

07/02/2012

TO: ALL OFFERS

FROM: Kathleen O'Donnell
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP12-CPA-07, Delaware
Department of Natural Resources and Environmental Control (DNREC)
Delaware Water Pollution Control Revolving Loan Fund Financial Statement
Audit

ADDENDUM #3

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. Will management provide memos of the Fund's accounting processes for cash receipts, cash disbursements, loans and other major accounting processes (to assist in our understanding of internal controls)? [The firm contracted to perform the audit will determine this as part of their normal planning procedures.](#)
2. Why were the Fund's FY 2011 financial statements not issued until April 2012? Are there any problems anticipated with the client's preparedness to meet the October draft deadline? [With the State's implementation of a new accounting system, there were some difficulties in obtaining and preparing information for the financials.](#)
3. Will DNREC provide hi speed internet access to the auditors during fieldwork? [The firm contracted to perform the audit will need to work this out with the agency. However, the firm should be prepared in case the agency can't provide this.](#)
4. What is the approximate number of audit entries proposed each year? [There were 25 adjusting entries for the FY11 audit.](#)
5. Will AOA have any training classes or training materials available on the new State accounting systems for outside auditors? [No.](#)
6. Will AOA provide us with information such as contained in an SSAE 16 report concerning the controls placed in operation, design and operating effectiveness of the various State data processing centers used by the Fund for FY 2012? If so, when could we expect the information to be available? [To our knowledge,](#)

SSAE 16 is not applicable to this engagement. The firm should plan accordingly regarding relying on the State's data and must not rely on AOA to assist with compliance with auditing standards. Firms should include their plan for this in their proposal.

7. What identifying information on engagement staff is needed regarding Affirmative Action? Per page 11 of the RFP: "The firm must identify the extent to which staff to be assigned to the engagement reflect the State of Delaware's commitment to Affirmation Action."
8. Can you share with us the information given to other bidders in response to their inquiries? Answers to all questions received are posted at bids.delaware.gov.
9. Are you aware of any integrity issues with the Fund's management? All firms should anticipate proceeding with appropriate professional skepticism and must assess this as part of audit planning.
10. Is there any suspected or known fraud or illegal acts by the Fund? AOA cannot make assurances regarding this. The firm is being contracted to assess this as part of their work.
11. The RFP on page 8 states that report preparation and editing is the Firm's responsibility, but also states on page 5 that the Firm agrees it will not prepare the financial statements, note disclosures or MD&A. Please explain this seeming contradiction. I.e. what is required of the firm for the financial statements (besides our opinions) and what does the client provide. The firm is responsible for preparing the deliverables, as outlined in the RFP, and putting that together with the financial statements, related note disclosures, and any supplementary information that the firm is opining on. Clearly, this is separate and apart from preparing the financial statements.
12. Are the Fund's books and records in good order? This is what the firm is being contracted to make assessments of as part of the audit. The firm should review any previous audit findings.