

**Empire State Development
RFP and Statement of Qualifications for Audit Services
Questions and Answers**

Q#1-What were the Total Audit Fees paid for the above mentioned audits for the prior years for the period 2008 through 2010.

A-This information will not be available.

Q#2-When sending the proposal to Kathleen Mize, there is no building address or specific floor to have the proposal delivered. I know the New York Office is located at 633 Third Avenue, New York, NY 10017. Is this where the proposal should be sent and if so, is there a specific floor that should be marked on the envelope?

A-Yes, the location indicated is correct. Please mark 34th Floor on your submission.

Q#3-In Section I (Introduction), first paragraph and Section III (Scope of Services), first paragraph, there is a reference to “*separately audited consolidated/combined financial statements for the above corporations and subsidiaries*” and “*Companies require separate examination of their consolidated/combined financial statements*”, respectively. Could clarification be provided as to if each of the five organizations listed in Section I (Introduction) require a separate audited financial statement? If so, could the 2011 financial statements for the Harlem Community Development Corporation, New York Convention Center Development Corporation and New York Empowerment Zone Corporation be made available to the bidders? The website currently only provides 2011 financial statements for the New York State Urban Development Corporation and New York Job Development Authority.

A-Yes, each of the five organizations listed in Section I (Introduction) requires a separate audited financial statement. Linked here are the financial statements for [New York Convention Center Development Corporation](#), [Harlem Community Development Corporation](#), and [New York Empowerment Zone Corporation](#).

Q#4-In Section I (Introduction), first paragraph, there is reference to a “consolidated Federal Single Audit”. Could the 2011 consolidated Federal Single Audit Reporting Package be made available to bidders? The website currently only provides consolidated financial statements accompanied by Yellow Book reporting.

A-Linked here is the 2011 consolidated [Federal Single Audit](#).

Q#5-In Section I (Introduction), third paragraph, the RFP indicates that “*management consulting and other professional services may be required by the Companies throughout the contract year*”. Would it be possible to understand the nature and related professional fees for any such services provided by the Companies’ independent auditors over the past three years, or otherwise contract period?

A-The nature of “management consulting and other professional services” that have been required over the past three years include, but is not limited to, consultation on new GASB statements and their effect on ESD, discussions regarding large transactions and the effective

and efficient accounting treatment of same and changes affecting large capital projects. The extent of related professional fees will not be available.

Q#6-In Section II (History and Introduction to the Companies), in as much as the Companies are component units of the State of New York, is there any required annual interface with the State's independent auditors?

A-No.

Q#7-In Section II (History and Introduction to the Companies), fourth paragraph, in connection with UDC revenue bond issuance, please comment on the extent of involvement required by the independent auditors, or with any related debt offerings.

A-No involvement is required by the independent auditors with regard to the actual issuance of revenue bonds or related debt offerings.

Q#8-In Section VI (Content of Proposal), item A (Background, Experience and Personnel), number 5, indicates financial statements of bidders for no less than the last three fiscal years are required by the RFP. Given that many CPA firms are partnerships with their financial matters not public information, will non-compliance with this request serve to disqualify bidders? Assuming the request is predicated upon gaining an understanding of the financial soundness of the bidder, would satisfactory credit reporting and/or insurance coverage(s) satisfy this requirement?

A-A proposal that does not include at least the last three fiscal years financial statements would not be responsive. As noted, three years' financial statements are required. The provision of satisfactory credit reporting and/or insurance coverage(s) would not be sufficient.

Q#9-In estimating the effort associated with the engagements, it would be very helpful to have an understanding of the following for each organization:

- a. Are the financial statements and footnotes drafted by financial management or the independent auditor?
- b. Are there typically any significant adjusting or reclassification entries required to present the financial statements in accordance with accounting principles generally accepted in the United States of America?
- c. Is there an internal audit function that could potentially be utilized under the independent auditors direct supervision in conducting the engagements?
- d. What level of assistance from the respective financial management teams can be assumed in conducting the audits?

