

January 26, 2016

TO: All Offerers

FROM: Kathleen Davies  
Chief Administrative Auditor,  
Delaware Office of Auditor of Accounts

SUBJECT: Addendum to Request for Proposals (RFP) – RFP AOA-16-CPA-04-Ag

**Addendum #1 – Proposers Questions & Office of Auditor of Account's Answers**

Please note: The attached sheets hereby become a part of the above mentioned RFP. All other terms and conditions remain the same.

The Office of Auditor of Accounts (AOA) received the following questions for clarification in response to its RFP posted on January 12, 2016.

1. Can I have the prior two years audit reports?  
[Prior year reports are available on AOA's website.](#)
2. Can I have the management letter if one was issued for prior two years or the Communication with those charged with Governance at the conclusion of the Audit?  
[Only publically posted information is made available as part of the proposal process. This would include all findings issued under Government Auditing Standards.](#)

[In addition, and as is emphasized in the RFP, the firm is permitted to submit a proposal with a range of hours based on various risk levels since there would be no way to anticipate the risk level based on findings and governance communications.](#)

3. Are the accounting records maintained on the State's Accounting System?  
[The Foundation's operations are processed in First State Financials, the State's accounting system. However, some supplementary information for items such as easements and outstanding loans are maintained in QuickBooks and Excel. The extent of information maintained in these external sources will be addressed by the successful firm during planning.](#)
4. Does the State Pension give the amount of pension liability to the Foundation for reporting?  
[Yes, the Foundation has its own separate line on the Delaware Public Employees' Retirement System State Employees' Pension Plan, Schedules of Employer Allocations and Schedules of Pension Amounts by Employer. These reports, once issued, are available on AOA's website.](#)
5. Was there any testing of Pension Census Data at the Foundation by the auditors?  
[The Foundation's previous auditor performed the necessary verification procedures; however, they did not perform testing over Pension Census Data. Any reliance on another auditors' work should be addressed by the successful firm during planning.](#)
6. Are detailed fixed asset records maintained by the Foundation?  
[See #3.](#)
7. Does the Foundation have Post Employment Benefits?  
[This will be addressed by the successful firm during planning.](#)

8. For Fiscal Year 2015 how many of the 240 hours were related to the GASB 68 implementation?  
Due to various factors, including previous experience with the State's implementation of GASB 68, the firm estimates approximately 5% (12 hours) of the 240 hours was related to the GASB 68 implementation.
9. Is the difficulty regarding confirmation of cash resolved or still an issue?  
AOA can provide the firm with a breakdown of the liquidity of the State's pooled cash and investments. However, the process of confirming and testing the Foundation's cash will be addressed by the successful firm during planning.
10. Number of easements added during Fiscal Year 2016 for following:
  - a. Farmland preservation easements
  - b. Forestland Preservation area easements
  - c. Young farmers program easementsThis will be addressed by the successful firm during planning.
11. Number of loans disbursed as part of the Young Farmers program during Fiscal Year 2016?  
This will be addressed by the successful firm during planning.
12. Has Foundation considered impact of any new financial standards on their financial statements in accordance with finding 2015-01?  
This will be addressed by the successful firm during planning.
13. Does the Foundation have a Single Audit requirement?  
Per the Foundation, they do not have any federal funding for FY 2016.
14. Does the Foundation receive any Federal funding?  
Per the Foundation, they do not have any federal funding for FY 2016.
15. If yes to #14, is the Foundation Single Audit work covered by the State of Delaware Single Audit?  
When applicable, the Foundation's Single Audit is covered by the State of Delaware Single Audit.
16. Were the three audit adjustments related to the new pronouncements? If not, what other areas were impacted?  
Two audit adjustments were related to GASB 68. The remaining adjustment was to reverse a prior year accrual.
17. Is the Foundation using the same accounting firm for Fiscal Year 2016 and does that firm have a background in governmental accounting?  
The Foundation intends to use the same accounting firm to compile their Fiscal Year 2016 financial statements. The Foundation is responsible for contracting for these compilation services, and therefore AOA cannot speak to that firm's qualifications. Proposing firms should not hesitate to factor in detailed line items for issues that may arise from contracting out financial statement compilations; this is an example of the type of details that results in a higher technical score.

If you have any questions, please contact me at 302-857-3919 or [Kathleen.Davies@state.de.us](mailto:Kathleen.Davies@state.de.us).