

June 22, 2020

TO: All Offerors

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

SUBJECT: Addendum to Request for Proposals (RFP) – AOA20-CPA-05-DHIN

**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 June 8, 2020.

- 1) List of Items, Schedule of Requirements, Scope of Work, Terms of Reference, Bill of Materials required.  
Included in the above referenced RFP.
- 2) Soft Copy of the Tender Document through email.  
The RFP is available online at [www.bids.delaware.gov](http://www.bids.delaware.gov).
- 3) Names of countries that will be eligible to participate in this tender.  
Only firms presenting valid licenses as required by the RFP will be considered.
- 4) Information about the Tendering Procedure and Guidelines  
Included in the above reference RFP.
- 5) Estimated Budget for this Purchase  
Total fees paid for the Fiscal Year ended June 30, 2019 audit were \$26,944.
- 6) Any Extension of Bidding Deadline?  
No.
- 7) Any Addendum or Pre-Bid meeting Minutes?  
No.
- 8) What were the prior year audit fees?  
Total fees paid for the Fiscal Year ended June 30, 2019 audit were \$26,944.
- 9) Are you comfortable with us including a 5% technology fee to our professional fees?  
See RFP Section 8 for details regarding the Cost Section of the proposal.
- 10) Are there any significant changes in operations in the current year vs. the prior year including changes in policies and procedures, personnel, or the reporting entity?  
No.

- 11) Please comment and/or provide journal entries proposed by the auditors in the prior year?  
There were 7 adjusting journal entries for FY2019 which were to adjust deferred revenue and prepaid expenses to actual revenue and expenses and to accrue expenses for invoices subsequent to year end.
- 12) Please comment and/or provide a listing of findings or comments made by the auditor to the governing body. Are copies of all auditor submitted documents from the prior year available for review? (i.e. management letter, governance communication)  
The Fiscal Year ended June 30, 2019 reporting package has been issued and is available at [auditor.delaware.gov](http://auditor.delaware.gov). Other documents will be available for review upon award of the contract.
- 13) Please comment on extent of decentralized operations within the Delaware Health Information Network. Describe any decentralized accounting functions that may require site visits during the audit.  
DHIN has a total of 35 staff members, including 2 who oversee the finance and accounting functions. During the current pandemic those 2 people have been working remotely, although plans are in place for DHIN staff to partially come back to the office, while maintaining social distancing guidelines. DHIN has a legal subsidiary – DCHI (Delaware Center for Health Innovation) which has a unique set of financial ledgers which are maintained by a contracted accountant who works remotely.
- 14) What computer systems are used for general ledger operations? Which systems manually interface with the general ledger? Which systems automatically interface with the general ledger?  
DHIN uses QuickBooks for its general ledger operations. DHIN has recently built an automated interface between QuickBooks and DHIN’s Salesforce (Customer Relationship Management tool) instance in order to synchronize customer billing and address information between the two systems.
- 15) In an effort to understand the level of effort currently exerted by the current auditing firm, please provide (a) hours billed (b) prior year fees and (c) schedule of auditors in the field? For example, 2 people 2 weeks in November and 4 people 3 weeks in April. How did the fees charged compare to the fees quoted in the proposal?  
Total fees paid for the Fiscal Year ended June 30, 2019 audit were \$26,944 and took approximately 160 hours.
- 16) What are the two most significant issues facing the Delaware Health Information Network in the next two years?
- a. COVID-19 has impacted DHIN in two ways: a) DHIN has worked closely with the State to implement a contact tracing system for use by the State to monitor and reduce the spread of COVID-19 b) Approximately 50% of DHIN’s revenue comes from its participating hospitals, laboratories, and acute care facilities – who have all seen their customer volumes decrease during the pandemic. DHIN’s revenue from these facilities is based on the number of unique accessions that they send to DHIN, so DHIN is watching volumes trend very closely as a result.
  - b. Healthcare payment reform has emphasized the need for accumulated patient clinical and claim data in order to determine quality and cost of care for a given cohort of patients. DHIN has been exchanging clinical information since May 2007 and recently launched a Healthcare Claims Database (HCCD) in October 2018 to receive and manage payer claims information. DHIN expects the HCCD to be a key component of its value over the next two years and beyond.

17) Describe any relationships with third party service providers used by the entity that may have an impact on the accounting or financial reporting of the entity (i.e. ADP, Paychex, etc.).  
DHIN uses ADP as its payroll processing system and imports the given entries into QuickBooks. DHIN also imports bank and credit card statement information into its QuickBooks system as part of its reconciliation process.

18) Section 8.2, page 9. “The Cost Section must contain all detailed cost information relative to performing the engagement as described in the RFP for each fiscal year presented in the schedule as outlined in Appendix A.”

Question – Section 4.1, Engagement Description and Cycle, on page 5 includes the financial statement audit and single audit (as applicable) in the scope of the RFP. Is the AOA looking for firms to provide a single audit and financial statement estimate for each year? If yes, can confirmation whether DHIN will require a single audit for FY20 as well as SEFA information providing a listing of federal expenditure amounts by federal program be provided to proposing firms for consideration in the development of fees?

DHIN will not require a single audit for FY20. DHIN has never been requested to provide SEFA information providing a listing of federal expenditure amounts by federal program and does not anticipate doing so for FY20.

19) Do you anticipate extending the bid due date?

No.

20) What additional details are you willing to provide, if any, beyond what is stated in bid documents concerning how you will identify the winning bid?

Nothing further than what is stated in the RFP.

21) Was this bid posted to the nationwide free bid notification website at [www.MyGovWatch.com/free](http://www.MyGovWatch.com/free)?

No.

22) Other than your own website, where was this bid posted?

The RFP was posted on the Delaware Bid Solicitation Directory at <http://bids.delaware.gov/> in accordance with Delaware Code.