South Dakota Science and Technology Authority (SDSTA)
RFP for Finance and Compliance Audit Services
Question and Answers

How long has SDSTA been audited by the Auditor General? Has SDSTA been audited by an external audit firm previously, or always been audited by state auditor?
The state auditor has been the auditor of the SDSTA since inception in FY2004

Why is the SDSTA going out for audit bids? Is there a specific reason SDSTA appears to be making the transition from state audit to an external audit firm?
The Department of Legislative Audit (DLA) is shorthanded and told the SDSTA to obtain an outside audit firm to complete future audits.

Will the DLA be invited to and subsequently submit a bid? No

Were there any issues or disagreements with the current auditor? No

Is there anything your current auditor firm provides that you want to ensure continues? Is there anything about this process from prior years that you would like to see changed going forward? We have always had a good experience in the past and would expect that to continue. We would expect the same service to continue as in the past.

What part of the audit process would the SDSTA like to improve over the past audits? We have always had a good experience in the past.

Has there been any significant turnover in the accounting staff over the past year, or any significant organizational changes that could significantly impact the (2022) audit and tax process compared to prior years? SDSTA has a new CFO, but with a 5.5 month transition period; new HR Manager as well. Both the prior CFO and HR Manager are retiring, but would be available for questions/consult. New CFO has over 33 years of accounting/finance experience including extensive experience in South Dakota state government with the Bureau of Finance and Management (BFM), the Legislative Research Council, and Monument Health.

Have the auditors historically been on-site to perform interim fieldwork? If so, when has interim fieldwork taken place and how many auditors have been on-site? Prior to COVID the one auditor would be on-site to perform fieldwork. Audit usually is conducted mid September through mid October. During COVID-19 fieldwork was performed remotely with some on-site work. The same auditor was used year after year. Therefore, the one lead auditor was familiar with our entity. During some years an assistant would be working with the auditor for approximately one week during the audit.

When has final fieldwork historically taken place? How long and how many auditors have historically been on site during final fieldwork? Final work done in October with one auditor. As previously mentioned, during a few years the auditor was accompanied by an assistant for approximately one week during the audit.

How many auditors and how many days were the auditors in the field for interim and final fieldwork? One auditor. It was 40 days from start to finish with total hours billed to us of 232.5. He works on several different audits at the same time. Most of his time was remote.

In consideration of COVID-19 – do you prefer in-person or remote work for audit fieldwork? How was the 2021 audit handled? Does SDSTA have any preferences or requirements regarding on-site or remote working? A mix is preferred to avoid the SDSTA staff from scanning and/or mailing large documents.

What is the SDSTA's preferred timing for audit fieldwork, both interim and final? Early September would be good to start audit work, however, preliminary internal control questions could be answered in May. Final Audit should be done first week of October.

Page 5 of the FY2021 audited financial statements states the Type A threshold was $10.5 million – which would be significantly higher than the 3% of total expenditures as reported on SDSTA's SEFA. Is SDSTA's Type A threshold determined at the level of the State's SEFA, and their federal expenditures are reported on the State's SEFA? Yes

a. Is the major program determination made by the auditor of SDSTA, or the State's auditor? In the past it was DLA.
b. Can you please clarify in general how the Compliance Audit is handled between SDSTA and the State? Page 5 of the financial statements seem to indicate major program determination was done at the State level (and SDSTA was a major program selected). However the independent auditor's report on compliance on pages 3 and 4, is issued specific to SDSTA? Our Cooperative agreement stipulates that we undergo a single audit annually and that agreement is considered a major federal program.

Are there any planned or expected changes to the Statement of Net Position or Statement of Revenues, Expenses and Changes in Net Position in the upcoming years? No.

Do you expect any significant changes in the amount or types of federal grant awards received and expended by SDSTA over the scope of this RFP? Two small subcontracts for federal funding do not exist for FY2022 – approx. $1,239,000. No major additions

Are there any significant changes in federal funding anticipated for 2022? Two small subcontracts for federal funding do not exist for FY2022 – approx. $1,239,000. No major additions. Would a draft or projected SEFA for FY2022 be available or could you provide additional information with respect to significant new federal awards and expenditures. Yes

What is your current software (general ledger and/or any other financial reporting modules)? Any planned changes or updates? Deltek Costpoint

Who are your current service providers (payroll, investments, bank, attorney, etc.)? Any planned changes or updates? No planned changes/updates.
Payroll: In house through Deltek Costpoint.
Investments – State Restricted Bank Accounts (invested through the State of South Dakota.
Bank – First Interstate Bank – Lead and Deadwood, SD branches.
Attorney – Timothy Engel of May, Adam, Gerdes & Thompson LLP in Pierre, SD

Section 3.0 of the RFP states the audit firm will distribute printed reports per the Auditor General's guidelines, can you please clarify what this is referring to? Is it referring to number of printed copies needed, or there are additional guidelines? DLA will need to approve the auditor and the draft audit report when completed. Please see the attached templates we received from DLA regarding these requirements.

