

07/02/2012

TO: ALL OFFERS

FROM: Kathleen O'Donnell
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP12-CPA-08, Department of Agriculture, Delaware Agricultural Lands Preservation Foundation Financial Statement Audit

ADDENDUM #2

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 26, 2012.

1. What assistance is given to the auditors during the audit? [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."](#)
2. Who prepared the financials in the prior year? [The Foundation has not prepared its own financials in the past but it is the agency's responsibility to ensure the financial statements and related notes are prepared for the audit.](#)
3. 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.](#)
4. 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.](#)
5. 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.](#)
6. What accounting system is being used for the 2012 audit? [Page 6 of the RFP states that all accounting for the Foundation is within the State's accounting system. First State Financials \(FSF\) is the State's PeopleSoft ERP system.](#)

7. Will accurate trial balances be available from the State accounting system? [The Foundation should be able to provide accurate financial information to the contracted firm.](#)
8. Has GASB 54 been implemented? [Yes, GASB 54 was implemented by the Foundation for FY11.](#)
9. How is interest income allocated if funds in pooled cash? [This issue may require further research by the firm given the cash confirmation issues.](#)
10. Are detailed Fixed Asset Schedules maintained? [As far as AOA is aware.](#)
11. Is an accounting firm engaged to perform accounting services for the Foundation? [No.](#)
12. If an accounting firm is engaged what is their role in the audit? [Not applicable.](#)
13. Are easements capitalized? [Yes per the FY10 financials.](#)
14. Are there any intangible assets that should be capitalized? [We are not aware of any, however, the firm contracted to perform the audit should assess this as part of their work.](#)
15. When will the 2011 financials be available and what is the issue with them not being available? [We cannot estimate when the financials will be available due to the cash confirmation issue. However, the FY10 financials are available at \[auditor.delaware.gov\]\(http://auditor.delaware.gov\).](#)