A-a. Financial management.

b. No.

c. While there is an internal audit function, the annual audit plan does not lend itself to

allowing time to work on the independent audit.

d. Management and staff prepare reconciled audit schedules, account analyses, drafts of the financial statements, notes to the financial statements and Management's Discussion and Analysis.

Q#10-Could the most recent (3/31/11) independent auditor-issued SAS No. 114 (communication with those charged with governance) and SAS No. 115 (internal control deficiency) letters be made available to the bidders?

A- This information will not be available.

Q#11-Would it be possible to have access to the existing independent auditor's contract for the same services?

A- This information will not be available.

Q#12-Could you provide insight as to the number of hours the current independent auditors are incurring in conducting the requested audits?

A- Please refer to Question #34.

Q#13-Do we incorporate the Federal Single Audit Scope of Services and budget into one proposal or do we submit a separate proposal?

A-Yes, please incorporate the Federal Single Audit Scope of Services and budget into one proposal.

Q#14-How many Federal dollars both regular and ARRA did each subsidiary expend during the current fiscal year?

A- During fiscal year 2011 regular Federal expenditures expended through subsidiaries approximated \$153.5 million and ARRA Federal expenditures approximated \$600 thousand.

Q#15-Can we obtain a copy of last fiscal year's Consolidated Federal Single Audit Report?

A-Please refer to Question #4.

Q#16-Was there a management comment letter issued by the auditors for last year's audit?

A-No.

Q#17-Can you tell us how many hours were spent last year by the auditors in the field?

A- Please refer to Question #34.

Q#18-Does your staff prepare the financial statements, notes to the financial statements and Management Discussion and Analysis?

A-Yes.

Q#19-What is the size of the accounting department and are the staff for each subsidiary located in one building?

A-The accounting department consists of 20. The staff of each subsidiary is located both at 633 Third Avenue and in other locations.

Q#20-RFP Section III. Please confirm that the only financial statements to be issued in response to this RFP are the following:

- a. NYS Urban Development Corporation and Subsidiaries – consolidated financial statements
- b. Job Development Authority – combined financial statements

Separate financial statements for individual subsidiaries (e.g. Harlem Community Development Corporation, NY Convention Center Development Corporation, etc. or blended component units (e.g. NY Liberty Development Corporation, etc.) are not a requirement.

A-Separate financial statements are required for NYS Urban Development Corporation and Subsidiaries, NY Job Development Authority, Harlem Community Development Corporation, New York Convention Center Development Corporation and New York Empowerment Zone Corporation.

Q#21-RFP Section III. In certain instances, public benefit corporations apply for and receive tax-exempt status from the Internal Revenue Service under Section 501(c)3, which results in tax reporting obligations on IRS Form 990. Please confirm that this RFP does not include the provision of any tax services.

A-This RFP does not include the provision of any tax services.

Q#22-RFP Section III. Please describe the extent to which management takes responsibility for providing complete drafts of the financial statements to the independent auditor.

A- Please refer to Question #18.

Q#23-Please provide an estimate of the total number of hours each year that the current independent auditor spends (or was budgeted to spend) in performing these audits.

A- Please refer to Question #34.

Q#24-RFP Section VI-B-1. Please clarify the requirement to itemize the audit fee for “each of the Companies as listed in this document”. We interpret this to mean a separate fee for NYS Urban Development Corporation’s consolidated financial statements and a separate fee for the Job Development Authority’s combined financial statements. A different interpretation of this phrase could be that the fee be itemized by each particular subsidiary and blended component unit.

A-A separate fee for each of the companies is preferred.

Q#25-Section I, paragraph 1 and Section II (1) paragraph 2 – Please provide the name of each consolidated/combined entity or subsidiary, the location of its accounting records, accounting software used and approximate size.

A-The names of consolidated/combined entities and subsidiaries are found in the various financial statements. All accounting records are located at 633 Third Avenue. The financial management system used is PeopleSoft.

Q#26-Section III paragraph 1 – This paragraph states that “the Companies require separate examination of their consolidated/combined financial statements”. Please indicate which companies/subsidiaries, if any, require separate statements.

A-Please refer to Question #20.

