

May 8, 2014

TO: ALL OFFERERS

FROM: Kathleen A. Davies
Chief Administrative Auditor

SUBJECT: ADDENDUM TO INVITATION TO BID – RFP14-CPA-05, Delaware State Lottery
Financial Statement Audit

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 29, 2014.

1. Is the Lottery currently satisfied with the services the prior auditor has provided?
[Please refer to Appendix E of the RFP for all available information regarding the prior year audit.](#)
2. Within the request for proposal, there is an emphasis on governmental auditing experience, but there is no mention of lottery or gaming expertise. How important is lottery or gaming auditing experience to the AOA?
[As provided in section 10.2 of the RFP, the Evaluation Committee will use a point formula during the review process to score the proprietary sections of the proposals. The varying levels of expertise for each firm are included in the Evaluation Committee's point formula. The information provided in the firm's proprietary section, as required by Section 9.1\(b\) of the RFP, will assist the Evaluation Committee in their assessment.](#)
3. How does AOA define value as it relates to the lottery financial statement audit?
[AOA has not offered a definition of "value" nor are we in a position to assume the relevance intended by the author of this question.](#)
4. Within the RFP, the final report date deadline is listed as mid-October; however, we noticed the last four audits have been dated in either November or December. Has the report deadline changed under the new RFP or what factors have led to the delayed audit report issuance?
[The report deadline has not changed in recent years. No specifics are available on the annual timing of the final report; however, AOA's RFP emphasizes the need for attention to project management.](#)

5. Can the contractor state they will obtain a Delaware Business License and complete the applicable licensing requirements upon contract award or must these items be completed prior to proposal submission?

Applicable licensing requirements **must** be completed prior to proposal submission. Please read and follow the proposal guidelines to ensure your proposal follows all must (Mandatory) requirements. The proposal clearly states the consequences of not doing so.

6. Per Section 11, Contract Conditions, refers to “AOA’s reserved right to incorporate Standard Delaware contractual provisions into any contract negotiated as a result of a proposal submitted in response to this RFP”. Will the AOA extend the same right to the bidders regarding standard terms and conditions?

This will be discussed with the firm that is awarded the contract; however, certain provisions are non-negotiable.

7. Per Section 11.4.J, Confidentiality of Information (Background Checks), if the bidder performs background checks on its employees, will the AOA approve the background check process of the bidder?

Section 11.4(j) requires “a criminal background check completed through a process approved by AOA at the Contractor’s expense.” AOA has historically required the background checks through the State process and most likely will continue this requirement to mitigate various risks.

8. Per Section 11.4.O, Contract Documents, states the contract will include the Agreement, Purchase Order and RFP. Are there any terms and conditions on the Purchase Order that are not already included in the RFP? If so, can a copy of the Purchase Order be provided to the Bidders?

The conditions and instruction to the vendor on the purchase order state the following:

1. Acceptance of this Purchase Order is agreement to accept payment by credit card, ACH, or by check at the State’s option.
2. All prices F.O.B. destination unless otherwise indicated.
3. This order and the performance thereof shall be construed and governed in accordance with the laws of the State of Delaware.
4. Separate invoices must be submitted for each order.
5. Any price changes must be agreed to by the Ordering Agency prior to submitting invoices.
6. Purchase Order not valid unless signed by Secretary of Department of Finance or designee or under \$5,000 or marked emergency.

9. Who prepares the financial statements and footnotes?

Refer to Question 1 under Appendix E of the RFP.

10. How many audit adjustments were made in the prior year ?

Refer to Question 6 under Appendix E of the RFP.

11. When is a complete set of draft financials available?

According to Section 6.2(c) of the RFP, a complete draft of the financial statements will be available for audit by mid-August.

12. Who takes the lead in the implementation of new GASB's?
It is the Delaware State Lottery's management's responsibility to implement new GASB's.
13. What was the staffing of the prior year audit by level and hours along with audit fees?
Details of prior hours would be misleading since the approach is changing significantly.
14. What assistance is provided to the audit firm from state personnel during the audit? Please detail the type of work and hours.
The State does not have an internal audit department nor does it perform work that could be substituted for the work of the Firm under contract. The firm should plan to do all work relevant to the scope and objectives of the RFP.
15. For the disclosure of the OPEB does the State provide the detail for the footnote and the liability related to the Lottery portion of the OPEB liability?
This is to be determined by the Firm as a part of planning.
16. Have there been any issues identified in the SSAE 16 SOC 1 reports for the Lottery?
The SSAE 16 SOC 1 reports for the period ending June 30, 2013, do not indicate any material issues for the Delaware State Lottery.