

Questions & Answers from the DFI RFQQ 52015DFI Pre-Proposal Conference

August 14, 2015 at 2:00 pm

Attendees: *Doug Lacy-Roberts (DFI – DCU Program Manager), Allison Kohlhorst (DFI – Division of Credit Unions Coordinator), Nolan Garrett (Intrinium - Founder), Mitch Rasmussen (Eide Bailly – Senior Manager), Mallory Ashe (Securance Consulting – Sr. Sales Manager), and Bob Cedergren (Wipfl LLP - Partner)*

1. **Question** - Nolan: Are you having Glenn continue with IS&T Exams or are you going to fully contract out the IS&T examinations to the successful contractor?
 - a. **Answer:** Glenn will continue to do IS&T exams for the Division of Credit Unions (DCU) and he will work closely with the contractor(s). In the beginning, Glenn will work more closely with the contractor(s). The contractor(s) will not work with Glenn on all jobs. Glenn will also focus on safety and soundness exams.

2. **Question** - Mitch: Per Section 1.2, what is a scenario where the agency would not issue a statement of work to the contractor (page 5 – “There is no stated or implied guarantee that Statements of Work will be issued to each or any successful contractor”)?
 - a. **Answer:** This is a standard contract. We will work with the contractor to create a Statement of Work. We do not anticipate not creating a Statement of Work.

3. **Question** - Bob: Is this the first time the Division of Credit Unions has contracted out IS&T examinations?
 - a. **Answer:** Fifteen years ago, DCU had two individuals help us through Y2K. Also, we contracted with TrustCC for four years and we contracted with Gerhard Steinke for four years. We have done IS&T contracts for a little over 10 years in total, but it has been 3-4 years since we did our last IS&T exam contract.

4. **Question** - Bob: What are the expectations for providing training to DFI staff?
 - a. **Answer:** We anticipate that the contractor(s) will do some training with our exam staff. There may be times when we would bring the contractor in to provide a 1-2 hours training for examiners who are not trained in performing IT exams. Some of our staff have training in IS&T exams, such as our dedicated IS&T examiner (Glenn).

5. **Question** - Nolan: My Company currently provides IT work for credit unions and has standing contracts with some of them. How would that be affected by this contract?
 - a. **Answer:** We would not allow your company to examine a credit union who your company has an existing contract with.

6. **Question** - Mitch: Can you direct us to the specific standards you intend to use that are mentioned under Bullet 5 of the deliverables section (“Assign an IS&T credit union rating component during each exam, which is based on federal standards”)?
- a. **Answer:** We give an IT CAMELS rating to our credit unions during examinations. The IT CAMELS component rating is based on the FFIEC standards using the Uniform Rating System for Information Technology.
7. **Question** - Mitch: Section 1.3 states that the contractor must be available to work full time, what do you mean by full time? Specifically, section 1.3 states, “A CONSULTANT must provide the equivalent of one or more qualified CONSULTANT personnel who are available to work full-time, based on the work needs determined by the AGENCY.”
- a. **Answer:** Availability is a very important aspect of this contract. We have 59 state-chartered credit unions and we will schedule the examinations at least 1-2 months ahead of time. However, if there is an emergency situation we would like to be able to call your company and we would expect help to be made available.
- b. **Question** - Nolan: What kind of emergency would require an IS&T exam?
- Answer:** An example would be a security breach at a credit union.
8. **Question** - Nolan: Will we be reporting to the Examiner-in-Charge (EIC) who would incorporate our results into the examination?
- a. **Answer:** Yes, we usually schedule the IS&T with the regular safety and soundness examination, and therefore, the IS&T exam information will funnel up to the EIC assigned for the safety and soundness exam.
9. **Question** - Nolan: In the past when you contracted, how many hours per year were you working with the contractor?
- a. **Answer:** I do not have that information.
10. **Question** - Bob: Of the 59 credit unions, is the intent to examine all 59 during the contract time period?
- a. **Answer:** The contractor(s) will not examine every credit union during the contract period. Most likely ten to twenty percent of the credit unions will not be examined during the contract period. The exams are risk-focused examinations and some credit unions pose more IS&T risk than others. We will use our examiner resources to provide the most value to our exam program and to our credit unions.
11. **Question** - Bob: Have there been any revisions to the RFQQ?
- a. **Answer:** No, there have not been any.