Q#27-Section III, paragraph 3 – How many formal meetings with management, Committees of the Board of Directors, or the Board of each company/subsidiary are required?

A-Meetings with management occur as needed throughout the audit. Four formal meetings with Committees of the Board of Directors and the Board are required-two for NY Urban Development Corporation and two for NY Job Development Authority.

Q#28-Section VIII, paragraph 1 – This section refers questions regarding affirmative action requirements to the UDC Affirmative Action Office. However, the NYS Contract reporter cites goals of 15% and 5% for minority sub-contracting and women owned sub-contracting, respectively. Please clarify if these are the contract minority participation requirements or if the requirements need to be obtained from the UDC AAO.

A-Yes, the goals of 15% and 5% for minority sub-contracting and women owned sub-contracting, respectively, are the contract minority participation requirements.

Q#29-The Federal Single Audit for 3/31/11 does not appear to be available on the organization’s website. Please provide copies or instructions on where it can be located.

A-Please refer to Question #4.

Q#30-Does management provide all reconciled audit schedules?

A-Yes.

Q#31-Does management prepare the financial statements and footnotes?

A- Please refer to Question #18.

Q#32-Does management prepare management’s discussion and analysis?

A- Please refer to Question #18.

Q#33-Please provide a brief description of any significant recorded or passed audit adjusting journal entry in the prior year.

A- There were no significant audit adjusting entries in the prior year.

Q#34-If possible, please provide an approximate schedule of when fieldwork was performed, the number of personnel and length of time each was on site for 2011.

A- The fieldwork was performed during a week in late February-early March with a team of approximately four, during the month of May into early June with a staff of approximately nine, with one fully engaged partner and one week in early August with a team of approximately two.

Q#35-Was a management recommendations letter prepared in prior year? If so, please provide a copy.

A-No.

Q#36-Is any corporation/subsidiary self-insured for any purpose?

A-No.

Q#37-If possible, please provide annual audit fees for prior three years.

A- This information will not be available.

Q#38-Were there any difficulties with the current audit firm and will it be considered for this contract award?

A-There were no difficulties with the current audit firm and they will be considered for this contract award.

Q#39-Has there been turnover in any significant accounting position during the past year?

A-No.

Q#40-Please provide name of the actuary for Other Postemployment benefits.

A- This information will not be available.

Q#41-The link in the RFP for copies of the most recent audited financial statements only includes consolidated UDC and combined Authority. Are separate financial statements available for HCDC, NYCC, and NYEZ?

A-Please refer to Question #3.

Q#42-Please provide a copy of the most recent OMB Circular A133 report.

A-Please refer to Question #4.

Q#43-Please provide a copy of the most recent investment compliance report.

A-Please refer to the financial statements for NYS Urban Development Corporation at March 31, 2011 which are available at

<http://www.esd.ny.gov/CorporateInformation/FinancialDocuments.html>.

Q#44-Please provide copies of most recent management letters for all entities.

A-None have been issued.

Q#45-Please provide a detail of fees by deliverable for the 2011 audits.

A- This information will not be available.

Q#46-Can you please provide a detail of staff hours incurred by your current auditor for each deliverable? If detail is not available, please provide an estimate of the total number of weeks and number of auditors.

A-Please refer to Question #34.

Q#47-Have there been any additional billings for out-of-scope work related to the audit?

A- This information will not be available.

Q#48-Have there been any additional billings for non-audit services?

A- This information will not be available.

Q#49-Do the entities utilize any outside service organizations (i.e. payroll)

A-ADP is utilized for payroll services.

Q#50-Please describe the current IT systems utilized at each entity?

A-All entities utilize the PeopleSoft financial management system. In addition, Strategy CS software from McCracken Financial Solutions Corp. is utilized.

Q#51-Are any significant changes in the current IT systems anticipated over the course of the contract?

A-Not at this time.

Q#52-Are there any significant changes to federally funded programs expected in FY2012?

A-Not at this time.

Q#53-In what areas can your external audit firm provide added value?

A-Through providing management consulting and other professional services as needed.