

Audit RFP Questions

1. Please describe the size and depth of your accounting staff. Have there been any significant changes in this staffing in the last five years or are any significant changes expected during the contract term?

The accounting staff consists of the Assistant Controller, two Directors of Accounting, two Managers of Accounting, two Senior Accountants and three staff accountants. There have been no significant changes in this staffing in the last five years and none are expected during the contract term.

2. Is all accounting personnel with which we would work located out of the 633 Third Avenue address?

Yes, accounting personnel with whom a firm would work are located out of the 633 Third Avenue address.

3. It appears as though ESD participates in the New York State and Local Employees' Retirement System (ERS) and the SUNY NYS Voluntary Defined Contribution Plan (VDC Program). Is ESD involved in any other plans that will be subject to GASB Statement No. 68? Has ESD begun the process of implementation?

No, ESD does not participate in any other plans that will be subject to GASB Statement No. 68 and has not yet begun the process of implementation.

4. Part II, page 3, last paragraph: Do you expect any significant changes in Federal funding in the near term?

No significant changes in Federal funding are expected in the near term. However, given the mission of ESD, it is never known for certain what programs or projects subject to Federal funding might be directed to ESD or which current programs might be expanded.

5. Have there been any significant audit adjustments in the past three years? If so, can you please describe the nature and number of adjustments?

There have been no significant audit adjustments in the past three years.

6. Has a management letter been issued in the past three years? If so, can you please provide copies?

There has been no management letter issued in the last three years.

7. Part IV.B.3. Have any additional consulting services been required over the last three years? If so, what is the nature of the services?

Yes, additional consulting services outside the scope of the audit services have been required over the last three years. Two of the assignments involved reviews of one of ESD's subsidiary's operations and one of the tax incentive programs ESD administers.

8. Please estimate the number of hours and staff time in the field as well as the timing of fieldwork during the most recent audit.

Early fieldwork was performed during a week in mid-March with a team of approximately four, with the largest duration of onsite work occurring during the month of May into early June with a staff of approximately nine, including one fully engaged partner. In addition, there was one week in early August with a team of approximately two to complete the individual audit of the New York Empowerment Zone Corporation. This does not include any work done at the audit firm's locations.

9. Part III, page 6, first paragraph: Please verify that ESD is requesting four sets of financial statements: one for ESD and its subsidiaries, and one each for HCDC, CCDC, and NYEZ. Can you please also provide copies of financial statements for each of the subsidiaries?

Yes, ESD is requesting four sets of financial statements: one for ESD and its subsidiaries and one each for HCDC, CCDC, and NYEZ. Copies of each of the three subsidiaries financial statements are attached.

10. Do Harlem Community Development Corp., New York Convention Center Development Corp., Harlem Community Development Corp. and New York Empowerment Zone issue separate audited financial statements? If yes, can you provide a copy of the most recently issued audited financial statements?

Please see response to question number 9 above.

11. What were the contracted fees for the audits of each agency for 2015, 2014, 2013?

This information will not be available.

12. Did the audit of the 2015 & 2014 financial statements result in material weaknesses, significant deficiencies or management letter of comments? If yes, can you provide a copy?

No, the audits of the 2015 & 2014 financial statements did not result in material weaknesses, significant deficiencies or management letter of comments.

13. How many adjusting journal entries were proposed by the auditor and what was the nature of those entries?

Three journal entries were proposed by the auditor after the close of the general ledger. Two of those entries were reclass entries and the third was a reserve for a pending unsettled litigation.

14. Is there an internal audit function? If so, how much assistance, if any, do they currently provide to the external auditors?

Yes, there is an internal audit function and they assist the external auditors as necessary. Their assistance is predominantly in the provision of the internal audit reports they prepared throughout the fiscal year.

15. At what locations will the field work take place for the various entities?

The field work for the various entities will take place primarily at 633 Third Avenue, New York, NY.

16. What general ledger system is utilized? Additionally, please provide a listing of all financially significant sub-ledgers or applications with manual or automatic interfaces to the general ledger.

The general ledger system utilized is PeopleSoft. Sub-modules that interface are accounts payable, accounts receivable, fixed assets, treasury functions and employee expense. Both ESD's payroll and loan servicing providers also have an interface into the general ledger.

17. Are there any plans for financial/accounting system upgrades in the near future? If so, what is the timing of the upgrade and what new system(s) are being migrated to?

There is an expectation that an upgrade to the PeopleSoft Financial Management system will occur in the next one to two fiscal years.

18. Please provide a list of financially significant outside service providers (e.g. actuary, payroll processing, back office toll-operations, collections, investment trustee, fair value of derivatives etc.) and whether a SOC 1 Type 2 report is available for each entity.

This information will not be available.

19. Can you provide the past two year's schedule of expenditures of federal awards and whether management believes the upcoming years will be consistent with this level?

Attached are copies of the past two year's schedule of expenditures of federal awards. Please also see response to question four (4) above.

20. Thank you for providing the responses to the submitted questions to this audit RFP. They are very helpful. While I realized the question submission timeframe has passed, I was hoping you'd be able to clarify one of the responses. It's clear from the responses to Questions 9 and 10, that four sets of financial statements are expected and these are listed in the responses. However, to be absolutely sure, the RFP includes a description of the New York Job Development Authority, which is not one of the entities specified for separate financials. It would be very helpful if you could clarify whether or not the separate financial statements for this entity are also included in the RFP. Given the response to the questions mentioned above, I would assume it's not, but wanted to clarify.

Due to the fact that questions 9 and 10 referenced the individual subsidiary financial statements, the responses were specific only to them. To clarify, the individual statements that will be required annually are: New York State Urban Development and Subsidiaries; New

York State Urban Development and Subsidiaries, Federal Single Audit; New York Job Development Authority; New York Convention Center Development Corporation; Harlem Community Development Corporation; and New York Empowerment Zone.