ITEM: Auditing Services

DEPARTMENT: Kansas State University – Internal Audit Department

CLOSING DATE: 06/16/2020 at 2 p.m.

CONDITIONS OF ADDENDUM:

The following are attached for review and consideration:

- Vendor questions and responses on the following pages

Please submit a signed copy of this addendum with your bid response.

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Purchasing Agent I
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P: 785-532-6214

I (we) have read and understand this Addendum and agree it is a part of my (our) bid on the above proposal.

NAME OF COMPANY OR FIRM: _____________________________________________

SIGNED BY: _____________________________________________________________

TITLE: __________________________________________ DATE: _____________
Q1. Why is the University deciding to outsource this work?

A1. The University has outsourced this work since KBOR mandated the review.

Q2. K-State Athletics - This organization has not filed a Form 990 since FYE 2015. Is this related to the organization being closely related to the University and thus considered an arm of the government?

A2. Yes, this review is due to K-State Athletics being an affiliated corporation of the University.

Q3. Kansas State University in Italy - We were unable to find a Form 990 for this entity on GuideStar. Is this organization required to file a Form 990? If it is, can you please provide a copy of the most recent Form 990.

A3. To my knowledge, they are not required to file a Form 990.

Q4. To what extent would you like for us to review the Form 990. Would this include tying the Form 990 back to the trial balance for the organization or a higher level review where we provide suggestions related to IRS best practices and third-party readers’ perspectives?

A4. High level review to ensure review of all BOD related transactions.

Q5. What is expected from Vendor for reviewing the conflict of interest disclosures? Is KSU going to provide support of their internal COI review process or is Vendor expected to provide a questionnaire for the BOD to fill out?

A5. KSU requires University employees to submit an internal COI.

Q6. What will be provided to Vendor to substantiate that all of the related party transactions are listed on the Form 990?

A6. There is nothing to substantiate that all related party transactions are listed on the Form 990, other than their statement and signature.

Q7. Can you provide a copy of the report that has historically been provided to KSU in relation to the “reports to be issued” section?

A7. This information may be obtained under the Kansas Open Records Act by submitting a written request to Open Records, Communications and Marketing, 128 Dole Hall, Kansas State University, Manhattan, KS 66506 (EMAIL openrecords@k-state.edu or FAX 785-532-7355). An estimate of the amount of time and copies it will take to complete the request will be compiled. After payment has been received, the documents will be released. More information regarding the Kansas Open Records Act is available at http://www.k-state.edu/policies/ppm/3000/3060.html.

Q8. Please provide a copy of the report issued for the previous three years under this engagement.

A8. See response to Q7.

Q9. The engagement appears to include the review of the Form 990 for each applicable entity. Is the return prepared by internal staff? Is the service provider signing the return as paid preparer?

A9. The return is prepared by external staff.

Q10. In the scope of invitation, it is noted the reviews shall be performed in accordance with Generally Accepted Auditing Standards. Is this a type of assurance engagement?

A10. Yes.
Q11. Is the engagement focused on KSU COI policy reporting, reporting that is required to be disclosed on Form 990, Schedule L or Kansas Statement of Substantial Interests disclosure form?

A11. The engagement is focused on identifying any actual or potential conflicts of interest between University employees and controlled affiliated corporations that may or may not be disclosed on the forms listed above.

Q12. What is the involvement of the internal audit function at KSU and affiliates in accumulating the information for the reporting?

A12. KSU Internal Audit is not involved other than to collect the final reports. The affiliates will accumulate any information pertaining to their specific agency.

Q13. Is the data source obtained centrally through KSU internal audit or from each individual affiliate separately?

A13. Each individual affiliate separately.

Q14. On pages 9-11, it’s not clear what information the University requires in our proposal response; or how they want it organized. What is the desired outline and format for the proposal response including any required forms?

A14. See response to Q7.

Q15. Is there a specific reason the University is requesting the audits (e.g., specific concerns, special request of Board of Regents, risk assessment results, etc.)?

A15. This has been completed pursuant to the Kansas Board of Regents requirement starting in 2008.

Q16. Has the university conducted similar internal audits in the past? If so, are those reports and workpapers available for review? Can the University provide an example report as part of this request?

A16. The University has outsourced this engagement since 2008 when it became required. See response to Q7.

Q17. Regarding the Staff Qualifications and Experience, is it required that all partners, managers, supervisors and specialists hold a CPA license?

