Contractor. As discussed earlier, the Contractor shall notify the components verbally and in writing at the beginning of the audit and periodically during the audit of their responsibility under DHS policy and this contract to identify and properly mark SBU information and to provide handling instructions for such information prior to its release to the Contractor. Such notification may be documented in entrance conference agendas and biweekly status reports.

If a component's policy is not to remove SBU information from certain locations, the Contractor shall ensure that such information is not removed, particularly inadvertently on a portable computer. If necessary, the Contractor may incur reasonable reimbursable expenses for the purchase of computers that are required to be dedicated or left on client premises due to security concerns, subject to written notification to and written approval from the OIG. At completion of the audit, ownership and control of the computers shall be returned to the OIG under arrangements specified by the OIG.

The Contractor must ensure that SBU information and documentation, including workpapers, are kept in a locked, secure place when not in use by Contractor staff, and must ensure that Government property is kept locked up after regular working hours. If an independence issue arises, such as lack of control over storage of workpapers, the Contractor shall notify the OIG immediately, who will assist in making arrangements to accommodate both the auditee and auditor.

According to DHS policy, SBU information must be encrypted for transmission over the internet, unless impractical. The OIG reserves the right to designate SBU information and to require encryption for all transmissions.

Classified Information

The Contractor shall adhere to DHS Management Directives regarding the handling of classified information. The OIG will provide the Contractor with written copies of these Directives. DHS component policies may be more restrictive, and the Contractor shall adhere to those policies, as provided by the components. As discussed earlier, the Contractor shall request such policies at the beginning of the audit.

Classified information in any form (e.g., paper, electronic), properly identified as such by DHS, shall never be removed from DHS premises, and any communication of a classified nature must be done over secured lines or in secure areas, as provided by DHS. If an independence issue arises, such as lack of control over storage of workpapers, the Contractor shall notify the OIG immediately, who will assist in making arrangements to secure the Contractor's workpapers. If the Contractor recognizes information as classified or of a classifiable nature but responsible parties at the department have not marked the information as such, the Contractor shall immediately secure the information and notify the OIG.

If necessary, the Contractor may incur reasonable reimbursable expenses for the purchase of computers that are required, to be dedicated or left on client premises due to security concerns, subject to written notification to and written approval from the OIG. At completion of the audit, ownership and control of the computers shall be returned to the OIG under arrangements specified by the OIG.

Access Issues

Cases will arise where only appropriately cleared OIG staff will be allowed to perform certain audit procedures, or DHS may require that these procedures be performed only with appropriately cleared OIG staff present. The OIG will notify the Contractor of these circumstances as OIG becomes aware of them and will work with the Contractor and DHS in such a way that the Contractor may continue the audit according to auditing standards. If the Contractor becomes aware of such situations, the Contractor shall notify the OIG immediately. If the Contractor must have

access to information that the Contractor knows or has been told is classified, the Contractor shall discuss this need first with the OIG.

During the FY 2008 audit, the OIG performed procedures at FEMA. Additionally, the OIG accompanied the Contractor during certain sensitive information technology (IT) testing. When necessary, the OIG has provided and will provide cleared staff, so that work can continue in an appropriate and acceptable manner. OIG workpapers and staff will be available to appropriately cleared Contractor personnel, in accordance with classified or other established security procedures, so that the Contractor can rely on work performed by the OIG.

Notification

The Contractor agrees to immediately notify the COTR in the event that he/she determines or has reason to suspect a breach of any of these requirements or restrictions or any improper handling of classified material, and to provide written notification as soon as possible. For knowingly disclosing information in violation of the Privacy Act, the Contractor and Contractor's employees may be subject to the criminal penalties as set in 5 U.S.C. Section 552(j)(1) to the same extent as employees of the department.

Confidentiality Agreements/Declaration of Independence

Each Contractor employee performing work under this order shall be required to submit a non-disclosure/confidentiality agreement (Appendix A) and a Declaration of Independence Form (Appendix B). Individual components or DHS policy may require other non-disclosure agreements.

1.6 Oversight and Project Management

OIG Project Monitors: The COTR will designate OIG project monitors to oversee performance of the audit and will assign these auditors to various parts of the audit depending upon the Contractor's approach and organizational structure.

Contact with DHS personnel: The Contractor shall notify the assigned project monitor, prior to making initial contact with DHS personnel, to start work on each call. The project monitor is to be kept abreast of the Contractor's activities and interaction with DHS personnel during the course of audit. The Contractor shall inform the project monitor of all meetings with DHS personnel. The project monitor will attend those meetings at his/her discretion.

Staff schedule: On a monthly basis the Contractor shall provide a schedule of staff, and their component assignments to the project monitor to assist him/her in monitoring work performed under this contract. If schedules change significantly, the Contractor shall provide the project monitors with updated schedules.

Briefings, status reports, and minutes: Briefings shall be held with the OIG and others designated by the COTR with status reports prepared for each organizational segment of the audit, such as for significant components. The OIG will designate the segments and frequency of briefings, status reports, and minutes, based on the organization of the audit. These briefings and status reports shall describe audit progress, results to date, and near-term planned activities; provide updated timetables; and identify matters that may impact the timing or outcome of future work or the audit opinions and related reports. The timing of the briefings, status reports, and minutes will be based on need, but shall be held at least bi-weekly during fieldwork. At the discretion of the COTR or responsible project monitor, the briefings may be increased to weekly, if audit activity during a period of time becomes significant, or may be held with smaller groups, such as IT management, to facilitate better communication. Status reports shall be provided to the OIG at least one day before the briefings. Contents of status reports are described in the deliverables section 3.1. Minutes should document significant discussions, decisions, and commitments made by management and the Contractor and shall be included in the Contractor's workpapers.

The Contractor shall notify the COTR immediately in writing if they become aware of issues that could jeopardize the successful completion of this audit, such as circumstances that could lead to a qualified opinion or disclaimer of opinion.

Special IT audit requirements: The COTR or appropriate project monitor in coordination with DHS will require the Contractor to hold individual entrance and exit conferences with IT management at each of the relevant components.

The COTR will require the Contractor to hold monthly status meetings with a representative from the DHS Office of the Chief Information Officer (OCIO). The COTR will also require the Contractor IT Management (Partner/Principal) to be on site at the components at least 10 combined hours per month at any DHS component or combination of components and IT Senior Managers/Managers (lead component manager) shall be on site per component for at 30 hours per month for the following components: CBP/ICE/CIS, FEMA, FLETC, USCG/TSA. For those locations with multiple sites the aggregate of the engagement hours shall be considered. The objective is to ensure maximum communication and minimum misunderstandings in this sensitive area.

1.7 Workpapers

General Requirements

The Contractor shall develop complete and accurate workpapers that document all work performed, support conclusions reached, and are consistent with GAO/President's Council on Integrity and Efficiency (PCIE) Financial Audit Manual (FAM) guidance, government auditing standards (GAGAS), and American Institute of Certified Public Accountants (AICPA) standards. Workpapers shall show clearly the:

- Objectives, scope and methodology used
- Procedures performed
- Source of information
- Supervisory review of work performed
- Condition, cause, effect, criteria, and recommendations for all findings.

Workpapers shall contain sufficient information to enable an experienced auditor having no previous connection to the assignment to identify the support for the narrative, findings, and conclusions of reports and workpapers. Audit procedures, Notices of Findings and Recommendations (NFRs)¹, and audit reports shall be indexed to the workpapers, and vice versa.

The OIG, GAO, and other Government representatives, only as authorized by the COTR, shall have access to the Contractor's workpapers on an ongoing basis to facilitate (1) an understanding of the audit, its progress and quality, and its results, and (2) timely issuance of reports. No other individual or entity may have access to the Contractor's workpapers without the express, written permission of the COTR. The OIG will sign a release agreement with the Contractor, as mutually and separately agreed to by the parties, as the OIG has in the past, and will require GAO and other Government representatives to do the same, if directed to do so by Contractor. If Contractor's workpapers, including copies of Contractor's workpapers in the OIG's possession, contain information obtained through the call that would assist the OIG or OIG Contractors in other audits, the OIG will notify the Contractor, and the Contractor shall allow the OIG or the OIG's Contractor access to Contractor's workpapers, subject to the conditions of the release agreement, which the requesting parties must sign, if Contractor so directs.

At the request of the COTR or his/her representative, the Contractor shall provide, within three working days of the request, a copy of any workpapers, (paper or electronic format), including relevant supporting documentation, if any, created or obtained during the audit. All the Contractor's workpapers must be available for review in a format specified by the OIG. The OIG may require the Contractor to perform corrective or additional work within the assignment scope based upon their review of the workpapers. The OIG anticipates that most of their needs for workpaper access will be satisfied by the delivery schedule provided in Part 3.

¹Please see end of this section for an explanation of NFRs.

The Contractor shall maintain workpapers for a period of at least six years, or according to law and regulation, whichever is longer, after all recommendations have been resolved and closed by the OIG. Typically, the OIG will close open audit findings if they are rolled forward into the current year's audit report. If an audit report's findings are appealed either administratively or to a Federal court, workpapers must be retained for three years after all appeals have been filed and a final decision has been issued. The Contractor shall comply with its internal firm policy with respect to document retention and destruction of workpapers. If the Contractor's firm policy is inconsistent with the parameters described in this paragraph, the Contractor shall consult with the OIG on the appropriate course of action.

It is imperative that the Contractor protects all workpapers from unauthorized access and/or disclosure. Only the COTR, designees of the COTR, and Contractor staff assigned to the call shall have access to audit workpapers. No work performed under this order may be released to any individual, entity or outside parties, including any parties not associated directly with this audit, without the express permission of the COTR. The Contractor shall follow the directions of the OIG and DHS/DHS component pertaining to any sensitive or classified documentation, to include storage of such documentation solely by the OIG.

At the conclusion of the audit, the Contractor shall complete the following financial statement checklists:

- GAO/PCIE FAM Volume II, Section 1003, "Financial Statement Audit Completion Checklist", and
- GAO/PCIE FAM Volume II, Section 1004 "Financial Report: Checklist for Reports Prepared Under the CFO Act".
- Any other checklists relating to financial statement audits of federal entities required or recommended by oversight agencies.

The Contractor shall include a workpaper reference for each question on the checklist. If the Contractor answers either "No" or "Not Applicable", the Contractor must provide a justification/explanation.

