



Homes and Community Renewal

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Governor

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Questions & Answers *Request for Proposals (RFP) for Auditing Services*

1. How many firms have been invited to propose?
The RFP is listed on the NYS Contract Reporter. 8 to 10 national firms received direct invites. MWBE firms were also contacted.
2. Can you please provide the typical dates of fieldwork for year end and interim visits and duration for the audits of each of the entities?
Year End (SONYMA, HFA, TSFC, MBBA): End of Nov – Mid Jan. Interim: August (2 to 4 weeks)
Year End (AHC): End of April – Mid May. Interim: August (2 to 4 weeks)
3. Can you please provide an estimate of total audit hours for each entity?
Audits are billed as a flat fee. Total hours aren't tracked.
4. Can you please provide the 2014 audit fees by entity?
The Agencies do not customarily provide summary or detailed information concerning fees paid in the past.
5. Can you please provide client assistance letters for each entity for interim and year end fieldwork visits?
N/A. We've typically received verbal or email requests relating to client assistance.
6. Can you please provide the approximate timing of your typical year-end close process and when information will be available to begin audit procedures for each entity?
Year-end close is completed at the end of November. Information will be available late November.
7. How many employees are in each entity's accounting department?
We have one accounting department for all entities. We have approximately 14 employees.

8. Regarding Proposal Tab B, please clarify if all of Tab B is to be limited to 10 pages, or if Experience and Performance is not within the limit specified under Company Background.
Tab 2 should be limited to 10 pages excluding personnel resumes. Please provide succinct responses in 12 point font.
9. Does management prepare the financial statements, notes and all supplemental schedules of each entity?
Yes.
10. Will management prepare all aspects of GASB 68 implementation?
No. NYS will provide GASB 68 information to the Agency. The Agency expects auditor assistance with all GASB implementations.
11. Are accounting personnel and internal controls all similar across the five agencies? If not, please describe for each entity in further detail.
Yes.
12. Do you expect any significant near-term shifts in the mortgage portfolio or other programs? Please describe.
No, however mortgage portfolio composition is difficult to predict.
13. Do you expect any significant near-term shifts in the debt portfolio or Swaps? Please describe.
No, however debt portfolio composition is difficult to predict. Swaps begin to expire in 2016, the Agency may add new swaps.
14. Do you expect any significant changes in federal funding and A133 requirements in the next year for the entities?
No.
15. Other than as described in the Request for Proposals, were there any significant changes in operations in the current year vs. prior year including changes in policies and procedures, or personnel?
No.
16. Does the organization have regular internal audits for operational, consumer compliance, information technology audit, or other areas requiring audit?
Yes, operational and information technology.
17. What systems, if any, are issued a SSAE 16 report? What level reports are issued?
Payroll system (ADP). SOC level 1 report issued.

18. Other than as described in the Request for Proposals, are there any outsourced service providers, such as for loan servicing, investment safekeeping, bond administration, or otherwise significant servicer contracts?

Yes: loan servicing, trustee, brokers, portfolio management.

19. Do the entities share common custodial banks? What are the entity's primary advisors?

Entities share common custodial banks.

20. Approximately how many and what types of waived and posted audit entries were made in the prior year for each entity? Is this typical?

None.

21. Can you please provide a copy of the SAS 114 letter to those charged with governance for fiscal year 2014 for each entity?

Please see Investor Relations section on our website.

22. Can you please provide a copy of the SAS 115 management letter in relation to the fiscal year 2014 for each entity?

Please see Investor Relations section on our website.

23. For all entities, describe your governance structure and oversight?

Please see RFP Section II – “Background Information” for governance structure.

How many sub-committees exist?

There are (3) committees: Audit, Governance, and a Finance & Investment.

Is there an Audit Committee, and how many members are there?

There are approximately (5) members on each committee.

24. For all entities, Accounting/Finance Department:

a. Is there a monthly close? How often is the close performed?

All Agency books are reconciled and closed on a monthly basis.

b. Are there substantial post-closing entries at year end?

No.

c. When do you typically have a draft of the financial statements available for auditor review?

Draft year-end financial statements are typically available early December.

25. For all entities, will the current auditor's be able to re-bid on these services?

Yes.

