

State of Kansas –Audit Services Statewide Single Audit Package RFP

1. Are there any disagreements with the current auditor? What could be improved upon by the current firm?

No, there are no disagreements with the current auditor. The State sees the audit process as an ever-evolving task and welcomes any suggestions to better improve the process for efficiency and completeness.

2. Were there any fee modifications over the last 3 years from the original bid evaluation file that was made public following the March 2019 RFP for Audit Services or were these fees the actual that was incurred? Also, please identify any special billings outside of the normal contract fee, if any.

See answer on Question 39 for all audit fees

Bond Disclosure review fees – FY2022 - \$7,000 (\$3,500 per occurrence)

3. What weeks have the auditors been on-site at the State for the various audits included in this RFP? How many auditors have been on site for each audit? If they are working remotely, please include that information as well.

Please see the RFP for the schedule of the various audits.

Due to COVID, most of the audit work has been done remotely. The audit team completes onsite audits of the six state Universities each year with about a week spent at each University. The Statewide audit is 3-4 auditors, KDOT – 2 auditors, State Revolving Loan Funds – 2-3 auditors, State Treasurer’s office and Pooled Money investment Board – 2 Auditors. Additional work may be completed by subcontractors under the terms of the contract.

4. What percentage of time have the auditors worked onsite verse remote over the last 2 years? What worked best about this approach and what would management like to be changed?

Most audit work has been completely remote for the last 2 years. The audit team completes onsite audits of the six state Universities each year with about a week spent at each University. The remote process has worked well with members of the audit staff being available for meetings and to answer questions throughout the process.

5. Can we please get a copy of the 2021 work plans that were mentioned in section 4.3.1, and any additional work plans prepared and delivered to the State for the 2021 fiscal year as part of this audit services contract?

The work plans are considered part of the audit firm’s workpapers and therefore are not available for release.

6. Are the financial reporting functions of the State centralized or decentralized? If decentralized, do they have the same financial reporting control environment and same IT system?

Financial reporting is centralized for the state agencies except for the state universities. The state universities each maintain a separate financial system and related IT. Certain transactions of the universities are required to process through the central financial system (SMART) for disbursement of moneys in payment to vendors and for recording financial impacts to the central financial system general ledger.

7. Has there historically been separate audit teams for the various audits under this RFP? If so, please describe the number and nature of the teams and what has worked well with this approach or what could be improved?

Yes, separate audit teams for the statewide financial audit, the KDOT audit, the State Revolving Loan Funds audits, Uniform Guidance audit, and the examinations for the State Treasurer's Office and the Pooled Money Investment Board. However, there has been overlap of the audit staff assigned to certain audit teams. This has worked well for past audits.

8. Does the State utilize financial reporting software when preparing the Statewide ACFR; please explain this process and when a draft ACFR should be expected to be available.

The State uses a consultant that prepares the ACFR with financial reporting software. The State supplies the consultant with all the financial data and then receives the draft ACFR from them. The first draft is usually available around the first week of November.

9. Section 4.3.6 states that the contractor shall deliver to the Department of Administration one complete, legible copy of the audit documentation generated by the contractor in the conduct of the audit within 60 days after issuance of the final audit report. Generally Accepted Auditing Standards "GAAS" specifies that complete and unrestricted access to workpapers by the audited entity could undermine the effectiveness and integrity of the audit process. For this reason, FORVIS does have some limitations with respect to access to workpapers, in accordance with professional standards and FORVIS policies. We may provide access to selected workpapers to our clients upon request. Such requests are evaluated on a case-by-case basis. Is this how the current firm has handled this requirement and if not please explain the current approach to how this is met in accordance with GAAS?

Delivery of audit documentation in accordance with GAAS is acceptable to meet this requirement.

10. On page 12, question 11 requests, “all permit to practice numbers and all states that all partners, managers, and supervisors to be assigned to the audits or examinations in this Request for Proposals have held.” Does this mean the State of Kansas would like to receive the CPA license numbers of all personnel on the proposed engagement team? Do you want the license numbers for each state these individuals hold licenses in? In addition, this information was requested to be included on the “staff qualifications form.” However, there does not appear to be a place for license numbers on this form, please clarify what information you need and where we should include this information?

Yes, please include the CPA license numbers for all personnel on the proposed engagement team and the state that the license was issued from. You may add this to the staff qualifications form or add an additional tab to the workbook for this information.

11. Can signatures for the proposals be electronic signatures or are these required to be manual signatures?

Electronic signatures are permissible.

12. What areas and hours have been provided historically for this contract from internal audit? Is this expected to continue in the same manner through the term of this contract?

The State of Kansas does not have a statewide internal audit staff; however, the Office of Accounts and Reports Financial Integrity Team has key full-time staff in roles that assist in managing/responding to the audit team throughout the duration of the examination. No change is anticipated through the duration of this contract

13. When is the final listing of federal award expenditures typically available for the auditors?

The preliminary numbers are available the end of September/early October. The transaction details and final SEFA report is available mid-October.