Section 4.0 of the RFP – can you please clarify what is meant by the audit firm making its workpapers available to SDSTA and the South Dakota Department of Legislative Audit. Workpapers are not generally provided to the entity being audited, per AICPA independence standards. Please refer to the attached template authorization letter item K, which states; "Working papers associated with the audit are to be available for review by the Department of Legislative Audit."

Section 4.0 of the RFP states the deadline for the final audit report is usually in the middle of October. The auditor's opinion in the FY2021 financial statements is November 29, 2021 – is this a change in the usual timeline, or were there any unusual or unexpected delays encountered during the prior year audit? Audited statements are due to BFM by their deadline, as our statements are part of the State's ACFR. Their deadline is usually mid-October. The Audit Report was signed by DLA later. There were unusual and expected delays in the prior audit that we do not expect to continue.

The RFP indicates a desired completion date of mid-October, yet last year's audit report was dated end of November. Please indicate reasons for last year's delay
See above answer

Section 8.1 of the RFP notes that a selection panel will be formed to review the RFP responses, do you know who the members of the panel will include and their relationship to SDSTA?
The panel will consist of the SDSTA contracts & procurement manager, the outgoing CFO, the incoming CFO and a member from the Board of Directors.

Section 9.7 of the RFP states that the proposal must include a description of any exceptions to Draft Contract, Provisions and Terms and Conditions. Can you please clarify where drafts of these have been provided, or which specific documents should be reviewed? The draft contract can be found under documents at Request for Proposals

[(RFP) - Financial and Compliance Audits | Sanford Underground Research Facility (sanfordlab.org)]

For the SDRS cost-sharing multiple employer pension plan that SDSTA participates in, who is the actuary that prepares the GASB reporting packets? State of SD would have this information. Which audit firm performs the audit of SDRS and do they issue an audited GASB 68 cost sharing allocation report by participating employer? State of SD would have this information.

When is the trial balance historically available for the audit firm – at the start of fieldwork? Yes.

Were there any journal entries proposed by the audit firm during the 2021 audit? Is there a list of these journal entries available? Were there any journal entries discovered by the auditors during the 2021 audit process? If so, could you please provide the number and nature of these audit adjustments? No, none

Were there any unadjusted entries that the auditor identified which were not made to the financial statements? If so, could you please provide the nature and extent of these passed adjustments? There were none

Were there any deficiencies, findings, or other difficulties encountered in your prior audits that we should be aware of? No

Were there any major audit issues identified for 2021? No Any anticipated ones for 2022? No

Any adverse findings from grantor agency/regulatory oversight review? No

Who has historically prepared the draft of the financial statements, SDSTA or the audit team? SDSTA

Who is responsible for preparing the financial statements, including the schedule of federal awards and notes to the financial statements – SDSTA or the auditors? SDSTA If SDSTA, when is the final financial statement package available to the auditors? The following reports would be available approximately Sept. 1 - /Statement of Net Position, MDA Assets/Liabilities/Capital Assets/Debt, Changes in Capital Assets, Schedule of Operating Expenses, Accrued Compensated Absences, Schedule of Expenditure of Federal Awards, and Statement of Revenue, Expenses, & Changes in Net Position. Approximately Sept. 16th MDA narrative, Notes to Financial Statements, and Statement of Cash Flows.

When is the final listing of federal award expenditures typically available for the auditors? Aug. 15th.

Please provide fees for the financial statement audit and compliance audit (if separate fee) for the last 3 years. Prefer not to answer

What were the fees for the prior year audits for the SDSTA for the financial statement and federal program audits? Prefer not to answer

What transition issues would the SDSTA be concerned about if the audit is awarded to new auditors? First time auditors time to learn about our entity and the various components including federal program details. We currently have a Cooperative Agreement directly with the Dept. of Energy Office of Science as well as other subcontracts for Dept. of Energy funding as pass throughs.

Does SDSTA have an internal audit process that the external auditor utilizes as part of their testing? No, but the SDSTA recently had an outside auditing firm conduct an Internal Controls Audit in mid 2020 that encompassed the areas of finances/ human resources/ and information technology.

On the 2021 schedule of findings and questioned costs, the dollar threshold used to distinguish between Type A and Type B federal award programs was the same as determined for the State of South Dakota's Single Audit. Does the Department of Legislative Audit determine which programs get tested as major for SDSTA, which could result in requiring single audit major program testing in one year, but perhaps not another? Yes, they have in the past. If so, approximately when are the auditors made aware of this requirement? Our Cooperative agreement stipulates that we undergo a single audit annually and that agreement is considered a major federal program.

Does SDSTA require technical assistance when adopting new GASB standards? Has GASB 87 related to leasing activities been evaluated and implemented, and what was the resulting impact? GASB 87 evaluation and implementation is in process. Evaluation to be complete by March 31, 2022 or soon thereafter. Implementation to follow.

Outside of the audit process, how does the SDSTA find/define value from its auditors? Please refer to the Proposal Evaluation Scorecard

Assuming each bidder's proposed fees are equal, what is the next most important thing to the SDSTA? Please refer to the Proposal Evaluation Scorecard.

In making your decision on an audit/tax firm, what is most important to management? What is most important to the Board of Directors? Please refer to the Proposal Evaluations Scorecard