

April 8, 2014

TO: ALL OFFERS

FROM: Kathleen A. Davies
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP14-CPA-01, Diamond State Port Corporation

ADDENDUM #1

Please note: The attached sheets hereby become a part of the above mentioned RFP.

AOA will address questions that can be reasonably answered and do not require significant investment of time that can be planned for as part of the engagement and included in the proposal. An example would be reviewing any changes in funding from one period to another which would be done during planning. Including sufficient information in the proposal and sufficient hours improves a proposer's score. AOA does evaluate proposals to determine if sufficient hours are included based on the size and scope of the engagement. Please remember that lowest bid is not a deciding factor in the RFP award process, it is 10% of the score.

AOA's scoring process values all-inclusive, thoughtful, quality proposals. Any firm identifying contingencies will have their cost proposal adjusted in relation to others that do not include the contingency so that they are comparable from a cost perspective. Firm proposals that include sufficient details and ample hours for contingencies are much more likely to receive a higher technical as well as overall score.

The Office of Auditor of Accounts (AOA) received the following questions for clarification in response to its RFP posted on April 1, 2014.

1. Will an accounting firm be contracted to prepare the financial statements and also prepare final trial balances for the auditors?
[Please refer to FAQ #1 in Appendix D of the RFP. It is the agency's responsibility to ensure the financial statements and related notes are prepared for the audit.](#)
2. Who prepares the Schedule of Awards?
[FAQ #1 in Appendix D of the RFP](#)
3. Will a reconciliation of the Schedule of Awards to the accounting records be provided?
[FAQ#1 in Appendix D of the RFP](#)

4. Is any new federal funding anticipated that will require the audit of additional federal programs?
Aside from related information already provided in the RFP, AOA is not offering audit planning services on this engagement; please include ample consideration of such matter in the firms proposal.
5. How many audit adjustments were made in the prior audit?
FAQ #6 in Appendix D of the RFP.
6. Was there a management letter issued in the prior year and if so can we obtain a copy?
None indicated. To be concluded by firm during predecessor auditor procedures.
7. Do you want a fee quote for the option years 2016 and 2017?
No, none requested. See option to renew at 3.1 of the RFP.
8. Is a physical inventory taken at year end?
To be identified by firm during planning.
9. Who takes the lead in the implementation of new GASB's?
That is management's responsibility.
10. Was there any new debt issued?
To be determined during planning and throughout the audit. Any resulting amendments to the audit approach will be addressed as needed.
11. Are detailed capital asset schedules maintained?
No prior findings, firm will identify during planning.
12. Are (SIC) the accounting records maintained on the State accounting system?
No, see 5.2 of the RFP.
13. Is cash reconciled to the general ledger of the Corporation?
No prior year finding. Firm will make determination as part of new engagement planning.
14. Is the pension plan maintained as a separate entity at the state?
Addressed in Note 10 of the prior year's financial statements.
15. Has the Corporation looked at the impact of GASB 67 and 68 for pensions on its financials?
See Note 10 of the prior year's financial statements. Status is a planning issue.
16. Is there any other litigation that would impact the audit?
See Note 16 of the prior year's financial statements for any potential disclosures on such matters.

17. What were the prior year audit fees and hours?
Please refer to FAQ #2 and #3 in Appendix D of the RFP.
18. How many cash accounts are maintained?
If not in prior year note disclosure, identify during planning.
19. What is included in accrued expenses on the financials?
If not in prior year note disclosure, identify during planning.
20. Does AOA or a contractor auditor complete a review of DMS General Controls? If yes, does the Auditor of the Port have access to this report prior to August 1 each year?
No idea what DMS is referencing; however, the firm should plan to perform a complete audit in accordance with all relevant AICPA and GAGAS standards. This is a full scope engagement.
21. Please provide us with a copy of the Port's 2013 SAS 114 letter. Also the SAS 115 letter and/or management letter, if applicable.
May obtain all necessary information required under the standards from predecessor auditor if awarded the contract.
22. The hours and cost identified in the FAQ are 500 and \$40,000 (\$80 per hour) includes audit of federal expenditures for the year ended June 30, 2013, since the Port expects less than \$100,000 for the year ended June 30, 2014, please provide the hours and cost for the audit of financial statements in accordance with GAGAS only.
All available detail has been provided.
23. Approximately when are the Port's year-end final numbers available for audit?
Refer to Section 6.2.b. and 6.2.a. of the RFP.
24. How would you like the A-133 fee treated? Given the expected level of expenditures and the fact that the Port may not need a single audit, would you like an A-133 fee included in the cost proposal here in case it becomes applicable during the contract term or would adding on an A-133 fee, if needed, be handled via an addendum? I want to make sure I include something if you would like it in there.
Not requiring single audit for proposal; however, see prior statement on preference towards vendors that include thoughtful details. If A-133 hours and cost are provided, include the breakout separately. This will ensure that AOA can put all cost proposals on equal playing field.
25. Does the Port prepare their statements in-house or do they contract out the compilation of their statements?
Please refer to FAQ #1 in Appendix D of the RFP. It is the agency's responsibility to ensure the financial statements and related notes are prepared for the audit. To our knowledge, Port will prepare the financial statements and trial balances.

26. Is there a breakdown of the 500 hours in terms of how many hours relate to the financial statement audit and how many relate to the A-133?
[See prior responses.](#)
27. Why have you decided to go out for bid for audit services?
[AOA believes in arms-length contracting, following state- procurement-law, and in ensuring a competitive qualitative bidding process.](#)
28. When will you be ready for planning for year-end field work?
[See 6.2 b and c of the RFP for expected auditee schedule.](#)
29. Has Diamond State Port Corporation had any significant funding changes since your last audit?
[FAQ #7 in Appendix D of the RFP.](#)
30. Were there any adjustments or management letter findings during last year's audit?
[FAQ #6 in Appendix D of the RFP.](#)
31. If a management letter was provided in the prior year, may we receive a copy?
[None to our knowledge.](#)
32. How many hours did the prior year audit field work require?
[Not available.](#)
33. Is there anything that you desire from your current auditor that you are not receiving?
[No relevance to preparing a proposal. No additional services are allowed under AOA Engagement Contracts.](#)