NFR Process

It is important to notify the OIG and auditee of potential audit findings as they arise. During the course of the audit, the Contractor shall use Notice of Findings and Recommendations (NFR) to describe potential audit findings and request management's written agreement or disagreement. NFRs shall be in writing and contain all the elements of a finding: condition, criteria, cause, effect, and recommendations. NFRs should be well written and clearly communicate the problems that management must correct. The facts identified in the NFR will be vetted with management prior to the OIG review.

The OIG will review and approve all NFRs before issuance to an auditee for management's comment. A process control record is to be maintained by the Contractor over all NFRs issued and shall describe their disposition. Additionally, all working papers must be completed (including supervisory review) prior to the OIG's review and approval. For all NFRs developed and prepared at remote locations (i.e., Glynnco, Georgia and the USCG Finance Center in Chesapeake, Virginia) the workpapers need to be prepared electronically or scanned into a file and forwarded to the OIG for timely review. It is expected that material weaknesses or significant deficiencies presented in the audit report shall be supported by previously issued NFRs, unless weaknesses become apparent too late in the audit process for an NFR to be issued.

Additionally, the OIG tracks open recommendations. As a result, it is important when the Contractor identifies that a prior year NFR was not closed to use the same NFR number is used in the current year as well as using the same wording in the recommendations, where applicable.

Special IT audit requirements: The OIG will require all IT NFRs to be reviewed in draft format by the DHS OCIO before issuance. The DHS OCIO will provide comments, if any, within three business days. The Contractor may formally issue IT NFRs on the fourth business day. In addition, all IT NFRs must be presented to component IT and CFO personnel for signature.

Electronic Workpapers

The Contractor may choose to maintain workpapers in an electronic format. If stored electronically, the Contractor must provide access to those workpapers in similar fashion to traditional work papers. The Contractor will be required

to maintain electronic versions of any workpapers developed and prepared at remote locations to support NFRs. These electronic workpapers must be forwarded to the OIG for a timely review. The Contractor shall provide the OIG with adequate means to review electronic workpapers, including any necessary software or equipment. The Contractor shall provide training to the COTR and his/her representatives, in using the software to access the workpapers and, as requested, shall make paper copies of workpapers from electronic data. Please see also section 1.5, *Information Security and Confidentiality*, section 1.11, *Computer Software*, and section 1.12, *Technical Information System Requirements*.

1.8 Quality Assurance Review by the OIG

The OIG will review Contractor workpapers in accordance with applicable standards and guidance, including the General Accounting Office (GAO)/Council of Inspectors General on Integrity and Efficiency (CIGIE) formally President's Council on Integrity and Efficiency (PCIE) FAM 650 guidance, CIGIE/PCIE peer review guidance, and CIGIE/FAM checklists. The OIG will perform its review throughout the audit and according to the deliverable schedule in Part 3. If the OIG Quality Assurance Review discloses any case of sub-standard or unacceptable work product, the Contractor shall be required to perform corrective action or additional work within the work order's scope at the Contractor's expense.

1.9 Independence

During the period of this BPA, the Contractor shall adhere to the independence standards as issued by the GAO and the AICPA.

As part of the Contractor's proposal, in a separate statement, shall represent that it is independent with respect to the DHS/DHS components. In this separate statement, the Contractor shall briefly describe all work and known future work, including non-audit services, with DHS/DHS components in the past two (2) years. In addition, this statement shall be made annually as part of the proposal.

Throughout the audit, the Contractor shall immediately inform the COTR via e-mail if the Contractor is considering to propose, or has already proposed, on any contracts involving DHS/DHS components. The Contractor, in a separate statement, shall represent that it will remain independent with respect to DHS/DHS components. The COTR will then evaluate whether award of these contracts could impair the Contractor's independence with respect to the call. The Contractor shall notify the COTR of the type of contract services to be provided; the periods covered; and provide a copy of the applicable statement of work describing the requirements.

If the COTR believes that an independence impairment exists, the COTR will notify the CO, who will make the final determination as to whether the new order would impair independence. If the CO determines that an independence impairment exists, the Contractor shall either defer the work or cease performing work under this order.

The Contractor shall immediately inform the COTR via email of any potential or actual conflict of interest that the engagement team performing work under the call becomes aware of. The CO will determine what actions by the Contractor will be necessary to protect the Government's interest.

1.10 Quality Assurance/Personnel Qualifications

The Contractor shall address their internal quality control system to consider such items as documentation review procedures, and continuing professional educational requirements. In addition to completing Appendix C, any other internal quality control policies and procedures should be submitted as an attachment or referenced to an appropriate URL. Additionally, the Contractor must submit their latest peer review report, related letter of comment or FFC forms, and the Contractor's response to those comments or forms.

Contractor staff shall be qualified to perform financial statement audits, including the evaluation of information systems that support financial reporting. Qualified specialists shall be available to assist with the audit as needed, such as specialists in information technology, statistics, and actuarial estimates. Resumes describing the qualifications of the Contractor's key staff (i.e., partners, managers, and senior auditors) and specialists shall be submitted as part of the bid package and on an ongoing basis as new personnel are assigned to this audit. Sufficient information shall be provided to justify the billing rates of staff and their assignments, such as relevant experience,

current OPE profile and educational and professional certifications. Substituted staff shall have similar or better qualifications as those whom they replace. Please see section 1.15, *Substitution of Key Contractor Personnel*, for additional information.

1.11 Computer Software

Reports and workpapers are to be prepared using software compatible with OIG software, which currently is Microsoft Windows Office Suite of products (e.g. Word, Excel). In addition, the OIG will require any software tools used by the Contractor for processing of DHS information to be certified and accredited.

1.12 Technical Information System Requirements

The Contractor agrees to take appropriate precautions to ensure that all electronic files and media used to store or transmit data to the DHS and the OIG are free of computer viruses.

The Contractor shall work with the relevant component/organization and the DHS CIO to obtain telecommunication or system links when needed, in accordance with component and DHS policy. If difficulties arise, the OIG shall be notified immediately to help negotiate solutions. However, the OIG will not seek exceptions to established DHS or component information technology (IT) security policies unless those policies are unreasonable or appear to be obstructing completion of the audit according to audit standards. The Contractor and assigned staff shall meet all DHS/DHS component requirements for system access. DHS/DHS components may require Contractor staff to sign rules of behavior before they are granted any access.

Under no circumstances shall the Contractor attempt to connect to or enter any DHS or component network or system without DHS' or the relevant component's expressed written approval. Such approval shall be documented and provided to the project monitor if requested.

Please see also section 1.5, *Information Security and Confidentiality* and section 2.2, *Objectives*, for further information on the handling of data and penetration testing.

1.13 Elimination of Barriers in Information Technology

In 1998 Congress amended the Rehabilitation Act to require Federal agencies to make their electronic and information technology accessible to people with disabilities. Inaccessible technology interferes with an individual's ability to obtain and use information quickly and easily. Section 508 was enacted to eliminate barriers in information technology, to make available new opportunities for people with disabilities, and to encourage development of technologies that will help achieve these goals. Accordingly, Section 508 is to be complied with when applicable.

1.14 Government Furnished Property

Government furnished property will be provided in DHS offices as applicable and shall be limited to work areas, desks, chairs, and phones. The Contractor shall communicate space needs to the relevant components and the appropriate project monitors. Typically the components will coordinate access to space, but if Contractor needs are not being met timely by the components, the Contractor shall immediately notify the OIG, which will assist in negotiating space with the components.

The Contractor shall provide all other equipment and supplies. Please see section 1.12, *Technical Information System Requirements*, for communication links.

1.15 Substitution of Key Contractor Personnel

During the first 180 calendar days of performance, the contractor shall make no substitutions of key personnel unless the substitution is necessitated by illness, death, or termination of employment. The contractor shall notify the COTR within 5 calendar days after the occurrence of any of these events. After the initial 180 calendar days, the Contractor

shall submit a written request to the COTR at least 30 calendar days prior to a substitution of personnel assigned to the call. The Contractor shall include the circumstances necessitating the proposed replacement of the key personnel and shall provide the name and resume of the proposed replacement. It can be assumed that the COTR would approve any personnel replacement that possesses equal or better experience and education of the person being replaced. Note replacement personnel must meet all the security requirements and deemed suitable by DHS before the personnel being replaced can roll off the audit. The suitability process generally takes at least 30 days once a complete package is submitted to the DHS. The CO will resolve disputes regarding the substitution of key personnel.

1.16 Subcontracting

If the Contractor uses a subcontractor for this project, the Contractor shall provide the Contracting Officer (CO) and COTR the following information prior to the subcontractor starting work: name of subcontractor, qualifications of the subcontractor and key personnel, independence declarations, subcontractor's external peer review report, if available, description of work the subcontractor is to perform, and estimated cost. The COTR shall approve the subcontractor prior to the subcontractor starting work under the resulting task orders. The CO will resolve disputes regarding the use of subcontractors.

The subcontractor shall meet the same requirements as the Contractor in terms of security clearances, confidentiality of information, quality of work, independence, IT security, and other similarly applicable sections of this solicitation.

If a designated subcontractor will change during the term of this BPA or resulting task order(s), the Contractor shall notify the CO and the COTR in writing as soon as reasonably possible and at least 30 days prior to making any proposed substitution of the subcontractor. The notification shall include a detailed explanation of the circumstances necessitating the proposed substitution, complete resumes for the proposed subcontractor personnel/substitutes, and any other information requested by the COTR, related to scope of the work to be performed, qualifications and/or supervision of subcontractor personnel. Proposed substitutes should have comparable or better qualifications to those of the subcontractor being replaced.

Payments under Time-and-Materials calls will be in accordance with FAR 52.232-7 (FEB 2007).

The Principal auditor will provide the COTR with its assessment of the subcontractor using Appendix C, provide the most recent peer review results, and validation of the subcontractor's independence.

1.17 COTR

The CO designates the COTR and any alternate COTR(s). Alternate COTR(s) can act for the primary COTR in this document whenever the primary COTR is unavailable. The responsibilities of the COTR(s) include administering orders and monitoring performance. The COTR, designees, or project monitors are not authorized to direct any action that results in a change in the scope, price, terms or conditions of this contract. The COTR will accomplish his/her administrative and oversight responsibilities through the use of alternate COTR(s) and project monitors.

1.18 Invoices and Payments

Reference #8 and #10 of the BPA Terms and Conditions,

In addition, contractor will track all costs related to the procedures performed over the Recovery Act and invoice for those procedures on a fixed price basis separately from other audit costs.

