

04/27/2012

TO: ALL OFFERRS

FROM: Kathleen O'Donnell  
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP12-CPA-05, Delaware Health and Social Services (DHSS) Delaware Drinking Water Revolving Loan Fund Financial Statement Audit

### **ADDENDUM #1**

Please note: The attached sheets hereby become a part of the above mentioned RFP. The Office of Auditor of Accounts (AOA) received the following questions for clarification in response to its RFP posted on April 18, 2012.

1. Does DHSS prepare draft financial statements for the auditor? *DHSS has not prepared draft financial statements or a trial balance for the auditor in the past. Based on GAGAS Independence Standards, AOA prohibits the auditor from functioning in this capacity and requires the agency to prepare the financial statements going forward. The agency has agreed to do so.*
2. How many audit adjustments were there in the prior year? *7 for Fiscal Year 2011, which has not yet been issued.*
3. Actual hours for the PY audit? *For the Fiscal Year 2011 audit, the hours so far are 288 and the firm estimates to be 75% complete. The hours for Fiscal Year 2010 were 126.*

*The difference in hours from the prior year is due to the loss of the agency's bookkeeper. This created numerous issues, such as the books and records were not kept up-to-date and a lot of time was spent trying to get the records ready for audit.*

4. Was the 2011 report issued? *The 2010, 2009, and 2008 reports are on the AOA website, but not 2011. Not yet, the audit is still in progress and AOA expects to receive a draft on 04/30/12.*
5. In the RFP on page 9, 3b asks for authorization from NASBA. Since Delaware is a State that is part of the Portability Act, can we just say that we meet the requirements of the Act and provide a copy of our firm PA license and a copy of the PA licenses for the Partner, Manager, and Supervisor in the proposal? *Yes, that is acceptable. Copies of the firm and the partner, manager, and supervisor-in-charge licenses must be provided. Please keep in mind that a copy of a valid State of Delaware business license is also required.*
6. In the RFP on page 10 for Insurance, can we include an insurance binder showing our limits? *Yes, however AOA will require the selected firm to provide evidence of actual insurance prior to the contract being signed.*
7. In the RFP on page 11, what do you want to see in the proposal pertaining to Affirmative Action? *We have a policy so can we just say we have an Affirmative Action Policy? Yes.*

8. Can we use subcontractors in the proposal as long as we identify who we are using? [No, per 3h on page 11, subcontractors and third party service providers are prohibited on this engagement.](#)
9. Is the Single Audit included in the State Single Audit or is it a separate audit from this one? [This program is included in the State's Single Audit and, therefore, is not included in this contract.](#)
10. Why is there so much cash in the entity? [This question would be researched by the selected firm during the planning phase of the audit.](#)
11. What are the stipulations for the ARRA funds? Do they need to be returned? [We are not aware of any stipulations that require that ARRA funds to be returned. However, if applicable to the engagement, the selected firm would have to disposition what work should be performed.](#)
12. As the loans are repaid are the dollars relent? Will the dollars need to be repaid back to the Feds at some point? [This question would be researched by the selected firm during the planning phase of the audit.](#)
13. What were the prior year audit fees? [\\$10,100 has been billed so far for the Fiscal Year 2011 audit. \\$15,000 was charged for the Fiscal Year 2010 audit.](#)
14. Do they ever issue debt or do they strictly use State and Federal dollars? [This question would be researched by the selected firm during the planning phase of the audit.](#)
15. In Note 7 to the financials, has the binding commitments amounts been given out and the remainder is loans receivable or do they draw against the amount as needed like a line of credit? [This question would be researched by the selected firm during the planning phase of the audit.](#)
16. Do they maintain a separate fund for each of the funds listed on pages 27 through 32 of the June 30, 2010 financials? [This question would be researched by the selected firm during the planning phase of the audit.](#)
17. Where there any additional services provided by the audit firm in the past and, if so, what were the services and fees? [AOA is responsible for contracting out the audit and that was all AOA contracted for.](#)

All other terms and conditions remain the same.

If you have any questions, please contact me at 302-857-3919 or [kathleen.odonnell@state.de.us](mailto:kathleen.odonnell@state.de.us).