26. For all entities, what was the average number of hours (and staffing level) the predecessor auditor spent on the engagement during the last contract period?
This information is not tracked, as the current auditor's contract is a flat audit fee.
27. For all entities, what were engagement fees and/or contracted amounts for the audit services for the past 3 years? In addition, please provide fees for the two single audit reports. Also, were there any additional billings in addition to deliverables noted in this RFP?
The Agencies do not customarily provide detailed or summary information concerning fees paid in the past. There was (1) one additional billing for a GASB implementation.
28. For all entities – Financial Statements:
a. Are the Entities implementing any new GASBs in FY2015?
The Agencies will be implementing GASB 68.
29. A separate report is required on investments as required by the Office of the State Controller (page 16-17) of the proposal. Can we get a copy of last year's report?
The “Independent Audit Report on Investments” is located on our website at www.nyshcr.org , under Investor Relations > Financial Statements.
30. Page 18 of the RFP- The auditor will provide staff training relating to all new GASB's. Does this mean formal training sessions or as necessary? If yes, was there a separate fee for this service?
Staff training relating to new GASB's will be informal, and as necessary. There will be no separate fee.
31. How many comfort/consent letters were issued in the prior fiscal year? How many comfort/consent letters do you expect to issue for y/e 10/31/15?
There were (3) three auditor comfort/consent letters issued during the prior fiscal year. We expect that number to be approximately the same for the current fiscal year.
32. What percentage of MIF portfolio is providing insurance to related entities versus non-related entities?
The MIF's total insurance liability for project loans is \$2,697M of which \$753M or 28% is for HFA loans. 100% of the MIF's \$456M liability for SF pool insurance is for SONYMA loans.
33. Are loans serviced in-house or by an external loan servicer?
HFA loans are serviced in-house. SONYMA loans serviced by external service providers.
34. Have any of your derivatives ever been deemed ineffective?
No.
35. Have you had any audit adjustments surrounding the allowance for loan loss on your portfolio?
No

36. A-133 Single Audit:
- a. How many major programs are generally audited on an annual basis within the past 3 years?
Approximately (3) three for HFA, (1) one for SONYMA.
 - b. Are there any new federal funding programs that could be considered Major Programs expected in FY2015?
 - a. **No.**
37. For all entities- Reporting
- a. Can we obtain latest copy of the management letter and 114 letter?
Both letters may be seen on our website under Investor Relations.
 - b. Can we obtain a copy of the adjusting journal entries proposed by the predecessor auditors?
None.
 - c. Were there any significant deficiencies, material weaknesses, or findings of noncompliance issued in the past 3 years?
No.
38. In relation to audit services, we typically enter into an engagement letter with the client in accordance with applicable professional standards. We recognize that any contract resulting from this RFP will contain the Standard Contract Clauses provided in Appendix I. Would the HCR consider using the selected contractor's standard engagement letter if it incorporates the Standard Contract Clauses as an attachment?
The Agencies will consider incorporating the successful candidate's engagement letter in the Agencies' form of contract, subject to approval of such engagement letter by the Agencies' Counsel.
39. We have reviewed the Standard Contract Clauses provided as Appendix I to the RFP and request the following changes:
- 5. INDEMNITY. The Contractor shall indemnify and hold the Agency or Agencies and their employees, officers, Members and Directors (collectively, the "Indemnities") harmless from and against all claims, demands, liability, loss, cost, damage or expense, including attorney's fees, which may be incurred by the Indemnities because of any physical injury or damage to tangible property resulting from negligence or malfeasance on the part of the Contractor arising out of this Contract.*
- The Agency will not change the Standard Contract Clause #5, as it would limit indemnity to property damages.**

8. *PROPRIETARY INFORMATION. All memoranda, analyses, spreadsheets and other pertinent documents or writings, including reports and financial statements developed or prepared by, or for, the Contractor in connection with the performance of this Contract are "Proprietary Information" and shall be, and remain, the property of the Agency or Agencies. All original documents constituting Proprietary Information shall be delivered to the Agency or Agencies by the Contractor, or any subcontractor, or any other person possessing them, upon the termination of this Contract or upon the earlier request of the Agency or Agencies, except that the Contractor may retain copies for its files. Proprietary Information may not be utilized, disclosed or otherwise made available to other persons by the Contractor without the prior written approval of the Agencies' Senior Vice President and Counsel. The provisions of this section shall be in addition to, and not in derogation of, any duty imposed upon the Contractor by any law, regulation or rule governing professional conduct respecting confidentiality. Notwithstanding anything contained herein, the Contractor's working papers shall not be considered Proprietary Information and shall remain the property of the Contractor in accordance with applicable law, regulation and professional standards.*

The addition of the last sentence to the Proprietary Information clause is acceptable.

40. Did the previous auditor meet the MWBE participation goal of 30%?
The previous auditors' contract did not include a 30% MWBE participation goal.
41. Does the RFP require both a 15% WBE and a 15% MBE participation or can we provide a 30% MBE or WBE participation?
30% overall MWBE participation is acceptable.