1.19 Audit Site and Travel

The audit work will be performed at various DHS sites throughout the United States. The Contractor(s) shall be required to provide the OIG with a list of travel locations at least 10 days in advance of the intended travel date. The contractor shall submit in the written request the purpose of the trip, names of the personnel traveling, timeframe for travel and breakdown of the estimated costs for the travel to the COTR for review and approval.

All travel requires the preapproval of the COTR before the Contractor is authorized to travel. Additionally the OIG will travel with the Contractor(s) to various site visit locations. OIG personnel authorized to approve travel will be provided to Contractor once award is made.

Additional details on travel are referenced in #8 of the Terms and Conditions.

1.20 Period of Performance

This BPA is effective upon signature of the CO and will expire 5 years from date of agreement. The agreement may be terminated unilaterally at any time by either party and may be rewritten or revised at the option of the CO. Revision shall be accomplished by modification to the BPA. Obligation is only incurred when a call is placed for a specific service and amount.

1.21 Standards

The audits must be performed in accordance with the following standards and guidance, including any subsequent issuances or revisions:

- *Government Auditing Standards*, also known as generally accepted government auditing standards (GAGAS) or the yellow book, issued by the Comptroller General of the United States;
- Generally accepted auditing standards (GAAS), as established by the American Institute of Certified Public Accountants (AICPA) and promulgated in its *Statements on Auditing Standards (SAS)*;
- *Financial Audit Manual (FAM)*, issued by GAO and the President's Council on Integrity and Efficiency (PCIE);
- GAO's *Federal Information System Controls Audit Manual (FISCAM)*;
- GAO's *Standards for Internal Control in the Federal Government* (green book);
- OMB Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, and other related amendments and memoranda issued by OMB;
- OMB M-08-24, *Technical Amendments to OMB Bulletin No. 07-04, Audit Requirements for Federal Financial Statements*;
- OMB Circular A-136, *Financial Reporting Requirements*; and
- Department of Treasury's *Treasury Financial Manual*, including Agreed-Upon Procedures and closing package requirements.
- Statement of Standards for Attestation Engagements No. 15, *An Examination of an Entity's Internal Control over Financial Reporting that is Integrated with an Audit of Its Financial Statements*

The contractor shall identify any standards that it will follow that are beyond the requirements of GAGAS, when the cost to DHS of following such standards are more than incidental, or following such standards could be a significant detriment to completing the DHS audits.

Laws pertinent to the preparation and audit of DHS' financial statements include, but are not limited to:

- The Chief Financial Officers (CFO) Act of 1990;
- DHS Financial Accountability Act of 2004
- Reports Consolidation Act of 2000;
- Federal Financial Management Improvement Act (FFMIA) of 1996;
- Federal Manager's Financial Integrity Act (FMFIA) of 1982;
- The Government Performance and Results Act (GPRA) of 1993.

The hierarchy of accounting principles and standards are outlined in OMB Circular A-136, *Financial Reporting Requirements*, as follows:

- a. Federal Accounting Standards Advisory Board (FASAB) Statements and Interpretations plus AICPA and Financial Accounting Standards Board (FASB) pronouncements if made applicable to Federal Governmental entities by a FASAB Statement or Interpretation;

- b. FASAB Technical Bulletins and the following pronouncements if specifically made applicable to Federal Governmental entities by the AICPA and cleared by the FASAB; AICPA Industry Audit and Accounting Guides and AICPA Statements of Position;
- c. AICPA Accounting Standards Executive Committee (ACSEC) Practice Bulletins if specifically made applicable to Federal Governmental entities and cleared by the FASAB and Technical Releases of the Accounting and Auditing Policy Committee of the FASAB; and,
- d. Implementation guides published by the FASAB staff and practices that are widely recognized and prevalent in the Federal Government.

1.22 Types of Audits

Integrated DHS Consolidated Financial Statement and Internal Control over Financial Reporting (ICOFR)

- Integrated DHS Consolidated balance sheet and Statement of Custodial Activities and ICOFR
- DHS Consolidated full-scope (all statements) and ICOFR

Note: the ICOFR portion of the Integrated Audit mirrors scope of Financial Statement portion of the audit

Stand-Alone Component Financial Statement Audit

- Stand-alone component balance sheet (stand-alone at component materiality)
- Stand-alone component full-scope (all statements)
- Stand-alone combined civilian components balance sheet
- Stand-alone combined civilian components full-scope (all statements)

1.23 Breakdown of Hours by Component:

Component	2007 Hours	2008 Hours (includes cost to complete estimates)
Consolidated	10,664	10,440
CBP	14,638	14,165
FLETC	5,667	5,936
OIG	Included in Consolidated Hours	6
OHA	Included in Consolidated Hours	164
Coast Guard	13,729	12,967
FEMA	15,717	16,839
CIS	1,959	2,401
ICE	11,215	10,157
Management	209	361
US Visit	Included in Consolidated Hours	116
Secret Service	647	470
TSA	10,165	8,863
MGA	Included in Consolidated Hours	159
S&T	182	190
NPPD	Included in ICE hours	336
Total	84,794	83,570

For DHS FY 2007 and FY 2008 and CBP's reports are available on the web at:

<http://www.dhs.gov/xoia/rpts/mamt/year>

Both FLETC and TSA (balance sheet only) management identified errors in their financial statement that they believed were material and requested that we remove their 2007 audited financial statements from our Web page.

This has been removed from the Department's web page. The FY 2008 reports are available on the URL identified above.

The Department's Annual Financial Report is located on the web at: <http://www.dhs.gov/xabout>

PART 2 SCOPE AND OBJECTIVES

2.1 Audit Scope

2.1.a Audit of the Department of Homeland Security's Consolidated Financial Statements

The Contractor shall serve as the principal auditor of the department's consolidated financial statements. As the principal auditor, the Contractor will perform the audit of the consolidated financial statements and perform procedures on the supplemental and other accompanying information included in the Annual Financial Report (AFR) as of and for the fiscal year (FY) ended September 30, 2010, and succeeding years, in accordance with *Government Auditing Standards (GAS)* issued by the Comptroller General of the United States, and subsequent revisions, and Office of Management and Budget (OMB) M-08-24, Technical Amendments to OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements* and subsequent issuances. The Contractor shall also follow the *GAO/CIGIE-PCIE Financial Audit Manual (FAM)* and subsequent issuances, and Government Accountability Office's (GAO) *Federal Information System Controls Audit Manual (FISCAM)* and subsequent issuances. Stand-alone component audits will be audited at the component level of materiality.

For purposes of the BPA, the department's financial statements are defined as follows:

- Consolidated Balance Sheet;
- Consolidated Statement of Net Cost;
- Consolidated Statement of Changes in Net Position;
- Combined Statement of Budgetary Resources;
- Statement of Custodial Activities; and
- Notes to the Financial Statements.

The Department received a Disclaimer of Opinion on the balance sheet and statement of custodial activity in FY 2008. Not all the above statements will be audited until DHS receives a qualified opinion in the previous year on the balance sheet audit.

For this BPA, the contractor must follow-up on all prior year DHS and component NFRs.

The OIG will determine the scope of audit work and communicate that scope through the request for price proposal if the option year is exercised.

Other Required Related Work

The Contractor must also perform the following work related to the DHS audit as required by OMB and Treasury, in accordance with their guidance:

- Agreed-upon procedures (AUPs) for intra-governmental transactions; and
- DHS closing package for years required by Treasury.

To date the OIG has not been responsible for performing the Office of Personnel Management's (OPM's) AUPs related to payroll since DHS' payroll service providers have other cognizant auditors responsible for these procedures. However, the Contractor shall evaluate whether circumstances at DHS have changed such that the OIG and its auditor have a requirement to perform them. If so, the Contractor shall perform OPM's AUPs, under a separate price proposal.

The OIG is responsible for testing DHS' compliance with the Recovery Act in FY 2010 through FY 2014. The OIG requires the contractor select a separate sample of Recovery Act undelivered orders, contracts, and disbursements and to test attributes to ensure obligations and outlays are reported timely on the recovery.gov website. Specific procedures will be discussed and agreed upon with the OIG upon contract award and prior to issuance of the planning document and/or engagement letter. The contractor will use a unique number sequence and issue separate Notifications and Findings and Recommendations for the Recovery Act testing. Deliverable due dates are the same as the Financial Statement Audit.

2.1.b Internal Controls over Financial Reporting

The Department of Homeland Security Financial Accountability Act (P.L. 108-330) was established to amend Title 31 of the United States Code, to improve the financial accountability requirements applicable to the DHS. Section 4 of the Act requires that the Secretary of Homeland Security include an audit opinion of the Department's internal controls over its financial reporting in each performance and accountability reporting beginning after FY 2005.

In FY 2007 and FY 2008, due to the material weaknesses the OIG elected to perform the audit leveraging the work done by the Contractor as part of the financial statement audit. Please see <http://www.dhs.gov/xoig/rpts/mgmt> for OIG's reports on DHS's Internal Controls over Financial Reporting for FY 2007 and FY 2008.

Effective December 15, 2008, professional guidance for performing an audit of Internal Control Over Financial Reporting (ICOFR) changed. The guidance now requires that the ICOFR audit be integrated with the financial statement audit. An integrated audit means the Contractor that performs the financial statement audit will also be required to perform the Department's ICOFR audit.

The audit shall be conducted in accordance with Statement on Standards for Attestation Engagements (SSAE) No. 15, AT Section 501 *An Examination of an Entity's Internal Control Over Financial Reporting That is Integrated With an Audit of Its Financial Statements*

The Contractor shall not perform audits of ICOFR at components where they are performing stand-alone financial statement audits.

Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, states "Federal agencies are subject to numerous legislative and regulatory requirements that promote and support effective internal control. Effective internal control is a key factor in achieving agency missions and program results through improved accountability. Identifying internal control weaknesses and taking related corrective actions are critically important to creating and maintaining a strong internal control infrastructure that supports the achievement of agency objectives."

OMB Circular A-123 builds upon the internal control framework within the Standards for Internal Control in the Federal Government (Green Book), issued by the Government Accountability Office (GAO), which defines internal control as "an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Six material weaknesses associated with internal controls were reported in the Department's Independent Auditor's Report included in the FY 2008 *Annual Financial Report*. The Department has undertaken an initiative to develop and implement formal corrective action plans to resolve these material weaknesses. Under this initiative, the Department has issued guidance and has also deployed a web-based software application, Electronic Program Management Office (ePMO), to manage the collection and reporting of management action plans (MAP) information for the Department and its components. Under this initiative, the Department's intent is to develop effective MAPs and position itself to move forward in its objective of obtaining an unqualified audit opinion on its consolidated financial statements, as well as on its internal controls over financial reporting.

