



## *Maryland Lottery and Gaming Control Commission*

### STAFF AGENDA MEMORANDUM

**DATE OF MEETING:** March 23, 2023

**AGENDA ITEM:** **Award of Auditing and Accounting Services for MLGCA Solicitation No: #2022-10**

**PRESENTER:** James Nielsen, Deputy Director / COO

**ISSUE SUMMARY:** This Contract is for the Maryland Lottery and Gaming Control Agency (“MLGCA”) to acquire auditing and accounting services necessary to meet its statutory reporting requirements; to conduct observations of lottery drawings; to provide technical advice related to accounting practices; and to certify various Agreed Upon Procedures related to multi-state lottery games offered for sale in Maryland.

**RFP Process:** The MLGCA issued RFP #2022-10 for a new auditing and accounting services contract on October 28, 2022. A Pre-Proposal Conference was held on November 10, 2022 at the MLGCA’s headquarters and was attended by 3 individuals representing 2 firms. The Due Date for submissions was set as January 6, 2023 by Amendment #1.

In response to the RFP, two Offerors timely submitted proposals:

- SC&H Group, Inc, (“SC&H”) Sparks, MD
- Swift Accounting and Financial Consulting, LLC (“Swift”) Bowie, MD

The Evaluation Committee was comprised of five individuals with expertise in accounting, information technology and lottery operations and was advised by the Procurement Officer.

The RFP identified the Criteria to be used to evaluate each Technical Proposal for the contract, which are listed below in descending order of importance. Unless stated otherwise, any sub-criteria within each criterion have equal weight.

- 6.3.1 Overall Response to Requirements and Work Plan**
- 6.3.2 Background Experience and Qualifications**
- 6.3.3 Staff**
- 6.3.4 Capability/Capacity**
- 6.3.5 Economic Benefit**

**Technical Evaluation:** Each Committee member read each technical proposal in its entirety. The Committee then met several times to discuss the proposals and it was determined that the proposal submitted by Swift did not satisfy the Minimum Requirements (see below). The Committee subsequently determined by consensus that the SC&H proposal did meet the Minimum Requirements and was deemed satisfactory by the Committee. The technical rankings determined by the Committee are as follows:

**# 1 – SC&H Group, Inc.**

Swift Accounting and Financial Consulting, LLC – Not Reasonably Susceptible for Award

**Minimum Requirements:** Upon initial review, several committee members expressed that there were inconsistencies in the Swift Proposal. These pertained primarily to the Minimum Requirements.

As part of the determination to be considered reasonably susceptible of being selected for award, each Offeror was required to document in its Proposal that certain Minimum Requirements had been met. One requirement was holding a valid CPA license issued by the State of Maryland.

### **1.1.1 CPA License**

“The Offeror shall be a CPA firm holding a valid active license from the State of Maryland, Department of Labor, Licensing and Regulation. Required Documentation: As proof of meeting this requirement, the Offeror shall provide with its Proposal a current certificate issued by the Maryland Insurance Administration evidencing the Offeror’s certification as a CPA.”

In its submission, Swift stated that it had reciprocal standing to operate in the State of Maryland as its main office is located in Washington, DC. Swift was sent a request in an electronic mail on January 24 for clarification on its licensure. Replies received revealed that Swift had not submitted a complete application to the Maryland Department of Labor for a Certified Public Accountant (“CPA”) Firm Permit in Maryland. The documentation provided on January 24 also did not include a confirmation that a complete application had been received by the Maryland Department of Labor.

Swift did not meet the minimum qualification of holding a valid active CPA firm license from the State of Maryland, Department of Labor. The request for clarifying information did not support that Swift had CPA Firm licensure (Firm Permit) as late as January 27, 2023, three weeks after proposals were due. Swift was determined to not be a responsible bidder because they did not possess the capability in all respects to perform fully the contract requirements. Code of Maryland Regulations (“COMAR”) 21.06.01.01.B(2)(a).

SC&H’s proposal met the minimum requirements and there were no inconsistencies in its technical proposal. The SC&H proposal was reviewed by the Committee and deemed responsible and acceptable.

**Financial Evaluation:** The Committee opened the Financial proposal from SC&H, which is summarized below.

- **# 1 – SC&H Group, Inc, Sparks, MD**
- **4 Year Base Contract Term Estimate - \$1,338,800**
- **3 Year Renewal Option Estimate - \$1,079,700**

**Best Value Analysis:** As stated in the RFP, the MLGCA's goal is to obtain a Contractor that, in addition to providing the basic auditing and accounting functions, shall conduct its audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The selected contractor shall deliver all requirements and shall be responsible for all technical functionality and business support as specified in RFP Section 2.3.

As SC&H was the only offeror susceptible for award of the Contract, and its financial proposal was determined to be reasonable with respect to industry standards, it is recommended that SC&H Group, Inc, Sparks, MD, be awarded the Auditing and Accounting Services For MLGCA Contract (#2022-10).

This Contract is being submitted to the Commission for review and approval, and then, subject to Commission approval, to DGS for inclusion on the next available Board of Public Works Agenda.

**COMMISSION ACTION REQUIRED/REQUESTED:** Discussion, consideration and possible action approving award of the Contract to SC&H Group, Inc, Sparks, MD

**STAFF RECOMMENDATION:** Staff recommends approval.