

December 8, 2017

TO: All Offerors

FROM: Tammy B. Smith
Senior Audit Manager
Delaware Office of Auditor of Accounts

SUBJECT: Addendum to Request for Proposals (RFP) – AOA18001-CPA_PORT

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 November 22, 2017.

1. Currently, the Port contracts with a CPA firm to prepare its financial statements for audit. Who is the CPA firm and how long has the firm been engaged? Will the same firm continue to be engaged for the 2018 fiscal year?
Diamond State Port Corporation (DSPC or Port) currently utilizes Gunnip & Co to prepare its financial statements. The firm has been engaged since fiscal year ending June 30, 2015 and is expected to be retained for fiscal year ending June 30, 2018.
2. As noted in the Frequently Asked Questions and in Note 17 to the FY 2017 financial statements, the DSPC has expanded to include the Edgemoor location. We recognized that plans for the site are not finalized and may be confidential. However, are there currently any construction or operational plans that would expand the scope of the audits for fiscal years 2018 and 2019?
There is uncertainty as DSPC goes through the Public-Private Partnership (P3) process. In any outcome, DSPC will retain the ownership of land, both Wilmington and Edgemoor, and will continue to exist. The P3 process will determine who will develop, maintain, and operate the facilities at both locations. If successful, the land will be leased to a private operator under a 40 or 50 year lease, and DSPC will function as a pure landlord. If successful, this could happen in FY 2019. It is a status quo for FY 2018. If unsuccessful, the status quo will continue for the Wilmington facility.
3. What software does the DSPC use for its general ledger, billing, inventory, payroll and other key accounting systems?
The billing, inventory, and other modules are in-house developments. The payroll is processed by ADP. The overall general ledger package is the entry-level version from Oracle.
4. Will a Single Audit be required for FY 2018?
DSPC is not expected to meet the federal expenditures threshold for a Single Audit in FY 2018.
5. How many audit adjustments were made in the prior year?
See question #7 in Appendix F of the RFP.
6. Who takes the lead in the implementation of new GASB’s?
The compilation firm works with DSPC to implement any new GASBs.

7. Was there a management letter issued and if so can we obtain copy?
There was no management letter issued in the prior year.
8. Was any new debt issued?
No.
9. Does the Corporation maintain detailed Capital Asset records?
Yes.
10. Does the Corporation have detailed narratives on expenditures, payroll and revenue processes?
Yes.
11. Is there a physical inventory taken by the audit firm?
The audit firm should determine what audit procedures to perform in order to obtain reasonable assurance that the financial statements are free from material misstatement.
12. Who is the actuary for the Pension Plan? Who is the custodian of the pension fund assets? Is there a separate audit performed of the Pension Plan separate from the audit being requested in this RFP?
As described in Note 10 of the Port's financial statements for fiscal year June 30, 2017, the pension plan is administered by the Delaware Public Employees' Retirement System. The financial report may be obtained by writing the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402 or by calling 1-800-722-7300.
13. What were the prior year audit fees?
See question #3 in Appendix F of the RFP.
14. In order to put together a realistic time line and meet the deadlines for the submission of draft statements as outlined in the Reporting Packages, Section 6.5 of the RFP, typically when has and for how long has onsite fieldwork taken place?
Onsite fieldwork for the fiscal year ending June 30, 2017 engagement consisted of three days of interim work in May and seven days in July.
15. The RFP states that Diamond State Port Corporation uses Oracle Financial software as its accounting package, but under the Nature of Services Required, Section 4.3b, the RFP states that the SSAE 16 report on the State's accounting and payroll systems is available for the selected firm. Are all of the transactions for the Diamond State Port Corporation processed through the state system? If not which transactions are (i.e. payroll, cash disbursements, cash receipts) processed through the state system?
No transactions for Port are processed through the State system. This section of the RFP (4.3 b.) should have been removed.

If you have any questions, please contact me at 302-857-3925 or tammy.smith@state.de.us.