The format for MAP documentation in ePMO includes a MAP Summary Report and a MAP Detail Report. Within the MAP Summary Report there are sections for a description of the issue, results of the root cause analysis, key success factors and performance measures, resources required, an analysis of risks and impediments as seen by management and the critical milestones, not only on those identified as critical but also those sub-milestones under a critical milestone. For each milestone (critical or sub), the following data is reflected: due date, percentage of completion, status (e.g., Not started, Work in Progress and Completed), and the responsible and assigned parties.

2.2 Audit Objectives Department of Homeland Security Integrated Financial Statement and ICOFR Audit Objectives

The overall objective of this performance work statement is an integrated audit of DHS' consolidated balance sheet and consolidated statement of custodial activities and an ICOFR audit; and perform applicable stand-alone full scope audits defined in the BPA call in accordance with GAGAS and other relevant guidance described in Section 2.1, Scope. The following specific objectives serve to help communicate OIG expectations and requirements.

Objective 1: Plan and conduct consolidated integrated and stand-alone financial statement audits, as listed in Section, as listed in Section 2.1.a

The integrated audit shall be planned and performed in accordance with the standards and guidance and within the scope described in section 2.1, Scope.

The Contractor shall submit planning documents and audit programs according to the deliverable schedule. Planning documents shall be forwarded to the OIG prior to the start of the internal control audit phase. The OIG shall review and approve these documents, and the Contractor shall incorporate OIG comments and suggestions into their documents and procedures.

Objective 2: Evaluate IT controls in support of the financial statement audit

IT controls must be evaluated to adequately prepare the required reports on internal controls and compliance, to reduce the extent of substantive testing for the financial statement audits, if possible, and to meet GAGAS requirements. The Contractor shall:

- Perform an evaluation of IT controls in accordance with GAO's FISCAM, SAS No. 94, *The Effect of Information Technology on the Auditor's Consideration of Internal Control in a Financial Statement Audit*, NIST Special Publication 800-53, *Recommended Security Controls for Federal Information Systems*, and GAGAS.
- Perform vulnerability assessments and/or penetration studies at components with systems significant to DHS financial statements, as appropriate, to assess access controls. All vulnerability testing at the departmental and component level will be performed by the principal auditor of the Department's consolidated financial statements.
- Prepare documentation that meets GAGAS and FAM requirements and additionally summarizes the following by significant component:
 - Systems significant to DHS' financial statements, their relationship to material financial statement line items, the IT audit strategy for each, conclusions as to the effectiveness of IT controls (the FAM specifies three types: general, application, and user), and the impact on substantive testing. Diagrams or flowcharts would be particularly helpful in summarizing relationships.
 - Summary memos documenting the scope of tests and results, including the same for vulnerability assessments/penetration studies.

The Contractor shall obtain prior approval from the OIG, DHS CIO and component system owners before any work begins that involves the Contractor accessing, manipulating, or "touching" a DHS system. The COTR or COTR's representative shall review and approve the Contractor's IT and vulnerability assessment/penetration testing audit plan and testing procedures prior to the start of fieldwork. The Contractor shall incorporate the recommendations and comments of the COTR into the plan.

Unless otherwise directed by the COTR, only DHS OIG hardware and software will be used for vulnerability studies and penetration testing. The Contractor shall coordinate with the OIG in arranging the use of OIG equipment. The Contractor must give the OIG 10 days notice before the scheduled vulnerability testing to ensure that the laptop is available and ready for the testing. The OIG must approve the dates of travel to remote locations to ensure that the laptop will be available for the testing.

A Memorandum of Understanding (MOU) shall be executed between the principal auditor responsible for the consolidated financial statement audit and DHS, the OIG, and any responsible component IT and financial management officials prior to the conduct of vulnerability assessments, penetration testing, or other accessing of DHS systems.

The MOU shall state the "rules of engagement" or "rules of behavior" and will include a clear explanation of:

- what will be done during the vulnerability assessments/penetration testing, to include the tools and techniques to be used;
- planned actions, if applicable, in terms of the National Security Administration's vulnerability assessment guidelines;
- other rules of behavior that will be followed when accessing DHS systems; and
- the understanding that only DHS OIG hardware and DHS OIG approved software will only be used for vulnerability assessments and penetration testing.

Procedures shall test, to the extent necessary, the effectiveness of controls to prevent unauthorized access to computer resources, and should include tests of access control software, dial-in procedures, and network connections.

The Contractor shall not duplicate IT audit work performed under other task orders, or by the OIG or other OIG Contractors without the approval of the COTR. The Contractor shall coordinate and meet on a regular basis with the DHS OIG's FISMA team to ensure that the OIG's team is aware of the results of the Contractor's IT testing.

When components rely on third party service providers and their information systems, the Contractor shall coordinate to the maximum extent possible with the service provider and the provider's auditor to avoid duplication of effort, to the extent allowed by GAGAS.

The Contractor shall provide to the OIG the qualifications of its IT audit specialists, who must be appropriately qualified in terms of experience and expertise for the work to be performed. See section 1.3.

Objective 3: Reporting

The reporting objectives for this task are as follows:

- Opinion (or disclaimer of opinion, as appropriate) on the Integrated DHS Financial Statement and ICOFR audit, with related reports, as required by GAGAS; (DHS only)
- Opinion (or disclaimer of opinion, as appropriate) on the stand-alone component financial statements, with related reports as required by GAGAS;
- Report on AUPs related to intra-governmental transactions (DHS only)
- Opinion (or disclaimer of opinion, as appropriate) on the closing packages (DHS only);
- Report on OPM's AUPs related to payroll, if required (DHS only)
- Management letter(s), as appropriate or as requested by the OIG, and which may take the form of one combined report or several targeted reports, as the OIG determine is most appropriate, which will be defined in the BPA call. However, at a minimum a DHS consolidated management letter and for each stand-alone component audit shall be issued plus one for NFIP management at FEMA. Special IT Reporting Requirements: The Contractor shall provide IT Management Letters for each stand alone audit, with separate management letters for USCG and FEMA, and one overall IT Management Letter for DHS overall. An IT management letter will be required for CBP, ICE, FEMA, USCG, and TSA if stand alone audits are not required.

The Contractor shall obtain OIG concurrence on the reporting format for the Integrated Independent Auditor's Report (IAR), and the stand-alone (IAR). However, the IAR shall meet GAGAS and AICPA reporting standards.

Deliverable requirements, including drafts, are discussed in Part 3, *Deliverables*.

Objective 4: Conduct Other Work Related to the Financial Statement Audit

The Contractor shall perform any agreed-upon procedures (AUPs) or other audit work related to the audit of DHS' financial statement required by Treasury, OMB, OPM, or GAO and as specified below. The Contractor shall prepare a report on AUPs in conformance with the AICPA's *Codification of Statements on Auditing Standards*, AU Section 622, "Engagements to Apply Agreed-Upon Procedures to Specified Elements, Accounts, or Items of a Financial Statement." The audit of DHS' closing package shall be conducted in accordance with GAGAS.

(1) AUPs related to intra-governmental transactions (DHS only)

The Contractor shall perform the AUPs required by Treasury, as typically published in the Treasury Financial Manual, relating to the agency's reported intra-governmental activity/balances. The audit procedures shall be performed according to Treasury requirements, AICPA standards for AUP engagements, and other relevant guidance from OMB or GAO.

(2) DHS-FY closing package (DHS only)

Beginning in FY 2004, agencies were required to prepare a closing package for the Government-wide Financial Report System. This process is designed to link agencies' audited consolidated financial statements to the *Financial Report of the United States Government*. The Contractor shall perform an audit of DHS' Special-Purpose Financial Statements (i.e., closing package) in accordance with GAGAS, OMB, and Treasury requirements.

(3) OPM's AUPs related to payroll, if required (DHS only)

To date the OIG has not been responsible for performing the OPM's AUPs related to payroll because DHS' payroll service providers have other cognizant auditors responsible for these procedures. However, the Contractor shall evaluate whether circumstances at DHS have changed such that the OIG or its auditor have a requirement to perform them. If so, the Contractor shall perform OPM's AUPs according to OPM's requirements.

(4) Recovery Act Procedures

The Contractor shall perform agreed upon procedures in accordance with AICPA standards for AUP engagements and other relevant guidance from OMB or GAO and the OIG will agree upon those procedures.

PART 3 DELIVERABLES

3.1. Deliverable Schedule— Financial Statement Audit

It is anticipated that DHS will conduct a hard close as of June 30, 2010 to facilitate the timing of the audit.

The Contractor is responsible for ensuring that the work submitted is acceptable to the OIG, which reserves the right to reject or not pay for any deliverable that, upon inspection, does not conform to the terms and conditions of this order. The Contractor shall comply with all due dates and number of copies listed in the following table. Deliverables are to be received by 3:00 p.m. EDT on the due date.

The Contractor may substitute its standard audit deliverables in place of GAO FAM required documentation, provided that the content meets the requirements of the FAM. The Contractor shall provide a crosswalk between their standard deliverables and the FAM to ensure FAM requirements are met. The Contractor shall provide the deliverables to the COTR or designee in person, or if agreed to by the COTR or designee, and as specified in the contract award. Drop-offs are not accepted at OIG offices.

The following schedule must be read in conjunction with section 3.2, *Deliverable Descriptions*.

The following schedule will serve for the consolidated and stand-alone audits and related tasks.

Financial Statement/Internal Control Audit Schedule of Deliverables and Milestones

Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
1 a. Integrated Entrance conference with DHS, b. F/S Component entrance conferences, c. Agendas Consolidated Engagement letter	a. Prior to February 15, 2010 b. Prior to March 1, 2010 c. 2 days prior to meetings.	Sufficient number of hardcopies for meeting attendees.	Conferences occur on schedule or earlier. Agendas are provided on time. Component name is included as part of the subject in calendar meeting invites	100% inspection	0% deviation	N/A
2 Component Engagement letter	a. Draft -30 days after award date b. Final -within 10 business days after receipt of OIG comments c. Draft -45 days after award date d. Final - within 10 business days after receipt of OIG comments	2 signed hard copies	Letter meets GAO FAM 280.06 and AU 310 requirements and is provided on time.	100% inspection	0% deviation	N/A

Revised - Mod 2
2/26/10

ⁱⁱ If not specified, e-versions are okay.