14. Does the State anticipate any changes in the reporting entity during the contract period (i.e., new major funds, new component units, etc.)?

Not at this time.

15. Have there been any changes in key personnel from the prior year?

Nancy Ruoff was appointed Director of the Office of Accounts and Reports in April 2022.

16. What areas of this project would be performed outside of Topeka and please describe the location, nature, and significance of this work?

Any or all of the State universities located in Lawrence, Kansas City, Manhattan, Fort Hays, Emporia, Pittsburg and Wichita. On site audit work as each university maintains its own financial system.

17. Within the single audit finding 2021-002 and 2021-019 regarding unemployment insurance program findings. Have these findings been mitigated during 2022 or what is the status of these?

Yes, all findings from the fiscal year 2021 audit have been mitigated.

18. Are there any other findings noted in the single audit that management does not have a timely plan to respond and/or mitigate during 2022?

No

19. Can you confirm the scope that the Kansas Turnpike Authority, the various component units of the six state universities, the Information Network of Kansas, Inc., the Kanas Lottery, and the Kansas Public Employees Retirement System are all audited separately and not included in this RFP? If so, approximately when are these audits anticipated being available?

Yes, these component units are all separately audited. State agency ACFR drafts are due to the Office of Accounts and Reports by September 15th, with a final ACFR due September 30th. Universities provide financial statement numbers to the Office of Accounts and Reports by October 1st and usually provide final ACFRs by the middle of November.

20. Regarding the Staff Qualifications tab of the Bid Proposal Evaluations; please provide a description of the supporting level of detail that you would like to be provided with the bid packet to substantiate the calculated FTE person-years. If possible, please provide an example of the supporting documentation and calculation as there are numerous variables that could significantly impact how this could be calculated?

No supporting documents required for FTE person-years calculation showing billable hours. Use the information available at your company to provide the best calculation of experience for staff.

Acceptable supporting documentation for Staff Qualifications: Resume, letters of recommendations, reference letters from previous clients, continuing education certificates, etc.

21. On the Staff Qualifications tab of the Bid Proposal Evaluations; the instructions describe this to be based on total billable hours for financial audits divided by 1,600. If this level of detail is not maintained for all years due to the firm's record retention policy is there a practical method that could be utilized to achieve this?

No supporting documents required for FTE person-years calculation showing billable hours. Use the information available at your company to provide the best calculation of experience for staff.

Acceptable supporting documentation for Staff Qualifications: Resume, letters of recommendations, reference letters from previous clients, continuing education certificates, etc.

22. On the Staff Qualifications tab of the Bid Proposal Evaluations; should time incurred presenting CPE to organizations of the specified sizes and non-charge work that is directly associated with the public sector be included in the hours tabulation? How should years of service working within a governmental entity be reflected in the calculation?

Yes, please include the time incurred presenting CPE and other work directly associated with the public sector in the calculations. Use the information available at your company to provide the best calculation of experience for staff, including working within a governmental entity.

23. On the Fee Schedule tab of the Bid Proposal Evaluations there is a line for State Treasurer's Office Transition Audit. Has this audit been completed historically and if so, can we get a copy of the audit deliverables for the most recent year completed? If this has not been completed historically, can we get more information around the scope of the project and what standards this is anticipated to be performed under?

The Transition audit was completed in FY21 after a new Treasurer took office and will be completed in January 2023. The audit is completed in the first 2 weeks of January. Per K.S.A. 75-37,152 (b)(2), "in addition, whenever an individual is first elected or appointed and qualified to the office of the state treasurer, there shall be conducted a transition audit within two weeks after the date such individual enters upon the duties of the office of the state treasurer. The purpose of the transition audit shall be to review the assets in the custody of the office of the state treasurer for significant discrepancies at the time of the transition. A separate written report shall be prepared for each transition audit."

24. Why is the State going out for audit?

The current Statewide Audit Contract expires March 2023. The State issues 1-year contracts with 3 additional one-year renewal options.

25. Are there any issues with the current auditor? Are they allowed to bid on the RFP?

No issues with the current auditor and they were invited to bid.

26. Have any federal agencies reviewed the auditors workpapers in the past three years? If so which federal agencies and federal programs?

Not that we are aware of.

27. Are there any outstanding federal agency program reviews that have not been closed?

There is currently an Unemployment Insurance Audit open conducted by the U.S. Department of Labor. In addition, the State of Kansas is responding to an IRS 1099 audit inquiry.

28. RFP Section 1.8.5 asks us to include any exceptions to the Terms of the RFP, but does this also include any suggested modifications to the State of Kansas DA-146a (Contractual Provisions Attachment)? If so, can a link to this document be provided?

Once a successful bidder has been selected, they will have the opportunity to request modifications to the DA-146a form.

