

**New York State
Division of the Budget**

**FEDERAL SINGLE AUDIT FOR THE STATE OF NEW YORK
Response to Bidder Inquiries
Issued October 30, 2015**

1. How many hours, by level (partner, manager, staff) were incurred by the independent audit firm in the most recent year audited?

The Single Audit for the fiscal year ending March 31, 2015 has not been completed. Hours worked for the audit ending March 31, 2014 were as follows:

Title	Hours
Engagement Partner	380.0
Project Manager	465.0
Audit Manager	1,175.8
IT Audit Manager	41.0
Senior Accountant	3,939.0
Senior IT Accountant	0
Staff Accountant	4,176.6
Staff IT Accountant	127.0
Total	10,304.4

Please note that any hours worked beyond the selected firm's submitted bid amount are not billable.

2. What was the fee paid to the auditor for the most recent year audited?

The fee paid to the current contractor for the most recent audited year (FY 2014) was \$1,090,730.00.

3. RFP section 4.1.D (Audit Approach, section 2): Note that a firm cannot "ensure" approval and acceptance by the federal government; its audit services are designed to achieve those results but it cannot be guaranteed. Please consider adding "help" before the word "ensure".

As stated in Section 4.1.D of the RFP, each bidder is requested to describe its approach to ensure acceptance and approval of reports by the federal government.

4. RFP section 4.1.F(5)(Commitment): At the end of sentence one, consider adding: "unless any such staff terminate their employment with Contractor or become unavailable due to death, illness, disability, or other reasons beyond Contractor's reasonable control." At the end of the third sentence, consider adding: "; approval will not be unreasonably withheld."

It is understood that bidders cannot guarantee against loss of key employees due to circumstances outside the bidders' control. With regard to changing the third sentence, the Division would consider such a modification to the contract at the request of the awarded bidder during contract negotiations.

- 5. RFP section 7.1 (Written Contract): A public accounting firm generally executes an engagement letter with clients where audit services are provided. Please consider adding the engagement letter to the list of documents included in the contract as item number 3 in the order of precedence.**

The contract shall serve as the sole agreement between the Division and awarded bidder and shall contain all necessary terms and conditions for the engagement.

Additional Provisions (RFP Section 7.3)

- 6. Subsection 9 (Records Access): Please consider adding “completed” before “work papers.”**

As stated in RFP Section 7.3, the contract that results from this RFP is expected to substantially contain the terms and conditions set forth in this section. Exceptions to contract terms such as this may be considered or negotiated at the discretion of the State, but material changes to the contract terms are generally not accepted.

- 7. Subsection 10 (Work Paper Retention): Please consider adding “completed” before “work papers.”**

As stated in RFP Section 7.3, the contract that results from this RFP is expected to substantially contain the terms and conditions set forth in this section. Exceptions to contract terms such as this may be considered or negotiated at the discretion of the State, but material changes to the contract terms are generally not accepted.

- 8. Subsection 13 (Termination): Please consider these changes:**

- A. In the third line, delete “immediately”; after “cause” insert “if such cause is not cured within such 30-day period”.**

The Division would not accept such a modification. As stated above, material changes to the contract terms are generally not accepted.

- B. At the end of the first paragraph, add: “, consistently with applicable professional standards.”**

RFP Section 7.3, Subsection 14, paragraph 5 requires the awarded contractor to perform in accordance with applicable professional standards, therefore modification to RFP Section 7.3, Subsection 13 is not necessary.

C. In paragraph five, insert “completed” before “work products”.

As stated in RFP Section 7.3, the contract that results from this RFP is expected to substantially contain the terms and conditions set forth in this section. Exceptions to contract terms such as this may be considered or negotiated at the discretion of the State, but material changes to the contract terms are generally not accepted.

9. Subsection 14 (Indemnification): Please consider these changes:

A. First paragraph: consider changing “intellectual property” to “infringement of intellectual property rights”.

The Division would not accept such a modification. As stated in response above, material changes to the contract terms are generally not accepted.

B. Second and third paragraph: This term puts a cap on the contractor’s liability. These Single Audit services are subject to independence standards and limiting liability would impair independence. As such, please delete the second and third paragraph.

As stated in RFP Section 7.3, the contract that results from this RFP is expected to substantially contain the terms and conditions set forth in this section. Exceptions to contract terms such as this may be considered or negotiated at the discretion of the State, but material changes to the contract terms are generally not accepted.

C. Fourth paragraph: This language raises independence concerns. Please add at the end: “and Contractor shall consider such request and determine whether to remove such persons.

As stated in RFP Section 7.3, the contract that results from this RFP is expected to substantially contain the terms and conditions set forth in this section. Exceptions to contract terms such as this may be considered or negotiated at the discretion of the State, but material changes to the contract terms are generally not accepted.