ⁱⁱⁱ Section 3.2, *Deliverable Descriptions*, provide requirements that also serve as minimum quality standards.

^{iv} See "Note" below

Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
3 F/S Briefings, status reports, and minutes.	Status report shall be provided 1 workday prior to briefing (shall be determined at consolidated and each component but will not be more than weekly)	Sufficient number of hardcopy status reports for meeting attendees.	Briefings are held and status reports prepared according to schedule. Component name is included as part of the subject in calendar meeting invites. Status reports are prepared according to Section 3.2, readily convey important information, and are in good form (e.g., spell-checked). Minutes are maintained timely in workpapers.	100% inspection	Five reports may be late	Provide positive/negative past performance.
4 NFRs	Within a reasonable timeframe once the finding is identified but within 20 business days. However, OIG recognizes that with the short reporting intervals, NFRs may be impractical and duplicative.		NFRs meet Section 1.7 requirements, are written understandably, are in good form, and are timely.	100% inspection	Each NFR returned once due to non-compliance with guidelines; NFRs are issued timely and allow components sufficient time to respond.	N/A

Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
5 Planning documents – Set 1: a. Entity Profile b. General Risk Analysis c. Cycle Matrix d. Account Risk Analysis e. Forms	April 20, 2010 for DHS components April 30, 2010 for DHS Consolidated	E-versions acceptable but original work papers with appropriate management sign-offs must be available for review.	Documents meet FAM and Section 1.7 requirements and are provided on time.	100% inspection	0% deviation	Provide positive/negative past performance.
6 Planning documents – Set 2: a. Cycle Memorandums b. Specific Control Evaluation Worksheets c. Updated Account Risk Analysis Forms d. Audit Programs and Sampling Plan	May 10, 2010	E-versions acceptable but original workpapers with appropriate management sign-offs must be available for review.	Documents meet FAM and Section 1.7 requirements and are provided on time.	100% inspection	Must meet professional standards 0% deviation	Same as Task 5
7 IT planning documents Set 2 (ITGC and vulnerability assessments/penetration studies). a. Plan b. MOUs	April 30, 2010		Documents are timely Plan provides sufficient detail to understand rationale, scope, and type of procedures.	100% inspection	Must meet professional standards 0% deviation	Same as Task 5

	Deliverable	Due Date	No. of Hard Copies	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
8	Interim legal representations letter and management schedules	Due 10 business days before OMB guidance date.	2 signed hard copies	Letters are presented on time and meet AICPA standards and OMB and DOJ guidance.	100% inspection	0% deviation	N/A
9	OPM's AUP report, if required. (Deliverable includes both draft and final reports.)	Due 10 business days before OPM guidance date.	2 hard copies	Report meets AICPA standards and OPM requirements. Report meets OPM's timetable and provides OIG sufficient time to review and deliver the report.	100% inspection	Must meet OPM's requirements 0% deviation	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
10	Completion of internal control phase (based on June 30, 2008 hard close) with work papers available for review.	Phase completion - August 21, 2010. Workpapers available for review - August 31, 2010	Original workpapers with management sign-offs are available for review.	Phase completed and workpapers are available for review on time and meet Section 1.7 requirements.	100% inspection	0% deviation	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
11	Draft management representation letter	Consolidated August 31, 2010 Components September 11, 2010		Letter is timely and meets AICPA and OMB guidance.	100% inspection	Deliverable returned once due to non-compliance with guidelines	N/A

Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
12 Completion of interim IT work with workpapers available for review.	Workpapers available for review - July 31, 2010.	Original workpapers with management sign-offs are available for review.	Workpapers are available for review timely and meets Section 1.7 and Section 2.2 Objective 3.	100% inspection	95%-98% complete.	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
13 Completion of substantive phase and work papers available for review.	October 26, 2010	Originals or copies upon request.	Phase completed and work papers are available for review on time and meet Section 1.7 requirements.	100% inspection	Substantially complete	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
14 Integrated Draft Combined Report a. Opinion on the financial statements b. Opinion on ICOFR c. Report on Internal Control d. Report on Compliance with Laws and Regulations DHS Consolidated Stand-alone components	November 3, 2010 December 15, 2010	5 hard copies or E-version	Reports are prepared according to Objective 1, in accordance with applicable standards, are well-organized, grammatically correct, properly sites applicable criteria, in good form, and meet Section 3.2 requirements.	100% inspection	Deliverable returned once due to non-compliance with guidelines	If the document, does not meet the quality standards, a one-time 0.3% disincentive may be applied to the task order award amount. If the document is delivered late, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.

Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
16 Final legal representations letter and management schedules DHS Consolidated Stand-alone Components	November 12, 2010 December 15, 2010	2 signed copies	Letters are timely and meets AICPA standards and OMB and DOJ guidance.	100% inspection.	Deliverable returned once due to non-compliance with guidelines	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
17 Final management representation letter. DHS Stand-alone Components	November 12, 2010 Date of stand-alone IAR	2 signed copies	Letter is timely and meets AICPA and OMB guidance, and is in good form.	100% inspection	Deliverable returned once due to non-compliance with guidelines	N/A
18 Preliminary Exit conferences. Agenda to be provided. DHS Consolidated and non-stand alone components Stand-alone components	Conference to be held before issuance of final report. November 6, 2010 December 10, 2010 Agenda to be provided 2 days before meeting.	Sufficient number of hard-copies for meeting attendees	Conference is held according to schedule and agenda is provided on time.	100% inspection	0% deviation	N/A

Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/Disincentive ^{iv}
19. Final - report a. Opinion (or disclaimer) on the financial statements b. Opinion on ICOFR c. Report on Internal Control d. Compliance with Laws and Regulations DHS Consolidated Stand-Alone components	November 12, 2010 Or or before December 31, 2010	5 signed hard copies	Report is prepared according in accordance with applicable standards, is well organized, grammatically correct, properly sites applicable criteria, in good form, and is provided on time.	100% inspection	0% deviation.	If the document, does not meet the quality standards, a one-time 0.8% disincentive may be applied to the task order award amount. If the document is delivered late, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
20. F/S Opinion (or disclaimer) on DHS Closing Package	November 17, 2010 or by the due date to be determined by OMB for FY 2010	5 signed hard copies	Report is prepared according in accordance with applicable standards, is well organized and in good form, and is provided on time.	100% inspection	0% deviation	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
21. F/S Draft and final AUP report for intra-governmental transactions.	By Treasury due date with sufficient time for OIG review.	2 signed hard copies.	Report is in good form; follows AICPA standards, Treasury requirements, and OMB guidance; and is provided on time.	100% inspection	0% deviation	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.

	Deliverable	Due Date	No. of Hard Copies ⁱⁱ	Quality Standard ⁱⁱⁱ	Quality Assurance Method	Acceptable Quality Level (AQL)	Incentive/ ^{iv} Disincentive
22	Draft management comment letter DHS Consolidated Stand Alone Components	December 9, 2010 January 10, 2011	5 hard copies or E-version	Report is prepared according in accordance with applicable standards, is well organized, grammatically correct, properly sites applicable criteria, in good form, and is provided on time	100% inspection	Deliverable returned once due to non-compliance with guidelines.	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
23	E/S Final management comment letter	10 business days after receipt of Department comments	5 signed hard copies	Report is prepared according in accordance with applicable standards, is well organized, grammatically correct, properly sites applicable criteria, in good form, and is provided on time Conference is held according to schedule and agenda is provided on time.	100% inspection	0% deviation	Provide positive/negative past performance. Also, the COTR may withhold payment of the amounts billed for the DHS component until the defect is corrected.
24	Integrated Formal Exit Conference Stand Alone Components	On or before December 1, 2010 On or before January 10, 2011	Sufficient number of hard-copies for meeting attendees		100% inspection	0% deviation	N/A

Note on exercising incentives/disincentives:

In cases where the Contractor identifies a potential issue that could negatively impact their ability to meet the standards, the Contractor should promptly and formally notify the DHS OIG COTR in writing with details as to the circumstances of the potential delays. The DHS OIG will not exercise the related disincentive if the COTR acknowledges and approves such potential delays.

It is recognized that the criteria defining the quality standards and noncompliance are not always quantitatively defined and thus may be subject to interpretation, relying on the judgment of the evaluator. The following provisions apply when DHS is initiating a disincentive:

- Contractor will be given advance written notice (to the component partner with a copy to the consolidated engagement partner) of potential or actual non-compliance condition(s) that may result in financial penalty, or a delay in payment of the Contractor's billing for those services;
- The notice will state what the Contractor must do to cure the potential or actual non-compliance condition(s); and
- The notice will be provided in sufficient time, to will allow a reasonable time-period, for Contractor to cure the potential or actual non-compliance condition(s) before a penalty is assessed.
- However, in the case of unapproved missed due dates, untimely submissions, or severe and regular quality problems, the OIG and CO will provide a general written warning to the Contractor that further unapproved missed deadlines, untimely submissions, or quality problems for any of the above deliverables may result in a financial penalty based solely on the OIG and CO's subsequent determination. Before assessing a financial penalty, the OIG and CO will evaluate subsequent noncompliance on a case by case basis with consideration given to the Contractor's overall timeliness and product quality, the significance of the delay or quality problem, the subsequent timing of an acceptable delivery, and the Contractor's general good faith effort to meet the deliverable schedule and quality standards. The purpose of this provision is to prevent the Contractor from circumventing any financial penalty for overall poor performance or lack of good faith by continually requesting the opportunity to cure individual instances of non-compliance.

A financial penalty will be assessed without advance written notice if the CO determines that the Contractor has acted in bad faith (without compelling reason) in missing the November 15 and Treasury reporting submission dates without prior OIG notification and approval.

The OIG does not wish to assess financial penalties. The OIG wishes to have a flexible, collaborative, and communicative relationship with the Contractor whereby both parties act in good faith, with the Contractor providing its best efforts to accomplish the task order's objectives and delivery schedule to meet the deadlines set forth by OMB and Treasury, and the OIG providing its best efforts to support the Contractor in accomplishing the task order's requirements, with both parties keeping each other regularly informed as to the status of the audits and problems as they arise.

