



ADDENDUM #2

MARCH 18, 2010

Re: HACC, Central Pennsylvania's Community College
RFP 10-38 Financial Auditor Services

From: HACC, Central Pennsylvania's Community College
Thomas Fogarty, Executive Director, Procurement and Business Services
One HACC Drive
Harrisburg, PA 17110

To: All Bidders

This Addendum is hereby made part of the Request for Information No. 10-25 dated March 2, 2010 for the above referenced RFI. The provisions of this Addendum are intended to supplement the provisions and scope of work and/or supersede them where contradictory thereto.

This Addendum contains changes to the requirements of the Scope of Work. Such changes shall be incorporated into the Scope of Work and shall apply to work with the same meaning and force as if they had been included in the original Request for Information. Where this Addendum modifies a portion of a paragraph or phrase of the Scope of Work, the remaining unmodified portion of the paragraph or phrase shall remain in force.

1.1 ANSWERS TO QUESTIONS:

QUESTION: Based on past experience, when did the audit take place and for how long?

ANSWER: Preliminary audit 3 to 4 days in June, bookstore inventory on or about June 30, and actual fieldwork 5 to 6 weeks starting last week of August.

QUESTION: What was the total number of man hours needed by the auditors?

ANSWER: No answer to fees or hours.

QUESTION: If it is public information, what were the audit and tax fees in total for the last 3 years?

ANSWER: No answer to fees or hours.

QUESTION: In prior years, have there been any delays in the audit due to delays in receiving information from third parties or other reasons?

ANSWER: No

QUESTION: Any disagreements with the prior auditor?

ANSWER: No

QUESTION: Any fees still owed to the auditors?

ANSWER: No

QUESTION: Any audits from Dept. of Education, State auditors, IRS or other regulatory agencies in the past two years?

ANSWER: No

QUESTION: Number of Adjusting Journal Entries in last year's audit

ANSWER: College - 4 adjusting journal entries; HACC Foundation - 2 adjusting journal entries.

QUESTION: Number of Passed Adjusting Journal Entries in last year's audit

ANSWER: Few immaterial entries were passed in last year's audit.

QUESTION: Was there a management letter and can we receive a copy of it?

ANSWER: Yes, there was a management letter. No, we will not be posting this document. Internal control information can be found on pages 43 and 44 of HACC's 2008-09 Annual Financial Report.

QUESTION: How many RFP's were sent to other CPA firms?

ANSWER: Publicly advertised and open to any firm.

QUESTION: Was the incumbent firm invited to bid on the services as well?

ANSWER: Yes

QUESTION: Do you still have funds in the Common Fund?

ANSWER: Yes, the College has a small intermediate fund investment.

QUESTION: Are there any alternative investments in your portfolio for the year under audit?

ANSWER: No

QUESTION: Did you receive any ARRA funds in the year under audit? If yes, which Federal Programs will be involved, and to what level?

ANSWER: Yes. State Fiscal Stabilization Fund (CFDA 84.394); College work study stimulus funding.

QUESTION: Do you have remarketing agreements associated with the bonds?

ANSWER: All HACC bonds are fixed rate issues. Bond issues do include refinancing options.

QUESTION: Any Post-retirement Benefits to be concerned with?

ANSWER: No. GASB 45 adopted during FY 2008-09. Please see Note 12 on pages 30 and 31 of HACC's 2008-09 Annual Financial Report.

QUESTION: Are there A/P or accrued expense accounts that are difficult to audit?

ANSWER: No

QUESTION: Are the restricted net assets recognized through the current G/L software system? If not, what system is utilized to record restricted net assets?

ANSWER: Yes

QUESTION: Any new debt planned in current year or in the next three years?

ANSWER: Yes, HACC is currently in the process to issue approximately \$15 million in bonds to fund the Public Safety Center's Law Enforcement Center project.

QUESTION: What are the current fees and what were the 2008 audit fees?

ANSWER: No answer to fees or hours.

QUESTION: What is the level of effort/hours that Smith, Elliott, Kearns & Company has provided for the previous years audits?

ANSWER: No answer to fees or hours.

QUESTION: Is Smith, Elliott, Kearns & Company allowed to bid?

ANSWER: Yes

QUESTION: Are there any improvements you would like to see in the audit process?

ANSWER: Improvements are always welcomed.

QUESTION: Why is HACC going out to bid?

ANSWER: It is college policy to obtain bids every five years.

QUESTION: Did the HACC Foundation have any problems adopting FAS 157 Fair Market Value or FSP 117-1?

ANSWER: No

QUESTION: Does HACC have an internal auditor, and if so, what role do they play in the audit process?

ANSWER: HACC hired a public accounting firm to do a business risk assessment in F09. That firm is now performing several internal audits annually based on that risk assessment.

QUESTION: Would you be able to describe the typical/preferred audit schedule – timing and duration of the preliminary fieldwork, of the final fieldwork, of the tax work, etc., and how many staff were on site during each of those phases by your current auditors?

ANSWER: Final audited financial report and associated documents must be delivered to the College no later than October 15th each year. In the past preliminary audit 3 to 4 days in June, bookstore inventory on or about June 30, and actual fieldwork 5 to 6 weeks starting last week of August.

QUESTION: Is HACC or Foundation currently involved in any pending or threatened litigation?

ANSWER: Please see Note 13 on page 32 of HACC's 2008-09 Annual Financial Report.

QUESTION: Are HACC's internal controls documented?

ANSWER: Standard Operating procedures manual is in place.

QUESTION: On the HACC Foundation's financial Statements, what does the net assets released from permanently restricted net assets relate to?

ANSWER: Net asset released from restriction is the amount moved from Permanently/Temporary Restricted to provide support based on Board authorization. Please see Note 13 for prior period Restatement.

QUESTION: Did HACC and/or the Foundation receive a SAS 112 letters related to the 6/30/09 audit? If so, may we have a copy?

ANSWER: Yes, there was a SAS 112 letter. No, we will not be posting this document. Internal control information can be found on pages 43 and 44 of HACC's 2008-09 Annual Financial Report.

QUESTION: Will the names of the other firms expressing their interest in proposing be shared with all other firms?

ANSWER: No

QUESTION: Are all accounting functions and records centralized in Harrisburg, or did the auditors perform procedures at the various branch campuses?

ANSWER: Accounting function is centralized on the Harrisburg Campus. In the past, bookstore inventory at another campuses has been spot checked.

QUESTION: Has the Foundation or Conference Center ever filed a 990-T?

ANSWER: No