29. Were there any journal entries discovered by the auditors during the 2022 and 2021 audit process?

For clarification on question #29, we are inquiring as to how many adjusting journal entries the auditors found and requested management to post and correct. In essence, how many audit related adjustments were there?

For FY2022, two immaterial adjusting journal entries were identified through the audit and posted by management.

30. How many auditors and how many days were the auditors in the field for interim and final fieldwork for the different entities of the audit as noted in the RFP?

Due to COVID, the audit work has been done remotely except for the onsite work performed at the six State Universities. There has previously been about a week spent onsite at each University. The Statewide audit is 3-4 auditors, KDOT – 2 auditors, State Revolving Loan Funds – 2-3 auditors, State Treasurer’s office and Pooled Money investment Board – 2 Auditors. Additional work may be completed by subcontractors under the terms of the contract.

31. Outside of the audit process, what does the State find/define value from its auditors?

Open communication regarding issues when encountered during the audit; educational opportunities available through the audit firm made available to state staff; reliable and secure portal for exchange of documentation; ability to meet the state timetable for audit completion and issuance of reports.

32. Were there any major audit or accounting issues identified for 2022 and 2021? Any anticipated ones for 2023?

No

33. What part of the audit process would the State like to improve over the past audits?

The State sees the audit process as an ever-evolving task and welcomes any suggestions to better improve the process for efficiency and completeness.

34. What transition issues would the State be concerned about if the audit is awarded to new auditors?

The State would be concerned with the timeline of the first audit and pre-audit meetings to allow new auditors ample opportunities to become familiar with State processes and procedures and allow the audit to proceed on statutorily defined timelines.

35. Have there been any significant changes in key staff in the past year that would affect the 2023 audit?

No

36. Are there any significant changes in federal funding anticipated for 2023? How many major programs are anticipated for 2023?

We don’t expect any additional funding but have added new funds - CRF, IJJA which have the potential for additional work. There were 14 major programs selected for the FY 2022 audit.

37. Assuming each bidder's proposed fees are equal, what is the next most important thing to the State?

We base the evaluation on Firm Qualifications, Staff Qualifications and Fees.

38. What were the hours reported by the current auditor charged for the 2021 and 2020 financial statement audits?

The current contract is based on a per audit price schedule, so we do not have the requested information on hours reported.

39. What were the audit fees for the audit for 2020, 2021 and 2022? What were the fees for the last AUP?

Total not to exceed with 30 major programs - \$4,270,900 and Amendments

	Statewide	Single Audit - Amendment 4	STO Transition Audit- Amendment 2,5*	KDOT	PMIB Exam	KDOL Insurance Audit-Amd #3	STO Exam	Water Pollution	Water Supply	Total	Total Amendments
FY19	\$609,000.00	\$ 278,625.00		\$77,250.00				\$27,100.00	\$27,100.00	\$ 1,019,075.00	
Amendment 1	\$ 3,500.00										\$ 3,500.00
FY20	\$624,700.00	\$ 285,600.00		\$79,200.00	\$8,950.00		\$ 9,500.00	\$27,800.00	\$27,800.00	\$ 1,063,550.00	
Amendment 2			\$ 24,000.00								\$ 24,000.00
FY21	\$640,300.00	\$ 292,700.00		\$81,200.00				\$28,500.00	\$28,500.00	\$ 1,071,200.00	
Amendment 3	\$ 75,000.00					\$ 50,000.00					\$ 125,000.00
FY22	\$656,300.00	\$ 300,000.00		\$83,200.00	\$9,175.00		\$10,000.00	\$29,200.00	\$29,200.00	\$ 1,117,075.00	
Amendment 2,3,5*		\$ 75,000.00	\$ 27,000.00			\$ 50,000.00					\$ 152,000.00
										\$ 4,270,900.00	\$ 304,500.00

* Amendment #5 has not been approved by the Audit Committee as of 12/6/2022

40. When will the first draft of the financial statements including footnotes be available for review by the auditors for:

Statewide Single Audit? Usually, the first week of November

Department of Transportation? No later than September 1

Water Pollution Control Revolving Fund? Usually, the last week of August

Public Water Supply Loan Fund? Usually, the last week of August

41. Does the State complete the Data Collection Form, or do they rely on the auditor to complete the form prior to review by the State?

The Auditor will complete the form.

42. The hyper-links in the RFP are not working, can we receive the URL for each item in Section 1.9?

Referenced RFP links Posted on the State website for reference –

[Request for Proposal | Kansas Department of Administration \(ks.gov\)](#)

43. What is the State's process for implementing significant new standards making sure they are implemented across all entities within the State ACFR?

-There is internal discussion on what impacts the standard could have on the ACFR.

-Employees are trained on the new standard.

-Confirmation letters are created to send out to the agencies along with links to educational materials so they can be aware and review the new standards.

-All responses are reviewed internally and by consultants. Any questions are referred back to the agency for clarification and/or correction.