The OIG recognizes that the completion of the planning, internal control, substantive, and reporting phases of the audit is dependent upon DHS' timetable, DHS' ability to meet the information requests of the Contractor, and unforeseen audit difficulties or complexities. The OIG may amend the deliverable schedule, but any changes shall be approved by the COTR and CO in the form of a modification. The OIG also expects to work collaboratively with the Contractor on written products, so quality standards should not inhibit the Contractor from sharing works still in progress with the OIG in order to ensure acceptable deliverables.

3.2. Deliverable Descriptions -- Financial Statement Audit

The OIG will review deliverables and OIG revisions, if any, shall be incorporated and resubmitted to the OIG.

The Contractor shall incorporate the comments of the COTR or designee into all final work products, including NFRs and reports. The OIG, however, anticipates this to be a collaborative process as both the Contractor and DHS OIG strive to ensure standards are met and audit findings are communicated in the most effective manner.

Deliverable 1 -- Entrance conferences

The Contractor shall hold an entrance conference with DHS management and component management prior to the start of fieldwork. The purpose of the entrance conferences shall be to inform management of audit objectives, scope and methodology, to establish points of contact for the audit, and to coordinate administrative matters. Entrance conference agendas should describe overall audit strategy and schedules. Minutes of the meetings are to be kept in the Contractor's workpapers to document significant discussions.

Deliverable 2 -- Engagement letter

The Contractor shall prepare and provide to the OIG an engagement letter that communicates its responsibilities in the financial statement audit, including its responsibilities for testing and reporting on compliance with laws and regulations, internal control over financial reporting, and closing package. The Engagement Letter shall comply with the requirements specified in GAO FAM Section 280.06, *Reaching an Understanding with Management and Requesters*; and AIGPA Statements on Auditing Standards, AU Section 310, *Establishing an Understanding with the Client*. Further, the letter should cover any additional testing of compliance and internal control required by laws and regulations or otherwise requested.

Deliverable 3 -- Briefings, status reports, and minutes

Status reports shall be provided to the OIG at least one day before the status meetings/briefings describing the audit progress, results to date, and near-term planned activities; provide updated timetables; and identify matters that may impact the timing or outcome of future work or the audit opinions and related reports. Status reports shall, at a minimum, include:

- Significant accomplishments for the reporting period;
- Significant planned activities for the next reporting period
- Recommended audit adjustments.
- NFRs issued or in process for the reporting period
- Significant issues identified to date and any proposed resolution, including all matters that could impact deliverable due dates, audit progress, outcome, etc

Minutes of briefings shall document important discussions, decisions, and commitments made by management and the auditors and be maintained in the Contractor's work papers.

Deliverable 4 -- NFRs

The Contractor shall use NFRs to describe potential audit findings and request management's written concurrence or non-concurrence. All NFRs shall be submitted to the OIG for review and approval prior to being issued to the DHS unless otherwise agreed to by OIG. Per GAGAS standards, NFRs shall contain the following elements of an audit finding:

- **Criteria** -- The standards or goals that were used to determine whether the auditee's accounting system, controls, compliance with laws and regulations, or other activities meet expectations.
- **Condition** -- The situation that exists. As determined and documented by the audit, the condition should describe the control weakness, non-compliance, poor performance, or other circumstances that did not meet expectations defined by the criteria.
- **Cause** -- The explanation as to why the control weakness, non-compliance, error, poor performance, or other circumstances occurred.
- **Effect** -- The measure of the actual or potential consequences of the condition. Where possible, the effect should be expressed in monetary terms for the transactions, assets, or liabilities described in the condition and, if known, describe the impact on the financial statements.

In addition to the four elements above, NFRs should include background information where appropriate, references to related findings issued in prior years, and recommendations that would assist management in correcting the condition.

Deliverable 5 and 6 -- Planning documents

The Contractor shall submit detailed audit planning documents that meet FAM requirements. These include:

Set 1:

- Entity Profile
- General Risk Analysis
- Cycle Matrix; and
- Account Risk Analysis

Set 2:

- Cycle Memorandums
- Specific Control Evaluation Worksheets
- Updated Account Risk Analysis Forms
- Audit Programs and Sampling Plan

Where the Contractor's planning documents and/or methodology differ in format with the FAM, a cross-walk from the Contractor's documents/methodology to FAM's shall be submitted and approved by the OIG.

The planning documents, at a minimum, shall demonstrate that the Contractor has:

- a. Obtained an understanding of the entity's operations.
- b. Performed preliminary analytical procedures.
- c. Determined planning, design, and test materiality.
- d. Identified significant line items, accounts, assertions, Required Supplementary Information, and Required Supplementary Stewardship Information.
- e. Identified significant cycles, accounting applications, and financial management systems.
- f. Identified significant provisions of laws and regulations.
- g. Identified relevant budget restrictions.
- h. Assessed risk factors.
- i. Determined likelihood of effective information system controls.
- j. Identified relevant operations controls, including information system controls, to evaluate and test.
- k. Developed an audit sampling plan, including site selections and sample sizes.
- l. Planned other audit procedures.
- m. Considered locations to visit.

Documents shall provide equivalent content as the specified FAM documents. Note: Audit Programs shall include, at a minimum, the objectives of each program and the specific steps that shall be taken to accomplish the objectives.

Deliverable 7 -- Specific IT planning documents

Meets requirements of section 1.7, *Workpapers*, and section 2.2, *Objectives*, Objective 3.

Deliverable 8 -- Interim legal representations letter and management schedules

Meets GAGAS and AICPA standards and is consistent with OMB guidance.

Deliverable 9 -- OPM's AUP report, if required

Format of report shall be approved by the COFR.

Deliverable 10a -- Completion of internal control phase

See section 1.7, *Workpapers* and per GAGAS/AICPA standards and consistent with OMB guidance.

Deliverable 11 -- Draft management representation letter

See quality standard.

Deliverable 12 -- Completion of IT work

See quality standard.

Deliverable 13 -- Completion of substantive phase

See section 1.7, *Workpapers*, and per GAGAS/AICPA standards and consistent with OMB guidance.

Deliverable 14 -- Draft Integrated Reports

Format should be similar to the DHS FY 2008 financial statement and ICOFR reports, unless specified otherwise by the OIG.

Deliverable 15 -- Reserved for future task

Deliverable 16 -- Final legal representations letter and management schedules

The Contractor shall obtain and document a final legal representations letter and management schedules that meet the requirements specified in OMB 01-02, other applicable OMB guidance, AICPA standards, and DOJ guidance.

Deliverable 17 -- Final management representation letter

The Contractor shall obtain and document a management representations letter that meets the requirements specified in OMB 07-04 and AICPA standards.

Deliverable 18 -- Preliminary Exit conferences

Agenda should summarize audit findings.

Deliverable 19 -- Final Integrated Reports

Format should be similar to the DHS FY 08 financial statement and ICOFR reports unless specified otherwise by the OIG. (Note: Final signed opinion will be provided to OIG when finalized, if the only open item is waiting on management representation letters. The OIG will not release the final report without the Contractor's approval).

Deliverable 20 -- Opinion on DHS Closing Package

The Contractor shall prepare an audit opinion as required by Treasury and provide the same to the OIG in time to meet the deadline for the submission of the opinion. The procedures performed and opinion issued shall follow OMB and Treasury issued final closing package's audit guidance, including the audit opinion language specified in OMB 06-03, as amended, for the reclassified statements and notes.

Deliverable 21 -- Draft and final AUP report for intra-governmental transactions

See quality standard.

Deliverable 22 -- Draft management comment letter

The Contractor shall prepare and submit to the OIG for review, a draft management letter to communicate other deficiencies in internal control that were not included in the audit report(s), but that need management attention. The management letter shall be prepared in accordance with GAAS, GAGAS, AICPA standards, and the OMB guidance. The format shall be approved by the COTR.

Deliverable 23 -- Final management comment letter

The Contractor shall prepare and submit to the OIG a final management letter incorporating the OIG's comments and suggestions. The format shall be approved by the COTR.

Deliverable 24 -- Formal Exit Conference

Appendix A

Department of Homeland Security
Conditional Access to Sensitive but Unclassified Information
Non-disclosure Agreement

DEPARTMENT OF HOMELAND SECURITY
NON-DISCLOSURE AGREEMENT
Protected Critical Infrastructure Information (PCII)
DHS Form 11000-6 (08-04)

I, _____, a partner, individual official, employee, consultant, or subcontractor of or to _____ (the Authorized Entity), intending to be legally bound, hereby consents to the terms in this Agreement in consideration of my being granted conditional access to certain information, specified below, that is owned by, produced by, or in the possession of the United States Government. (Signer will acknowledge the category or categories of information that he or she may have access to, and the signer's willingness to comply with the standards for protection by placing his or her initials in front of the applicable category or categories.)

Initials:

I attest that I am familiar with, and I will comply with all requirements of the PCII program set out in the Critical Infrastructure Information Act of 2002 (CII Act) (Title II, Subtitle B, of the Homeland Security Act of 2002, Public Law 107-296, 196 Stat. 2135, 6 USC 101 et seq.), as amended, the implementing regulations thereto (6 CFR Part 29), as amended, and the applicable PCII Procedures Manual, as amended, and with any such requirements that may be officially communicated to me by the PCII Program Manager or the PCII Program Manager's designee.

Sensitive Security Information (SSI) Initials:

I attest that I am familiar with, and I will comply with the standards for access, dissemination, handling, and safeguarding of SSI information as cited in this Agreement and in accordance with 49 CFR Part 1520, "Protection of Sensitive Security Information," "Policies and Procedures for Safeguarding and Control of SSI," as amended, and any supplementary guidance issued by an authorized official of the Department of Homeland Security.

Other Sensitive but Unclassified (SBU) Initials:

As used in this Agreement, sensitive but unclassified information is an over-arching term that covers any information, not otherwise indicated above, which the loss of, misuse of, or unauthorized access to or modification of could adversely affect the national interest or the conduct of Federal programs, or the privacy to which individuals are entitled under Section 552a of Title 5, as amended, but which has not been specifically authorized under criteria established by an Executive Order or an Act of Congress to be kept secret in the interest of national defense or foreign policy. This includes information categorized by DHS or other government agencies as: For Official Use Only (FOUO); Official Use Only (OUO); Sensitive Homeland Security Information (SHSI); Limited Official Use (LOU); Law Enforcement Sensitive (LES); Safeguarding Information (SGI); Unclassified Controlled Nuclear Information (UCNI); and any other identifier used by other government agencies to categorize information as sensitive but unclassified. I attest that I am familiar with, and I will comply with the standards for access, dissemination, handling, and safeguarding of the information to which I am granted access as cited in this Agreement and in accordance with the guidance provided to me relative to the specific category of information.