12. **Question** - Bob: A proposal could be sent either electronic or hard copy, would you prefer electronic?
- a. **Answer:** Either is fine, please ensure that they are addressed to Doug Lacy-Roberts. My contact information can be found in Section 2.1 of the RFQQ.
13. **Question** - Nolan: Because you are looking for an hourly rate for the services to be provided, if credit unions are located close together will you try to schedule those exams close together?
- a. **Answer:** Yes, we will try to schedule IT examination close together, if possible, so that the contractor(s) can perform multiple exams in locations that are close together. However, exam scheduling is also dependent upon many other factors, such as DFI/DCU's exam calendaring needs.
14. **Question** - Bob: What is the length of time an IS&T examiner would be expected to be at a credit union?
- a. **Answer:** From one to two days, but it could be up to five days. However, this is subject to change. We will be meeting with the winning bidder(s)/contractor(s) to plan how we can best examine credit unions IS&T programs over the next twenty two months.
15. **Question** - Bob: In Section 1.1 it says "evaluating the risk assessment procedures and instruments of DFI's Division of Credit Unions", what do you mean by this?
- a. **Answer:** This section probably could have been clearer. The main thing the contractor(s) will be doing is evaluating the credit union's IS&T procedures and practices. The contractor(s) will also provide value by enhancing the DFI/DCU examination process and procedures.
16. **Question** - Bob: To be clear, the hourly rate that was quoted is all that there is. There will be no reimbursement for travel expenses?
- a. **Answer:** That is correct, there will be no reimbursement for travel expenses.
17. **Question** - Nolan: Under Section 3.3.1 it says that costs for subcontractors are to be broken out separately. What do you mean by that?
- a. **Answer:** If subcontractors are used by the contractor(s), then the contractor(s) would need to breakout the costs of the subcontractors separately. Additionally, subcontractors would need to be approved by DFI/DCU prior to being used, and DFI/DCU would need to know in what capacity the subcontractor would be used for.

18. **Question** - Bob: The way that the request is written indicates that there is \$300,000 available for this contract. What are the expectations on an annual basis for hours, and depending on the pricing what happens when we reach \$300,000?
- a. **Answer:** Currently, there is no set expectation on the amount of hours to be used under this contract. There is a possibility that the entire \$ amount would not be spent. DFI/DCU could amend the contract to increase the \$ dollar amount above \$300,000; however, formal DFI approval would be needed to do this. We entered our new biennium on July 1, 2015, so the contract will be a little less than two years in length and will expire on June 30, 2017.
19. **Question** - Bob: My assumption is that we will work under the EIC and use the FFIEC guidance to execute the exam. Is this correct?
- a. **Answer:** Right now we don't have an exact IS&T work plan to follow regarding the RFQQ. We will work with the contractor(s) to help determine an IS&T work plan for the next year and then implement it. This will be a joint effort. The work plan will incorporate the FFIEC guidance. The contractor(s) will work with the RFQQ Coordinator, with Glenn Ross (DCU IS&T examiner) the EIC of the safety and soundness exam, and other DCU exam staff, as need be.
20. **Question** - Bob: Is the RFQQ timeline that is laid out still good?
- a. **Answer:** Yes, the timeline in section 2.2 is still correct and we intend to stick to it.
21. **Question** - Nolan: Who do you intend for us to bring to the interviews?
- a. **Answer:** You should bring with you the people you intend to have working on the contract and management representation.
22. **Question** - Mallory: Are you sticking to the September 15, 2015 date to award the apparent successful contractor?
- a. **Answer:** Yes, we plan on sticking to this timeframe.