



RFP FOR INDEPENDENT AUDITOR SERVICES FY2019-2021

ANSWER TO QUESTIONS RECEIVED

- Question: The RFP references penetration testing. Would we be required to quote a fee for this additional work in the proposal or would this fee be negotiated at a later date? Are you just trying to determine which firms provide that as an additional service? Would you want this testing to be done annually?

Answer: Yes, we would like the testing done annually and be quoted a fee.
- Question: We have similar questions about the AUP work referenced in the RFP. Can you further define this work?

Answer: There is no current ongoing or project scope of work expected. This is a case we are just trying to determine which firms provide that as an additional service and at what hourly rates.
- Question: The AICPA has advised that too frequent of penetration testing creates an independence issue. The perception is that the tester becomes part of management with too much frequency, but not if it is less frequent. How many times a year was the WEDC desirous of the penetration testing?

Answer: Annually, during the financial statement testing period.
- Question: The RFP requires the final report to be completed in September. In the past, the report had been somewhat delayed by the actuarial valuations. Does this refer to the issuance of our opinion or does the WEDC want the final pdf and hard copies by 9/30?

Answer: Absent actuarial valuation delays, or other delays outside WEDC's control, the goal is to have the opinion dated and final pdf issued prior to 9/30. Physical/hard copies can arrive at a later date.
- Question: For the time estimate for the WEDC staff time to prepare for the audit, can you let us know how much time that staff have needed to prepare in prior years?

Answer: 5-6 weeks after the fiscal year end.
- Question: With regard to the Foxconn project incentives, what is the anticipated financial impact on the WEDC in the coming three years? What is the anticipated frequency and volume in number and dollars of payouts to Foxconn and its subsidiaries?

Answer: There is no material "financial" impact to WEDC. The Foxconn award is a tax credit incentive, whose payments do not run through WEDC, but are paid directly by the State through WEDC's notification to the Wisconsin Department of Revenue. Significant

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staff time is needed, however, to administer and service the award. Tax credits are calculated annually and are based on the terms of the award contract.

7. Question: It is our understanding that WEDC has hired Deloitte to monitor Foxconn's compliance and reporting to the WEDC with regard to the State's financial incentives. Is the WEDC expecting additional testing by the auditor with regard to the Foxconn incentives as well?

Answer: Foxconn will engage an independent auditing firm to perform Agreed Upon Procedures (AUP) as part of the award contract terms. While WEDC will need to agree to the AUP performed, it will not directly hire the firm. This external audit RFP does not include a specific requirement testing of the Foxconn incentives.

8. Question: Can you describe any new grants or federal financial assistance the WEDC has applied for or anticipates?

Answer: We do not anticipate any new grants or federal financial assistance requiring testing as part of the Single Audit for FY2019.

9. Question: Will the WEDC continue to write the CAFR in a manner similar to what has been done in the past?

Answer: Yes, we are not expecting any changes.

10. Has there been any changes in key personnel from the prior year?

Answer: No.

11. Does the Corporation have plans for expansion or contraction of programs and services that will significantly affect the complexity of the finance operations?

Answer: No

12. What operational, financial, and political challenges does the Corporation face in the coming years that may impact the scope of audit work?

Answer: WEDC cannot know what the future holds, but there are no known material factors.

13. Have there been any changes in processes or controls that may affect any findings, or recommendations, noted in the management letter or single audit report?

Answer: No

14. Does the Corporation rely upon automated systems in the accounting process including, but not limited to, multiple system interfaces, process workflows, and automated controls?

Answer: Yes

15. Describe 3rd party service organizations that serve the Corporation that has been subject to evaluation in the audit process.

Answer: N/A

16. Describe any decentralized accounting functions that may require site visits during the audit.

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Answer: N/A

17. Page 2 of 8 in the RFP includes the financial statements as one of the deliverables. Can you clarify whether the auditor or the Corporation will be responsible for the preparation of the financial statements?

Answer: WEDC will prepare all statements, footnotes, and supplemental tables. The auditor will format, compile and print the final CAFR.

18. Does the Corporation anticipate any significant changes in funding sources (i.e. grant funding from Federal, State, and local sources) that may impact the scope of work related to the Uniform Guidance or State Single Audit Requirements?

Answer: No.

19. What specific experience does the Corporation find particularly important for the auditor to have?

Answer: Governmental accounting and attestation experience. Federal and State grant compliance experience. IT network and security testing and advising experience.