1. I hereby acknowledge that I have received a security indoctrination concerning the nature and protection of information to which I have been provided conditional access, including the procedures to be followed in ascertaining whether other persons to whom I contemplate disclosing this information have been approved for access to it, and that I understand these procedures. I understand and agree to the following terms and conditions of my access to the information indicated above:

2. By being granted conditional access to the information indicated above, the United States Government has placed special confidence and trust in me and I am obligated to protect this information from unauthorized disclosure, in accordance with the terms of this Agreement and the laws, regulations, and directives applicable to the specific categories of information to which I am granted access.

3. I attest that I understand my responsibilities and that I am familiar with and will comply with the standards for protecting such information that I may have access to in accordance with the terms of this Agreement and the laws,

regulations, and/or directives applicable to the specific categories of information to which I am granted access. I understand that the United States Government may conduct inspections, at any time or place, for the purpose of ensuring compliance with the conditions for access, dissemination, handling and safeguarding information under this Agreement. If I violate the terms and conditions of this Agreement, such violation may result in the cancellation of my conditional access to the information covered by this Agreement. This may serve as a basis for denying me conditional access to other types of information, to include classified national security information.

4. I will not disclose or release any information provided to me pursuant to this Agreement without proper authority or authorization. Should situations arise that warrant the disclosure or release of such information I will do so only under approved circumstances and in accordance with the laws, regulations, or directives applicable to the specific categories of information. I will honor and comply with any and all dissemination restrictions cited or verbally relayed to me by the proper authority.

5. (a) For PCII - (1) Upon the completion of my engagement as an employee, consultant, or subcontractor under the contract, or the completion of my work on the PCII Program, whichever occurs first, I will surrender promptly to the PCII Program Manager or his designee, or to the appropriate PCII officer, PCII of any type whatsoever that is in my possession.

(2) If the Authorized Entity is a United States Government contractor performing services in support of the PCII Program, I will not request, obtain, maintain, or use PCII unless the PCII Program Manager or Program Manager's designee has first made in writing, with respect to the contractor, the certification as provided for in Section 29.8(c) of the implementing regulations to the CII Act, as amended.

(b) For SSI and SBU - I hereby agree that material which I have in my possession and containing information covered by this Agreement, will be handled and safeguarded in a manner that affords sufficient protection to prevent the unauthorized disclosure of or inadvertent access to such information, consistent with the laws, regulations, or directives applicable to the specific categories of information. I agree that I shall return all information to which I have had access or which is in my possession 1) upon demand by an authorized individual; and/or 2) upon the conclusion of my duties, association, or support to DHS; and/or 3) upon the determination that my official duties do not require further access to such information.

6. I hereby agree that I will not alter or remove markings, which indicate a category of information or require specific handling instructions, from any material I may come in contact with, in the case of SSI or SBU, unless such alteration or removal is consistent with the requirements set forth in the laws, regulations, or directives applicable to the specific category of information or, in the case of PCII, unless such alteration or removal is authorized by the PCII Program Manager or the PCII Program Manager's designee. I agree that if I use information from a sensitive document or other medium, I will carry forward any markings or other required restrictions to derivative products, and will protect them in the same manner as the original.

7. I hereby agree that I shall promptly report to the appropriate official, in accordance with the guidance issued for the applicable category of information, any loss, theft, misuse, misplacement, unauthorized disclosure, or other security violation, I have knowledge of and whether or not I am personally involved. I also understand that my anonymity will be kept to the extent possible when reporting security violations.

9. (a) With respect to SSI and SBU, I hereby assign to the United States Government all royalties, remunerations, and emoluments that have resulted, will result, or may result from any disclosure, publication, or revelation of the information not consistent with the terms of this Agreement.

(b) With respect to PCII I hereby assign to the entity owning the PCII and the United States Government, all royalties, remunerations, and emoluments that have resulted, will result, or may result from any disclosure, publication, or revelation of PCII not consistent with the terms of this Agreement.

10. This Agreement is made and intended for the benefit of the United States Government and may be enforced by the United States Government or the Authorized Entity. By granting me conditional access to information in this context, the United States Government and, with respect to PCII, the Authorized Entity, may seek any remedy available to it to enforce this Agreement including, but not limited to, application for a court order prohibiting disclosure of information in breach of this Agreement. I understand that if I violate the terms and conditions of this Agreement, I could be subjected to administrative, disciplinary, civil, or criminal action, as appropriate, under the laws, regulations, or directives applicable to the category of information involved and neither the United States Government nor the Authorized Entity have waived any statutory or common law evidentiary privileges or protections that they may assert in any administrative or court proceeding to protect any sensitive information to which I have been given conditional access under the terms of this Agreement. DHS Form 11000-6 (08-04) Page 2

11. Unless and until I am released in writing by an authorized representative of the Department of Homeland Security (if permissible for the particular category of information), I understand that all conditions and obligations imposed upon me by this Agreement apply during the time that I am granted conditional access, and at all times thereafter.

12. Each provision of this Agreement is severable. If a court should find any provision of this Agreement to be

unenforceable, all other provisions shall remain in full force and effect.

13. My execution of this Agreement shall not nullify or affect in any manner any other secrecy or non-disclosure Agreement which I have executed or may execute with the United States Government or any of its departments or agencies.

14. These restrictions are consistent with and do not supersede, conflict with, or otherwise alter the employee obligations, rights, or liabilities created by Executive Order No. 12958, as amended; Section 7211 of Title 5, United States Code (governing disclosures to Congress); Section 1034 of Title 10, United States Code, as amended by the Military Whistleblower Protection Act (governing disclosure to Congress by members of the military); Section 2302(b)(6) of Title 5, United States Code, as amended by the Whistleblower Protection Act (governing disclosures of illegality, waste, fraud, abuse or public health or safety threats); the Intelligence Identities Protection Act of 1982 (50 USC 421 et seq.) (governing disclosures that could expose confidential Government agents); and the statutes which protect against disclosure that may compromise the national security, including Sections 641, 793, 794, 798, and 952 of Title 18, United States Code, and Section 4(b) of the Subversive Activities Act of 1950 (50 USC 783(b)). The definitions, requirements, obligations, rights, sanctions, and liabilities created by said Executive Order and listed statutes are incorporated into this agreement and are controlling.

15. Signing this Agreement does not bar disclosures to Congress or to an authorized official of an executive agency or the Department of Justice that are essential to reporting a substantial violation of law.

16. I represent and warrant that I have the authority to enter into this Agreement.

17. I have read this Agreement carefully and my questions, if any, have been answered. I acknowledge that the briefing officer has made available to me any laws, regulations, or directives referenced in this document so that I may read them at this time, if I so choose.

DHS Form 11000-6 (08-04)

DEPARTMENT OF HOMELAND SECURITY
NON-DISCLOSURE AGREEMENT

Acknowledgement

Typed/Printed Name: Government/Department/Agency/Business Address Telephone Number:

I make this Agreement in good faith, without mental reservation or purpose of evasion.

Signature:

Typed/Printed Name: Government/Department/Agency/Business Address Telephone Number:

Signature:

WITNESS:

This form is not subject to the requirements of P.L. 104-13, "Paperwork Reduction Act of 1995" 44 USC, Chapter 35

Appendix B

INDEPENDENCE DECLARATION FORM

NAME: _____

Contractor: _____

POSITION TITLE: _____

CONTRACT NO.: _____

TASK NO.: _____

AUDIT DATES: _____

1. I am aware of the Standards of Auditing Standards, AU Section 220, on Independence. Specifically, (1) to be independent the auditor must be intellectually honest and (2) to be recognized as independent, free from any obligation to or interest in the client and its management.

2. I am aware of the Government Accountability Office, Government Audit Standards, as amended, Section 3.03-3.06 Independence and Section 3.07 Personal Impairments. Any future revisions to GAO GAS would apply.

3. To the best of my knowledge and belief, I am free from any personal impairment.

4. If any personal or external impairment arises during the audit, I will bring it to the immediate attention of the Contracting Officer Technical Representative and/or the Project Monitor.

5. If you perceive that any impairment could exist, describe the impairment below.

Comments:

Signature: _____

Date: _____

Appendix C
Policies and Procedures

<p>5.1 What are your policies and procedures for ensuring that the audit is adequately planned?</p>	
<p>5.2 What are your policies and procedures for ensuring that a sufficient understanding of the entity and its environment, including its internal control, is obtained to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures?</p>	
<p>5.3 What are your policies and procedures for auditor communication during planning?</p>	
<p>5.4 What are your policies and procedures for evaluating recommendations from previous audits and attestation engagements?</p>	
<p>5.5 What are your policies and procedures for determining whether the subject matter is capable of evaluation against criteria that are suitable and available to users?</p>	
<p>5.6 What are your policies and procedures for ensuring that when planning the engagement, the auditors communicate certain information, including their understanding of the services to be performed for each engagement, in writing to entity management, those charged with governance, and to the individuals contracting for or requesting the engagement?</p>	
<p>5.6 What are your policies and procedures for evaluating whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the subject matter?</p>	
<p>5.8 What are your policies and procedures for planning examination-level attestation engagements, such that auditors obtain a sufficient understanding of internal control that is material to the subject matter, in order to plan the engagement and design procedures to achieve the objectives of the attestation engagement?</p>	

<p>5.9 What are your policies and procedures for ensuring that in planning examination-level engagements, the auditors design the engagement to provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of contracts or grant agreements that could have a material effect on the subject matter of the attestation engagement?</p>	
<p>7.4 What are your policies and procedures for ensuring that sufficient appropriate audit evidence is obtained to provide a reasonable basis for an opinion regarding the financial statements under audit?</p>	
<p>7.5 What are your policies and procedures for developing the elements of a finding?</p>	
<p>7.6 What are your policies and procedures to determine whether sufficient evidence has been obtained to provide a reasonable basis for the conclusion that is expressed in the report?</p>	
<p>7.7 What are your policies and procedures for ensuring that audit findings include the four required elements: criteria, condition, cause, and effect or potential effect?</p>	
<p>7.8 What are your policies and procedures for ensuring that materiality is considered in an attestation engagement, either individually or in the aggregate, in terms of the fair presentation of a subject matter or an assertion about a subject matter?</p>	
<p>Documentation</p> <p>7.13 What are your policies and procedures for preparing audit documentation that enables an experienced auditor to understand:</p> <ul style="list-style-type: none"> a. The nature, timing, and extent of auditing procedures performed to comply with GAGAS and other applicable standards and requirements? b. The results of the audit procedures performed and the audit evidence obtained? c. The conclusions reached on significant matters? d. That the accounting records agree or reconcile with the audited financial statements or other audited information? e. The impact on the audit and the auditor's 	

