

April 30, 2014

TO: ALL OFFERERS

FROM: Kathleen A. Davies  
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP14-CPA-03, Data Integrity over Financial Reporting and SSAE-16 SOC 1 – Type II Report over First State Financials (FSF) and Payroll Human Resources Statewide Technology (PHRST)

**ADDENDUM #1**

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

To clarify the proposal submission process, firms must submit their proposals in **three, separate files**: Mandatory Criteria section, Proprietary section, and Cost section.

The Office of Auditor of Accounts (AOA) received the following questions for clarification in response to its RFP posted on April 22, 2014.

1. The following questions reference the Reconciliation Report (Deliverable #1):
  - a. Although there are no comparable reports from the prior year, were any management letter comments or observations noted related to this scope?  
*During the FY2013, there were certain matters related to general IT controls presented to management for consideration. Specifics regarding these matters will be shared with the firm selected to perform this audit.*
  - b. What components of the Deliverable #1 services would you like to see included in Deliverable #2 and which components should be issued separately from Deliverable #2?  
*Deliverable #1a will be provided to AOA prior to work starting. Results obtained through the completion of Deliverable #1b-h will be included in the SOC1 report (Deliverable #2). Deliverable #1 h will produce an actual data file. The data file itself will not be included in the SOC1 report; however, the firm will report on any findings relative to constructing the data file in the SOC1 report (Deliverable #2).*
  - c. What is the timing of the completion of the reconciliation process described in *Appendix G – Division of Accounting's Monthly Reconciliation Procedures* on page 40, and timing of the availability of those for review and re-performance? Are the deliverable procedures dependent on completion of Department of Accounting reconciliation?

It is important to recognize that the reconciliation procedures provided were developed by the Division of Accounting; however, the procedures are performed at the agency level as required by the Division of Accounting. Each agency is responsible for completing the reconciliation procedures by the 15<sup>th</sup> of the following month. Data integrity procedures related to the reconciliation process are to be included in testwork.

2. The following questions reference the SOC1 Type II (Deliverable #2):
  - a. What is the audit period being covered by the SOC1 report?  
Generally speaking, the audit period will cover July 1 – June 30 of each fiscal year by virtue of constructing the data file. AOA will work with the firm selected on developing report language to properly describe the audit period covered in the SOC1 report.
  - b. Although there are no comparable reports from the prior year, were any management letter comments or control deficiencies noted in the control structure for the scope of the SOC 1?  
See 1a above.
  - c. What control objectives have been defined for the SOC1 report?  
As explained in Section 4.1 of the RFP, AOA will work with the firm to select the appropriate controls. Any firm seriously considering proposing on this work may request a copy of the State's most recent SOC1 report. Requests must be in writing and directed to Kathleen Davies at [Kathleen.Davies@state.de.us](mailto:Kathleen.Davies@state.de.us).
3. Page 5-6, Section 4.3 Deliverables, item I – Are all reports for the Data Integrity testing coming directly from the FSF and PHRST systems?  
The DGL060 and various reports included in the *Division of Accounting Monthly Reconciliation Procedures* are batch reports, which contain data from FSF and PHRST. The tool used for the batch reports is DocumentDirect. DocumentDirect is an application that archives batch reports, which have been run on a programmed schedule, nightly or periodically. The reports are available to be printed the morning after being run and archived. This does not preclude other reports coming from other systems or processes, which would be identified during the firm's work.
4. Page 5, Section 4.3 Deliverables, item I (i) – Can you please provide the rationale for including the Data Integrity work within the SOC1 report? Given the nature of the procedures outlined in Section 4.1.1 steps a-h, would you consider having the results of the procedures documented in a separate agreed upon procedures (AUP) report?  
Inclusion of the Data Integrity work with the SOC1 provides users of the report with an evaluation of the operating effectiveness of the general and application controls over FSF and PHRST as well as the ability to rely on the actual data contained within FSF, which has not been provided since the implementation of FSF. AOA is requesting that the results from Deliverable #1 be included in the SOC1 Report.