

**Draft Request for Proposal to  
Provide Audit Services**

## 1. Overview

### 1.1. Verizon

On June 30, 2000, Bell Atlantic Corporation and GTE Corp. completed a merger to form Verizon Communications (“Verizon”), one of the world’s leading providers of communications services. Verizon companies are the largest providers of wireline and wireless communications in the United States, with approximately 109 million access lines and 27.5 million wireless customers. A Fortune 10 company with more than 260,000 employees and approximately \$65 billion in 2000 revenues, Verizon's global presence extends to 40 countries in the Americas, Europe, Asia and the Pacific.

This Request for Proposal (RFP) is being issued on behalf of Verizon and to ensure continued compliance with the Independent Auditor requirement.

### 1.2. Verizon MA Long Distance Entry and Regulatory Approval

Pursuant to a Massachusetts Department of Telecommunications and Energy (“Department”) Memorandum of March 2, 2000, Verizon New England Inc., d/b/a Verizon Massachusetts, filed a proposed Performance Assurance Plan (“PAP”). A PAP is a self-executing remedy plan to prevent “backsliding” (i.e., a degradation in the quality of wholesale services provided to competing carriers) by an incumbent local exchange carrier (“ILEC”), once the ILEC gains entry into the long distance market, pursuant to section 271 of the Communications Act of 1934, as amended.<sup>1</sup> In its filing, Verizon proposed that the PAP take effect when it entered the long distance market in Massachusetts. On September 5, 2000, the Department ordered that the PAP would be effective upon Verizon’s entry into the Massachusetts long distance market.

On January 16, 2001, Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), and Verizon Global Networks Inc. (Verizon) filed an application with the Federal Communications Commission pursuant to section 271 of the Act for authority to provide in-region, interLATA service originating in the state of Massachusetts.<sup>2</sup> The FCC granted Verizon’s application in an Order issued on April 16,

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<sup>1</sup> In 1996, Congress amended the Communications Act of 1934 to foster the development of local exchange competition, among other things. The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996). We refer to the Communications Act of 1934, as amended by the Telecommunications Act of 1996, as the Communications Act or the Act.

<sup>2</sup> Supplemental Filing of Verizon New England Inc., CC Docket No. 01-9 (filed Jan. 16, 2001) (Verizon Massachusetts II Application).

2001, based on its conclusion that Verizon had taken the statutorily required steps to open its local exchange markets to competition in Massachusetts.

## **2. Scope of Work**

### **2.1. General Objective**

**The PAP (Attachment A) requires that Verizon shall, at its own expense, annually engage an independent auditor or auditors to audit Verizon's data and reporting, that the first audit would include an examination of data reliability, and that the first audit would begin six months after Verizon MA enters the long distance market in Massachusetts. The objective of this RFP is to select the audit firm, or firms, for such engagement and to enter into appropriate contractual arrangements therefor.** The independent auditor shall be acceptable to the Department. The independent audit shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. For purposes of this engagement, the Department and Verizon shall be the only specified users; the Department and Verizon must both consent to the audit methods and procedures to be used; and the independent auditor must accept those methods and procedures.

### **2.2. Audit Plan**

The scope of the initial audit of Verizon's Massachusetts PAP will be the October 2001, data month.

Listed below are the major service categories of the performance measurements to be reported by Verizon, as documented in the PAP:

Pre-Ordering  
Ordering  
Provisioning  
Maintenance and Repair  
Billing  
Network Performance

The audit plan should enable the verification of the following during the actual audit:

?? Examination of data reliability through verification of the existence of measurement reporting business rule requirements, reporting methods and procedures and reporting system documentation specifying performance measurement definitions, calculations and performance standards using a random sample of measurement results from the October 2001, data month.

- ?? Timeliness and completeness of reported results including data collection, data retention, and data protection.
- ?? Implementation of ordered statistical methodology for determining Verizon's compliance with reporting requirements.

### **2.3    *Specific Requirements***

#### **A. Examination of Data Reliability**

Select one metric from each of the major service categories listed above from the results reported for Massachusetts for the performance month of October 2001.

For each selected metric:

- (1) Verify existence of business rule requirements, reporting methods and procedures, and reporting system documentation through interviews with Verizon employees and a review of the Verizon documentation.
- (2) Compare Massachusetts PAP language and other plan requirements against performance measurement definitions specified by Verizon systems.
- (3) Verify data calculations from the pull point (the point in the Verizon systems where raw data are gathered) are accurate and in accordance with the PAP language.
- (4) Verify performance standards reported by Verizon are in accordance with the PAP language through an examination of the report.

#### **B. Report Timeliness and Completeness**

- (1) Secure copies of reports filed with the Department for Verizon performance month October 2001. Verify report was timely in accordance with the PAP requirements.
- (2) Review report and interview Verizon employees responsible for generating the report to determine completeness of the data, as reported.
- (3) Evaluate policies and practices for collecting and storing data from the pull point, which are necessary for the creation of performance metrics. Conduct interviews with Verizon data collection and storage experts and review of the Verizon documentation.

#### **C. Implementation of Ordered Statistical Methodology**

- (1) Verify that the statistical formulas used by Verizon to determine if "parity" exists between Verizon MA's wholesale and retail performance are in accordance with Appendix D of the PAP.

This RFP requests your proposal setting forth:

?? How your firm is qualified to provide the services required by this RFP,

?? How your firm plans to meet the requirements of this RFP, and

?? The estimate of professional resources to be devoted to this Engagement and proposed costs of providing such services.