A17. Yes

Q18. Is the review period the most recently ended fiscal year for each of the university controlled affiliated corporations?

A18. Yes

Q19. Regarding the Reports to be Issued, please confirm whether a separate report is to be issued for each university controlled affiliated corporation or if results for all of the corporations is to be combined into one audit report?

A19. Each controlled affiliated corporation should have a separate report

Q20. In the Specific Audit Approach, what is meant by “segmentation” of the engagement? For example, are you asking for a description of the key steps or phases of the audit?

A20. Yes, description of the steps or phases

Q21. Will the audit firm have access to the financial records (e.g., procurement, payables and disbursements records, Form 1099s, etc.) of the university controlled affiliated corporations?

A21. Yes, as noted on page 9 under Availability of Audit Reports

Q22. Will we be given access to the student, customer, vendor, and employee master data files?

A22. The affiliated corporations will provide files

Q23. Will we be given access to student, customer, and vendor payment data files?
A23. The affiliated corporations will provide files

Q24. Will P-Card and T&E payments be in scope? If so, will these data files be made available?

A24. Yes, p-card and T&E payments will be in scope. The affiliated corporations will provide files

Q25. Have any prior data quality reviews provided insight into the completeness and integrity of data entry? For example, if addresses aren’t required fields and blanks exist, the quality of automated results will be degraded.

A25. No

Q26. What information is available to support finding “unpaid services” listed in Report 2?

A26. On COI form, Statement of Substantial Interest form, or through discussion with affiliated corporation staff

Q27. What other data files can be made available to identify potential conflicts (e.g. emergency contacts, Sponsors, Committee members)?

A27. Any additional data files requested will need to be approved by Internal Audit

Q28. Could you please provide a copy of the prior year report actually issued (FY 06/30/2019) by the incumbent Firm (specifically the following listed below):

- A list of all officers and board of directors of each corporation (with a description of their respective governing boards and management structure).
- A list of any university employees providing services either paid or unpaid to the corporation, or on the board of each corporation and identifying any actual or potential conflicts of interest. If appropriate and to the extent it is within the university CEO’s and direct subordinates control.
- A copy of each corporation’s IRS Form 990.
- A list of funds held and all transactions (transfers or other type of transactions) between the affiliated corporation and the university or external entities reported on a Statements of Substantial Interest forms. Similar type transactions such as tuition and fees, housing and etc. may be summarized and sampling of transactions is acceptable.

A28. Each affiliated corporation has its own separate report. See response to Q7.

Q29. What is the name of the incumbent Firm?

A29. The University will not release this information during the bid process. See response to Q7 for accessing information.

Q30. How long the incumbent Firm has been providing these services

A30. Approximately the last 10 years

Q31. If available the numbers hours the incumbent Firm spent providing these services by level. For example, Partner, Director, Sr. Manager, Manager and etc.

A31. Not available by Internal Audit

Q32. The fee the incumbent Firm charged for the FY 06/30/2019 report

A32. The University will not release budget information during the bid process. See response to Q7 for accessing information.
Q33. Has there been any irregularities or illegal acts reported in the past 5 years? If so, please provide a brief description and when it occurred?

A33. None

Q34. What professional standards would you expect this audit to be performed under (i.e. AICPA Consulting, IIA Standards, other)?

A34. IIA Standards

Q35. Please provide a copy of the most recently issued report covering similar services.

A35. Each affiliated corporation has its own separate report. See response to Q7 for accessing information.

Q36. What is the budgeted cost for professional services to be provided in connection with this RFP?

A36. The University will not release budget information during the bid process, as we are a State agency.

Q37. Please provide general timeline for the work to be performed and report issued?

A37. As noted on page 9 under Schedule for the 2020 Fiscal Year Audit, the current year’s financial reports will be forwarded to the auditor within 10 days of receipt from the corporation. Fieldwork is anticipated being scheduled within 30 days of receipt of each corporation’s financial audit report, therefore it will vary based on each corporation’s year end date.

Q38. Please outline how many individuals from the University would be involved in coordination of services (i.e. one point of contact, multiple points of contact, etc.)?

A38. One point of contact

Q39. Please describe the current process for monitoring and managing conflicts of interests with University and affiliates.

A39. Each University employee is required to file an annual COI form with the University. The current process for monitoring COIs is through the services outlined in this RFP.

Q40. Approximately how many individuals are monitored for conflict of interests and included in scope of services?

A40. Approximately 20