<p>conclusions of a departure from GAGAS requirements?</p> <p>f. Policies and procedures for safe custody and retention of documentation?</p> <p>g. Procedures for providing other auditors with documentation in a timely manner?</p> <p>h. How the organization deals with requests by outside parties to obtain access to audit documentation?</p>	
<p>Attestation Engagements</p>	
<p>7.14 What are your policies and procedures for ensuring that attest documentation for each engagement is in sufficient detail to provide a clear understanding of the work performed (including the nature, timing, extent, and results of engagement procedures performed), the evidence obtained and its source, and the conclusions reached?</p>	
<p>8.1 What are your policies and procedures for detecting material misstatements resulting from violations of provisions of contracts or grant agreements or from abuse?</p>	
<p>8.2 What are your policies and procedures for handling the following additional considerations for GAGAS financial audits:</p> <p>a. Materiality in a GAGAS financial audit?</p> <p>b. Consideration of fraud and illegal acts?</p> <p>c. Ongoing investigations and/or legal proceedings?</p>	
<p>Attestation Engagements</p>	
<p>8.3 What are your policies and procedures for ensuring that, in review-level and agreed-upon-procedures-level engagements, if during the course of the engagement, information comes to the auditors' attention indicating that fraud, illegal acts, or violations of provisions of contracts or grant agreements that could have a material effect on the subject matter may have occurred,</p>	
<p>the auditors will perform procedures as necessary to (1) determine if fraud, illegal acts, or violations of provisions of contracts or grant agreements are likely to have occurred and, if so, (2) determine their effect on the results of the attestation engagement?</p>	

<p>8.4 What are your policies and procedures for ensuring that your auditors avoid interfering with investigations or legal proceedings while pursuing indications of fraud, illegal acts, and violations of provisions of contracts or grant agreements, or abuse?</p>	
<p>9.4 What are your policies and procedures for communicating Significant Matters in the Audit Report?</p>	
<p>9.5 What are your policies and procedures for reporting on restatement of previously issued financial statements?</p>	
<p>9.6 What are your policies and procedures for evaluating the timeliness of management's disclosure and actions to determine and correct misstatements in previously issued financial statements?</p>	
<p>9.7 What are your policies and procedures for reporting on restated financial statements?</p>	
<p>9.8 What are your policies and procedures for reporting directly to appropriate officials when the audited entity does not act in an appropriate timeframe after new information became available affecting the financial statements?</p>	

<p>9.9 What are your policies and procedures for complying with the AICPA's four generally accepted reporting standards?</p> <p>a. How do your policies and procedures ensure that the auditor's report states that the financial statements are presented in accordance with generally accepted accounting principles (GAAP)?</p> <p>b. How do your policies and procedures ensure that the auditor identifies in the auditor's report those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period?</p> <p>c. How do your policies and procedures ensure that when the auditor determines that informative disclosures are not reasonably adequate, the auditor states so in the auditor's report?</p> <p>d. How do your policies and procedures ensure that the auditor either expresses an opinion regarding the financial statements, taken as a whole, or states that an opinion cannot be expressed, in the auditor's report? When the auditor cannot express an overall opinion, does the auditor state the reasons therefore in the auditor's report? In all cases where an auditor's name is associated with financial statements, does the auditor clearly indicate the character of the auditor's work, if any, and the degree of responsibility the auditor is taking in the auditor's report?</p>	
<p>9.10 What are your policies and procedures to ensure that AICPA reporting standards are met?</p>	
<p>9.11 What are your policies and procedures to ensure that the auditors report the following when fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse occur:</p> <p>a. Fraud and illegal acts that have an effect on the subject matter that is more than inconsequential?</p> <p>b. Violations of provisions of contracts or grant agreements that have a material effect on the subject matter?</p>	
<p>c. Abuse that is material to the subject matter, either quantitatively or qualitatively?</p>	
<p>9.12 What are your policies and procedures to ensure that in presenting findings such as deficiencies in internal control, fraud, illegal acts,</p>	

violations of provisions of contracts or grant agreements, and abuse, auditors develop the elements of the findings to the extent necessary to achieve the engagement objectives?	
9.13 What are your policies and procedures to ensure that auditors should, as applicable, relate the findings identified to the population or the number of cases examined and quantify the results in terms of dollar value or other measures, as appropriate, and if the results cannot be projected, limit their conclusions appropriately?	

TASK ORDER (CALL) REQUEST FOR PROPOSAL

TASK ORDER (CALL) REQUEST FOR PROPOSAL
BPA NUMBER _____
_____ AUDIT SERVICES

Contractor Request for Proposal (RFP):

Date: _____

To: Contractor

Subject: Request for Task Order (Call) Proposal: _____
Proposal Due Date and Time: _____

From: _____

Phone Number: _____

Fax Number: _____

Email Address: psb3@bpd.treas.gov

This is a Request for a Task Order (Call) Proposal under the terms and conditions of BPA number _____. Enclosed is the applicable scope of work. The Government anticipates award of a *fixed-price or time and materials task order (call)*. The paragraphs below describe what must be included with your proposal and the evaluation criteria that will be used to select the successful Offeror:

Proposals, signed by an official authorized to bind the Offeror, shall set forth full, accurate, and complete information as required by this RFP. Offerors must submit proposals in a format that addresses each identified factor individually and in the exact order as the factors are presented in this RFP. Offerors are cautioned that proposals lacking complete and readily identifiable responses may be removed from consideration. Offers must include your point of contact (name, title, phone number, fax number, and email address) for proposal clarifications or discussions.

Task Order Proposal Requirements

1. Offerors shall submit the following information:

A. Proposed Personnel. The Contractor shall describe:

- The availability, qualifications, and experience of proposed personnel; and
- Proposed labor mix

B. Price Proposal

- Specific labor categories and number of hours for each labor category
- Pricing per deliverable / payment schedule

TASK ORDER (CALL) REQUEST FOR PROPOSAL

EVALUATION CRITERIA

1. Proposed Personnel

- o The Offeror will be evaluated, separate from the price proposal, the proposed labor category/mix to determine the Contractor's understanding of the scope of work and feasibility of its approach, as well as the availability, qualifications, and experience for the role identified of key personnel.
- o Resumes of the proposed personnel

2. Price

- o Proposed labor categories and rates for the task order (call) will be compared with the Offeror's labor categories and rates on the basic contract to ensure that rates have not been exceeded; and
- o The number of hours to complete the task order

Attachments

DEPARTMENT OF HOMELAND SECURITY
 CFO Ad Audit - GSA PARS Rate Discount And Proposed Rate by Labor Category

Labor Category	FY2010		FY2011		FY2012		FY2013		FY2014		FY2015	
	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed
Principal	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Supervisor	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Senior Professional	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Professional	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Senior Executive	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Executive	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Senior Administrative	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Administrative	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Senior Support	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Support	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Senior Craft	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Craft	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Senior Unskilled	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Unskilled	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000

Information provided is for informational purposes only. It is not intended to be used for any other purpose. The data is subject to change without notice. The data is provided as is and is not guaranteed. The data is provided for informational purposes only. It is not intended to be used for any other purpose. The data is subject to change without notice. The data is provided as is and is not guaranteed.

DEPARTMENT OF HOME AND SECURITY
 ICOP's ADR - ASIA PABSE's Discount and Proposed Rate by Labor Category

Labor Category	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	Estimated	Proposed	Estimated	Proposed	Estimated	Proposed	Estimated	Proposed	Estimated	Proposed	Estimated	Proposed
	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Professional	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04
Supervisory	277.48	277.48	277.48	277.48	277.48	277.48	277.48	277.48	277.48	277.48	277.48	277.48
Administrative	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92
Technical	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83
Service Worker	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48
Unskilled	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26
Skilled	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81
Specialized	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02
Senior	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83
Executive	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04
Professional - Specialized	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04
Administrative - Specialized	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92	222.92
Technical - Specialized	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83
Service Worker - Specialized	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48	177.48
Unskilled - Specialized	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26	144.26
Skilled - Specialized	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81	188.81
Specialized - Specialized	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02	216.02
Senior - Specialized	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83	241.83
Executive - Specialized	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04	312.04

Subcontractor Rates
 Information is for ICOP's ADR
 Proposed amounts are based on ODC's for each component as presented in Attachment E7 through E-17.



"Janssen, Scot G"

10/29/2009 01:58 PM

To

cc

bcc

Subject: RE: AWARD for BPA - TPDFIGBPA100001

We're delighted with this news, and honored to be selected to continue on at DHS financial statement auditors'. It couldn't have come at a better time with everyone working long hours to finish the FY 2009 audit. Thank you.

Scot Janssen | Partner

KPMG LLP | 2001 M Street, N.W., Washington, D.C. 20036-3389

Phone: 202- | Cell: 202- | Fax: 202- |

From: [mailto:]
Sent: Thursday, October 29, 2009 1:02 PM
To: Janssen, Scot G
Cc:
Subject: AWARD for BPA - TPDFIGBPA100001

b6

Scot,

Congratulations to KPMG. You have been awarded the Blanket Purchase Agreement (BPA), number referenced above for the CFO audit for the Department of Homeland Security, Office of Inspector General. Please find the award documents as attached. I have sent these in 2 separate attachments as they were so large for the scanner. Attachment 1 is the setup and terms and conditions which is the first part of the award docs and attachment 2 (PWS and auth ltr) is the remainder of the award. Once reviewed, if in agreement, please sign the last page of the terms and conditions and return this to me as soon as possible. On behalf of DHS-OIG, we thank you for your business. If you have any questions, please don't hesitate to contact me.

Contract Specialist
Administrative Resource Center (ARC)
Bureau of the Public Debt
Department of the Treasury
Procurement Services Branch #3
Ph: Fax:

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful. When addressed to our clients, any opinions or advice contained in this email are subject to the terms and conditions expressed in the governing KPMG client engagement letter.