20. Has the Corporation been satisfied with the work performed by the prior audit firm, and have they been asked to submit a proposal?

Answer: Yes

21. In the June 30, 2018 financial statements were issued October 29, 2018, can you provide any information on what caused the delay in the issuance of the report as the proposal requests the deliverables be completed by September 30th?

Answer: WEDC depends on certain GASB 34 footnote disclosures and financial statement entries for its pension and OPEB from the Wisconsin Retirement System. Delays in receiving that information caused the delay in the issue date of the financials.

22. What is the typical makeup of the audit team (number of days and number of staff, seniors, managers etc.)?

Answer: WEDC would like you to propose to us what you feel appropriate staffing levels and hours will need to be.

23. Were there any disagreements over any technical accounting issues with the predecessor auditor?

Answer: No

24. What is the nature of any audit adjustments/reclassifications last year?

Answer: N/A

25. Can you provide a copy of the most recent governance communication and management letter, if applicable?

Answer: Yes, we will make it available on our website.

<https://wedc.org/wp-content/uploads/2019/03/2018-Auditors-Communication-WEDC-Board.pdf>

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26. The proposal asks for a sample PBC listing. The PBC listing is a highly customized document that is worked on between the organization and our team at the commencement of the audit. Will it be sufficient to provide our methodology for creating the document to meet this requirement of the proposal?

Answer: Yes

27. If you want an example of what your PBC will look like, can you please provide a copy of the PBC listing you currently use with your auditors? We want our response to be as customized to the Corporation as we can.

Answer: See the answer above

28. What were the fees paid for the previous 2 audit years broken out by service provided?

Answer: WEDC would prefer you propose to us your fees independent of the fees we have paid to other firms in the past.

29. Have you contracted for these services in the past?

Answer: Yes

30. Can you provide the scope of work from the contract which the work was performed?

Answer: WEDC feels we have provided enough information in the RFP and attachments to determine scope for the external audit services, and single audit. However, we will provide additional detail on our technical information as requested below.

31. Will the corporation be receptive to the proposal being written with a range in the fee quote, as these services require a high degree of scoping?

Answer: Yes, but WEDC will use the high end of the range when evaluating/scoring cost.

32. General/process questions

a. Can you provide an organizational overview of the company and divisions which includes:

i. List Physical Locations

Answer: See RFP

ii. Estimate of number of staff? Answer: See RFP

iii. Number of IT staff Answer: ~10

33. External technical information

a. Please provide number of external IP addresses Answer: Under 20

i. All IP addresses owned Answer: Yes

ii. How many of these are in use? Answer: Under 10

b. Please list registered/owned DNS names and root URLs

i. Primary Web Sites \ Domains Answer: wedc.org, inwisconsin.com

ii. Other Domains: Answer: wedc.onmicrosoft.com

c. Please describe any applications or websites/services that run from in-house systems, that are accessible from the internet, including:

i. Remote access or applications for internal staff Answer: Fileserver

ii. Remote access or applications for business partners/vendors: Answer: N/A

iii. Applications for customers/students Answer: N/A

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34. Internal technical information (if the below can be broken out by location/division that would be helpful)
- a. Approximate number of servers Answer: Under 25
 - b. Approximate number of workstations/laptops Answer: Under 200
 - c. Approximate number of wireless
 - i. Access points Answer: Under 15
 - ii. Wireless clients: Answer: Under 5
 - d. Approximate number of “other” network attached systems Answer: Under 5
 - e. Are all the operational units/divisions logically accessible on the network from a centralized location?
 - i. I.e. can we scan/test all systems from a central location? Answer: No
35. Have you contracted for these services in the past?
Answer: Yes
36. Can you provide the scope of work from the contract which the work was performed?
Answer: WEDC feels we have provided enough information in the RFP and attachments to determine scope for the external audit services, and single audit. However, we will provide additional detail on our technical information as requested above.
37. Will providing the hourly rates at which we will provide these services be sufficient for your evaluation?
Answer: Only for AUP services. Proposers should provide a fixed cost proposal for the required fiscal year 2019 auditing services, including federal single audit and IT penetration testing, to be provided under this RFP, including anticipated out of pocket costs. The cost proposal should include the estimated number or hours and the billing rate for each level of team member assigned to the engagement. The cost proposal shall be a not to exceed the total cost for the services to be provided under this RFP. Please breakout costs between the external financial audit, federal single audit, and IT penetration testing. Costs for any agreed upon procedure services will be agreed upon when, and if, the services are needed.