

PRE-PROPOSAL CONFERENCE SUMMARY

AUDITING AND ACCOUNTING SERVICES RFP #2015-04

April 16, 2015

At approximately 2:00 p.m., Mr. Robert Howells, Director of Procurement for the Maryland State Lottery and Gaming Control Agency ("Lottery"), welcomed everyone to the Pre-Proposal Conference for the Auditing and Accounting Services RFP #2015-04. He introduced Lottery representatives that were in attendance: Paula Yocum, Controller and Marie Torosino, Lottery staff and recorder.

Mr. Howells asked that if anyone did not sign-in to please do so before leaving and reminded the attendees to sign-in or clip their business card to the Sign-in Sheet. If there were any Minority Business Enterprises ("MBE") present, they were requested to indicate this on the Sign-in Sheet and he explained that prime vendors and potential MBE subcontractors should take advantage of this opportunity to network.

Mr. Howells said that a Summary of the Pre-Proposal Conference, complete and final answers to any questions asked at the Pre-Proposal Conference, the Sign-In Sheet, and any Amendments to the RFP, if necessary, would be sent by e-mail to the attendees and to any other entities who were sent the RFP or who are known to have obtained a copy of the RFP. This information will also be published on e-Maryland Marketplace and the Lottery's website.

If there are any questions today as we review the RFP, please feel free to ask. Although we will attempt to answer these questions today, the responses given verbally today by State representatives are not binding upon the State, are for informational purposes only, and are subject to later written clarification. Should substantive issues be raised which cause changes to be made to the RFP, a written Amendment to the RFP will be issued. No changes to the RFP are effective unless contained in a written Amendment issued to all parties.

Mr. Howells then proceeded to review each Section of the RFP and to address any questions that the attendees may have.

SECTION I. INTRODUCTION/OBJECTIVE

Mr. Howells reviewed Section I. No questions were asked.

SECTION II. MLGCA BACKGROUND

Mr. Howells reviewed Section II. No questions were asked.

SECTION III. GENERAL SOLICITATION TERMS AND CONDITIONS

Mr. Howells reviewed Section III.

He noted that the State has revised the eMaryland Marketplace website. If you have not logged onto the website recently, you will need to re-register. At the time of contract award, the Lottery will verify that you have signed up and have a vendor number registered with the State so that the contract award can be processed.

No questions were asked.

SECTION IV. MANDATORY CONTRACTUAL PROVISIONS - CONTRACT

Mr. Howells reviewed Section IV. No questions were asked.

SECTION VII. INFORMATION REQUIRED IN OFFEROR'S PROPOSALS

Mr. Howells reviewed Section VII. No questions were asked.

SECTION VIII. EVALUATION AND SELECTION PROCEDURE

Mr. Howells reviewed Section VIII. No questions were asked.

SECTION VI. FINANCIAL PROPOSAL

Mr. Howells reviewed Section VI. No questions were asked.

SECTION V. TECHNICAL SPECIFICATIONS OF WORK

Ms. Yocum said that provided in the Appendices are various reports that are utilized by the Lottery. The Lottery is transparent in regards to what it does. The Lottery will be upgrading its accounting system in the next several months.

Question: Regarding table games, the Lottery said in the RFP that information is sent in by each casino. Does the Contractor, auditor, have to visit each casino or do they rely on the Lottery's internal auditors to gather that information?

Response: Ms. Yocum responded that the Lottery has a team of auditors that specifically do that. As far as she understands, she does not think that the Lottery requires the auditors to go to each casino. However, that can be arranged and the Lottery can have the contractor accompany the Lottery audit team to the casino. The table game and slot machine information comes through the Lottery's accounting department on a daily basis and there is a reconciliation that is performed. In addition, reconciliation is also performed by the compliance officers and audit teams at the casinos.

Question: Does the Lottery expect the contractor to accept that information from the Controller?

Response: Ms. Yocum responded a certain number of Lottery drawings must be observed by the contractor and that is stated in the RFP. There is no requirement at this point for the contractor to go to the five casinos and eventually the sixth casino that will be opening by summer 2016 at National Harbor. However, if it is something that makes you more comfortable, then it can be arranged.

Question: Do the Lottery's auditors produce a report of procedures and controls that are used at the casinos?

Response: Mr. Howells responded that we are not aware of a specific report. There are casino operating procedures and internal controls that are outlined in detail in COMAR Title 36. If you are awarded the contract, you would be in touch with our Lottery auditors.

Question: Do the Legislative auditors ever audit this process?

Response: Ms. Yocum responded that, yes, the Legislative auditors audit the Lottery organization. The Lottery finished an audit approximately six months ago. She is not sure if a report has been issued yet. She is fairly new to the organization and was not part of that examination at that time. COMAR defines what the Lottery has to do.

Question: When you say "upgrading", are you changing the accounting software or are you going to a different version?

Response: Ms. Yocum responded the Lottery is upgrading its current system. The Lottery currently uses Microsoft Dynamics and Solomons, and it is an older version. This will just be a conversion. The fiscal year ends on June 30, and the Lottery is trying to complete the upgrade before the end of the fiscal year.

Mr. Howells said he realized that the copies of the RFPs that he had available on the table do not contain the Appendices. The Appendices are available on the website and were also sent out. If you do not have copies, send him an e-mail and he will provide them.

Question: Section 4.23 Indemnification and Responsibility for Claims and Liability. If we have an exception to this Section should we contact the Lottery?

Response: Mr. Howells responded that, yes, you should send your concerns to him in writing for review. Depending upon the nature of the inquiry, he may have to have the Office of the Attorney General also review it.

Question: Section 4.39 Lottery and VLT Play and Prize Payment Restrictions. If the contractor is a large firm, for example, over 3,000 people in multiple offices, could you give them additional guidance on the applicability of this section?

Response: Mr. Howells responded that there is a statement at the end of this Section that says, “The Director shall have the sole discretion to determine the applicability of this restriction to any specific individual.” What we are concerned about is the part of your company that is working directly for the Lottery. He realizes that there may be multiple offices all over the world and the Lottery is not looking to restrict everyone. It is the people participating directly with the Lottery, and the Lottery may provide to you a statement that may say, for example, “This provision applies only to your Maryland office working on the Maryland Lottery contract.” This would need to be addressed on a case by case basis depending on the specific contractor that is awarded this contract.

Question: Section 7.3.6.1 Organization and Structure, item #6. Does this include administrative people and their personal information?

Response: Mr. Howells responded, no, this is talking about outside people. The Lottery is not interested in the people on your staff in your office who worked on the RFP. We are looking for information such as any lobbyists or outside paid consultants that worked on the preparation of the RFP.

Question: Section 7.3.6.2 Background and Experience. Could you clarify further the request to provide a list of current client accounts and billings?

Response: Mr. Howells responded that if you will provide a specific question by e-mail he will clarify that in writing. What we are looking for is more focused on your local operations.

There were no further questions.

In conclusion, Mr. Howells stated that a Summary of the Pre-Proposal Conference, Questions & Answers, and the Sign-in Sheet will be sent to all parties as soon as possible. He also reminded the attendees that the Lottery will accept additional questions after the Conference up until such time as it becomes impractical to research and distribute the answers to all parties.

Mr. Howells thanked everyone for attending today. The Pre-Proposal Conference concluded at 2:57 p.m.

Summary prepared by:

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