### 3. Proposal Process

#### 3.1. *Proposal Contents*

Verizon requests that bidders respond to the RFP in the exact manner the information is requested. However, this does not preclude the addition of clarifying comments, explanations, or remarks where deemed necessary by you. Any such additional comments, explanations, or remarks should be listed separately with cross-reference notes citing the applicable numbered section. Proposals shall contain the following minimum information for each of the Engagements **(to the extent you have provided most of this information before you may resubmit relevant portions thereof, and you may incorporate duplicate information by reference):**

1. Supplier Firm Information: Please provide in sufficient detail a summary of your firm's expertise and experience in the types of engagement(s) contemplated hereby. To the extent possible:

?? Describe similar project engagements for other clients, including an indication of the size, scope and complexity of such projects.

?? Describe your firm's other credentials in engagements on issues related to reviews of regulated parties' compliance with regulatory imposed conditions, and providing reports thereon to the governing regulatory body. In particular, describe whether your firm has previously engaged in similar engagements before the Department.

?? Affirm that your firm has not previously been rejected as unqualified or unacceptable for similar engagements by the Department, or for similar engagements by other Federal or State regulatory bodies.

?? Provide the names and positions of your staff who will be assigned to this engagement and their credentials, in the subject matter. To the extent possible, list your team's experience in leading similar engagements.

?? Provide three relevant client references for the key members of the project team.

2. Work Plan: For the Engagement contemplated hereby provide a plan for how your firm would accomplish the requirements of this RFP, including the examination methods and procedures to be used. Include a summary (including time line) of the steps necessary to complete the Engagement. Describe the people resources that your firm will be able to dedicate to this project. Describe the level of support and resources you estimate might be required from the Department and Verizon.

### **3.2. Pricing and Fees**

**In a separate section of your proposal**, describe the fee structure you propose for the Engagement and indicate your best estimate of what this engagement might cost. For example: Are you proposing a “Time & Material” or a “Fixed Fee” arrangement? What are your proposed hourly rates for professional fees? Are there any discounts available? Were any discounts reflected in the estimate provided? Do you propose any cost containment, risk sharing or incentive formulas to keep costs within budgeted amounts?

**For this engagement, please complete the attached “ Pricing Matrix” (Attachment B) to set forth pricing and staffing resources for the services.**

### **3.3. Role of Verizon and the Department**

In order to assure a competitive, objective and fair evaluation and selection process, the process for soliciting, and evaluating proposals is being administered and managed by the Department jointly with Verizon. The Department is responsible for supplier selection. After receipt of this RFP, all requests for information, clarifications or discussions concerning this RFP should be directed as follows via e-mail:

**Primary contact will be:**

**–Suzanne Del Giudice-Smith  
Sourcing Process Leader  
Verizon Corporate Sourcing  
Rm. 14K00  
240 E. 38th Street  
New York, NY 10016  
Tel. No: 212 338 1086  
Fax. No: 212 476 5262  
E-mail:  
*suzanne.delgiudice-smith@verizon.com***

The foregoing person shall be responsible for obtaining and providing all substantive answers or clarifications to all responders on an equal basis, and shall be responsible for arranging any bidder’s meetings or other discussions with Verizon personnel concerning this RFP. **Any requests for**

extensions of time to respond must be directed to the foregoing person in order to be considered.

### **3.4. Response Date and Method of Response Submission**

- a. If it is to be considered, your response must reference the above stated **RFP#00-7809 SS**. It should be sent via E-mail addressed to [quotation.registrar@verizon.com](mailto:quotation.registrar@verizon.com) and [Robert.howley@state.ma.us](mailto:Robert.howley@state.ma.us) and must be received by Verizon Corporate Sourcing and the Department no **later than 12:00 PM, (insert date based on issue date of RFP, usually 2 to 3 weeks from RFP issuance)** . Your Proposal should be in MSOFFICE compatible format. Please avoid complex graphics and visuals, etc. **Failure to receive your RFP response on the due date may result in disqualification from consideration.**
- b. Do not send a copy of your RFP response to any other Verizon or Department employee.
- c. If you do not intend to respond to this RFP, please contact the Sourcing Process Leader and return your package to the Quotation Registrar prior to the deadline, marked “No Bid”.
- d. This RFP is not a purchase order and should not be considered as such. All estimated quantities and requirements contained in this RFP reflect the best information available to Verizon at the time of RFP preparation and are estimates only and do not constitute commitments.
- e. All responses and related information submitted by you shall be deemed to be submitted to Verizon on a nonproprietary and non-confidential basis, any restrictive notices or legends to the contrary notwithstanding, and shall become the property of Verizon.

## **4. Terms and Conditions of Engagement**

Please review Verizon’s attached terms and conditions of this engagement and indicate that you will comply. If you do not comply, indicate your exceptions and provide alternative language.

Indicate whether your firm already has a consulting agreement or other engagement contract in place with Verizon. If your firm does not have such an agreement in place, Verizon and the selected provider shall enter into a mutually acceptable engagement agreement.

## **5. Diversified Suppliers**

- a. Verizon is committed to diversity and believes in providing equal opportunity to diversified suppliers, otherwise known as minority and women owned business enterprises (“MWBEs”). As such, we make every effort to utilize diversity firms to the fullest extent possible, so that our supplier base reflects our customer base. We are also committed to establishing long-term agreements with

suppliers who share this vision and dedication to the principles set forth in our policy regarding diversity enterprises.

- b.** If the firm is a Minority or Woman Owned Business Enterprise, attach a copy of formal certification from a federal, state or local agency, private corporation or advocacy group that confirms your diversity qualifications. If you are not such an enterprise, please provide a description of how your firm furthers the values of diversity in general, or how it intends to specifically do so in providing the Work. For example, describe the number and percentage of certified Minority or Women Owned subcontractors who might provide Services hereunder, and describe the firm's capabilities to track and report Verizon's expenditures with those subcontractors.