

06/27/2012

TO: ALL OFFERS

FROM: Kathleen O'Donnell
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP12-CPA-06, Delaware
Department of Natural Resources and Environmental Control (DNREC)
Hazardous Substance Cleanup 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 June 19, 2012.

1. In the RFP on page 9 3b it 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 ad 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.**
2. 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.**
3. 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.**
4. 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.**
5. What assistance is given to the auditors in preparing the financials? **Per section IV.C. on page 5, "The firm agrees it will not prepare the financial statements, note disclosures, or management discussion and analysis (MD&A). The firm should notify AOA immediately of any request to perform such services."**
6. What type of Compliance testing is done as part of the audit? **Using professional judgment, the auditor must complete compliance testing sufficient to provide an**

opinion on the financial statements. Any Single Audit testwork required is completed in the State's Single Audit, not in this financial statement audit.

7. Are financials to be prepared on cash basis? **Yes.**
8. What were the prior year audit fees? **The FY10 contract fees were \$12,500.**
9. How many hours did the most recent audit take? **The FY10 audit took 166 hours.**
10. How many audit adjustments in the prior year? **Because the financials are cash-basis, there were no adjustments needed.**
11. Do they maintain a separate fund for each of the funds listed financials? **No.**
12. Where there any additional services provided by the audit firm in the past and if so what were the services and fees? **There were no addendums or additional services paid for by AOA.**
13. Who prepares the financials? **The Fund has not prepared its own financials in the past but can do so going forward.**
14. Will cash be able to be confirmed? **AOA is currently working with various State agencies to determine whether the State Treasurer's Office will be able to confirm cash balances at the agency or department level. If the firm is unable to confirm cash, appropriate recourse will need to be taken the form of findings or modification of opinion.**
15. What accounting system is being used for the 2012 audit? **The Fund uses First State Financials (FSF), the State's PeopleSoft ERP system.**
16. Have prior year findings been resolved? **The June 30, 2011 audit has not yet been completed. The FY10 audit report contained 4 current year findings. The firm should plan accordingly to address prior year findings.**
17. Has GASB 54 been implemented? **The State implemented GASB 54 in FY 2011 and the entity should as well. If the entity fails to do so this would require the auditor to evaluate according under the standards and make request for addendum to audit contract as needed if additional work is required.**
18. Has the June 30, 2011 audited financials been issued and available? **No, they have not yet been issued.**
19. Where there any audit issues in the prior audit? **There is nothing further to report at this time.**

20. How is interest income allocated if funds in pooled cash? [This issue may require further research by the firm given the cash confirmation issues.](#)
21. May we please have a copy of the financial report? [The FY10 report can be found on our website, \[auditor.delaware.gov\]\(http://auditor.delaware.gov\).](#)
22. Will there be a pre-bid meeting for this RFP? [No.](#)
23. Did any event occur that would make the 06/30/12 audit significantly different from the prior year? [No, not that we aware of.](#)
24. When will the records be ready for audit? [We anticipate that the records will be available in August.](#)