

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

REQUEST FOR PROPOSALS *for* ANNUAL AUDIT SERVICES *Due September 28, 2018*

VENDOR QUESTIONS & AGENCY ANSWERS *Issued September 21, 2018*

Q1. What is the reason for the RFP?

Answer: Please see section 2.0 of the RFP

Q2. When is the audit report due or needed?

Answer: Barring a delay in the receipt of required information related to the financial statements and associated audit such as pension valuation information from the state, we expect the audit to be completed by March 31 of each year. The required procedures to finalize and approve the statements can result in a delay between when the audit is completed and when the final report is issued.

Q3. Does the Authority prepare the financial statements or does the accounting firm prepare?

Answer: The Authority prepares the financial statements and a majority of the disclosure language but does need assistance with certain disclosures such as Pension and Other Post Retirement Benefits.

Q4. When does fieldwork typically occur?

Answer: Interim procdures start in November or December which last less than a week onsite, with year end field work typically starting in February.

Q5. How big was the audit team?

Answer: To our knowledge the audit team was comprised of three individuals including the partner.

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Q6. Are there any events in 2018 that are new or would impact the audit?

Answer: There are no material events related to Authority operations that would impact the audit.

Q7. What were the total fees, hours and number of personnel incurred on the NJEFA audits in prior year?

Answer: The 2017 audit was a fixed fee not to exceed \$51,500. Since the contract was a fixed fee not to exceed, we did not track the number of hours worked. The audit team to our knowledge comprised 3 including the partner.

Q8. Why is the NJEFA going to bid for the December 31, 2018 year end?

Answer: The contract from the previous RFP completed in 2013 has expired.

Q9. Will the predecessor work papers and audit partner be available to help us evaluate the opening balances for the NJEFA, in accordance with professional standards?

Answer: We do not have copies of the work papers. The availability of the work papers and the partner would be at the discretion of the prior audit firm.

Q10. What level of assistance can we expect from the NJEFA staff? Will they assist with the following:

- a. Prepare the financial statements and related notes

Answer: The Authority will prepare the financial statements and associated notes. We will need assistance with footnote disclosures around Pension and Other Post Retirement Benefit.

- b. Prepare and record all journal entries

Answer: The Authority will prepare and post all journal entries

- c. Prepare audit confirmation requests

Answer: Once selections are made we will prepare the confirmations

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- d. Prepare account reconciliation schedules as requested & Provide all the documents and access to the information needed to perform our audit procedures

Answer: The Authority will prepare all required audit support

- Q11. Can we obtain management reports [including auditing findings/recommendations affecting the NJEFA's financial statements, internal controls, account and accounting systems] for the past three [3] years, if applicable.

Answer: Copies of the annual reports for the Authority including management reports can be found at <https://www.nj.gov/njefa/public/financials/>

- Q12. Does the NJEFA use any external services providers? If so, who are the service providers and do you receive SSAE16/SOC1 (formerly SAS 70) reports from these any service providers?

Answer: The Authority uses a payroll service provider PrimePay. SSAE16/SOC1 reports are available from PrimePay.

- Q13. On average, how many weeks are the auditors on-site and how many staff are on-site during those weeks for both planning and final field work

Answer: A majority of the work is performed offsite, onsite work consists of gathering relevant supporting documentation and in person meetings/inquiries with Authority staff.

- Q14. How many adjustments did the prior auditor propose? What was the nature of the adjustments?

Answer: No adjustments were proposed during the prior year audit.

- Q15. Are there any pending direct issuances of debt or changes in operations anticipated or expected within the next five years?

Answer: We are not at liberty to discuss the potential of any pending deals that have not been made public. We do not anticipate and material changes in operations over the next five years.

- Q16. What has NJEFA done to date in terms of preparing for the implementation of GASB 74 and 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (effective FYE December 31, 2018)

Answer: The Authority established a self-funded trust related to other postemployment benefits several years ago. Thus far we have booked journal entries reclassifying the funded portion to the asset side of the balance sheet and the gross liability on the liabilities section of

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the balance sheet. Currently we are awaiting the valuation from the State which should be available mid-November to book the current liability and appropriate expense.

- Q17. What impact do you anticipate with regard to GASB 84, *Fiduciary Activities* (effective FYE December 31, 2019)?

Answer: To our knowledge GASB 84 will have little to no impact on the financial statements of the Authority. We do expect assistance from our auditor on changes in accounting guidance in relation to this and other matters as they arise.

- Q18. GASB 87, *Leases*, would become effective for FYE 12.31.20. Have you undertaken any planning in this area, what impact do you anticipate?

Answer: The Authority has not undertaken any planning regarding GASB 87, however the Authority currently has no operating leases to our knowledge that would fit the criteria of GASB 87 or contractual arrangements outside of professional services.

- Q19. Section 4.3 of the RFP states an opinion shall be provided covering all of the Authority's funds, including Trustee-held Funds. However, in the December 31, 2017 financial statements, the auditors did not provide an opinion on the supplementary information, which includes the Trustee-held Funds. Is this presentation acceptable for 2018?

Answer: In addition to the presentation in the audited financial statements including the associated audit opinion and other matters including limited procedures performed relating to required supplementary information as presented on page 3 of the 2017 financial statements, we are required to receive an auditor's report on bond resolution compliance. This report states whether any issues were identified during the financial statement audit relating to the bond resolutions and indentures.

- Q20. Section 4.6 of the RFP states the auditor will be required to certify to the bond trustees and the Authority. In what format will this certification be?

Answer: We are required to receive an auditor's report on bond resolution compliance. This report states whether any issues were identified during the financial statement audit relating to the bond resolutions and indentures. This report is not included in the audited financial statements and is supplied to the Trustee's and Authority management.

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