

April 18, 2019

TO: All Offerors

FROM: Kathleen McGuiness
State Auditor
Delaware Office of Auditor of Accounts

SUBJECT: Addendum to Request for Proposals (RFP) – AOA1905-CPA_DSHA

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 April 1, 2019.

1. What software does DSHA use?
DSHA uses Mitas, Emphasys, Sage, and other internally developed software.
 - a. What version is it?
DSHA uses customized versions of each software program.
 - b. Does it have remote access?
There is no remote access.
2. Is there any specific expertise and advice the organization looking for that it may not be receiving from its current provider?
No.
3. What is management’s and the board’s view on the desirability of transitioning to new auditors?
DSHA’s management and Board are open to all proposals and have transitioned in the past.
4. Is the current provider bidding on the engagement?
The RFP is open to all qualified certified public accounting firms.
5. Does DSHA currently, or plan to participate in HUD’s RAD program and if so, what is the status of any conversions (all projects complete, some settled and some in process, none yet settled, etc.)
DSHA is participating in RAD for its Liberty Court site. It will go to permanent closing in June 2019. The RAD financials are not a part of DSHA financials. They receive a separate audit and have a December 31 year end.
6. How long has the Authority been an MTW agency?
Since 1999.

7. Have there been any significant changes in operations, funding, or personnel involved in the audit process since the last audit? As it relates to personnel, this includes AOA also.
There have been no significant changes at DSHA. With the election of a new State Auditor who took office in January 2019, AOA is operating under a new administration.
8. Have there been any new funds created during FY2019?
There are no new funds except for S811 Mainstream Vouchers.
9. The prior year reports are dated beyond the due dates specified in Section 6.5b. Were there any issues in the prior year that resulted in the delay and do these issues still exist?
There are no existing issues that would impact meeting due dates.
10. The Financial reporting packages as defined in Note 1 (pg. 6 of 51) do not reference the CAFR. Does the CAFR follow the same due dates as referenced in Section 6.5?
No. For the CAFR, DSHA must file with the GFOA prior to December 31 each year. Typically, DSHA provides a draft to the auditors near Thanksgiving and the auditors provide an opinion within a couple of weeks so DSHA can file with GFOA for the Certificate of Achievement for Excellence in Financial Reporting.
11. Have there been any issues (delays in obtaining information, recalculation, etc.) related to the adjustments and disclosures for pension and OPEB plan activity (GASB's 68 & 75)?
No.
12. Has there been significant bond activity in the current year or planned for the period covered by the contract?
The Single Family 2018 bond issuance was a restructuring of three older DSHA bond issuances in July 2018.
13. The 2018 finding references accounting position vacancies and required adjustments. Have these vacancies been filled and/or do you expect similar issues in the current year?
DSHA has filled these vacancies from within using cross-training. However, there are new openings.
14. What were the audit fees for the prior hours or approximate hours spent on the audit?
See Appendix F of the RFP.
15. Is there anything you would like to see changed or done differently as part of the audit process (timing, communications, documentation requests, etc.)?
DSHA and AOA expect deadlines and schedules to be met. Any requests for review or signatures should allow five business days for review and processing.
16. Is the REAC submission coordinated with DHSA or AOA staff?
DSHA staff works with the audit firm to submit the audit to REAC.
17. As a component unit of the state, is this a group audit with respect to the state's financial statement audit and does DHSA have any component units?
DSHA submits the information to the State of Delaware Department of Finance to be included in the State's CAFR. DSHA does not have any component units.

18. Do you anticipate the same level of funding from federal, state, and local sources as noted in the prior year?

Yes.

19. When do the interim audit procedures and year-end audit procedures typically start for the fiscal year end June 30 audit?

Preliminary interim work in May. Year-end in mid-August.

20. Will the predecessor work papers and audit partner be available to help us evaluate the opening balances for the Delaware State Housing Authority, in accordance with professional standards?

Yes.

21. Can we obtain any management letters [including auditing findings/recommendations affecting the Delaware State Housing Authority's financial statements, internal controls, accounting and accounting systems] for the past three [3] years, if applicable?

Yes, if your firm is selected.

22. Does the Delaware State Housing Authority process their own payroll or use a third-party service provider?

For the non-State employees, DSHA processes its own payroll. The State employees are paid through the State of Delaware, with DSHA funded appropriations.

23. During interim and year-end audit procedures, are the auditors expected to work in Delaware State Housing Authority offices, or will information be available to be electronically transmitted? Will auditor access be available to the Delaware State Housing Authority financial reporting system?

DSHA and AOA expect the auditors to work in DSHA's Dover office and go to other sites as needed. DSHA must comply with federal confidentiality standards.

24. Section 5.3 page 8 indicates that unaudited financial reports are prepared quarterly by DSHA. Is the most recent unaudited internal financial statement available for review by proposing firms?

No, DSHA does not share unaudited financial statements.

25. Section 5.3 page 8 indicates that DSHA utilizes the MITAS Financial Management System. Is any work performed related to the design or operational effectiveness of internal controls around this system, outside of work performed by financial system auditor (e.g., SSAE 16 report)?

Not recently.

26. Have there been significant changes during FY '19 to federal programs in which DSHA participates, as indicated at pages 110-111 of the audited financial statements for FY '18? Are there any new programs or material changes to expenditure levels?

There are no significant changes.

27. Section 9(g) page 14 – Does the requested statement on subcontracting and third-party service providers preclude the use of third parties to facilitate audit testing (e.g. confirmation.com) and/or

the use of third-party auditors' specialists during audit testing (e.g. valuation specialists or actuaries)? We understand that we would be responsible for complying with professional standards related to the use of auditors' specialists and maintain responsibility for all work performed and our audit opinions.

No, these types of services are permitted.