**Commissioners of the Land Office**

External Financial Audit RFP-FSD-21R00012

 Questions & Answers

as of May 1, 2020

1. Please provide a general timeline of when CLO would be ready for audit work including interim (planning and internal controls), final fieldwork and report work.

CLO will be happy to discuss with the successful bidder a mutually agreeable time for interim work to begin no earlier than June 15, 2020. The CLO will not be able to begin closing FY20 until approximately July 20, 2020. Although the agency will be open to discussing other dates, we anticipate that dates on or after August 24th, 2020 will be available for final fieldwork and subsequently, report work.

1. Please provide estimated audit fees for the last 2 years and approximate auditor hours, if known.

Base audit fees for FY2018: $54,800

Base audit Fees for FY2019: $57,000

The total auditor hours were not disclosed to the agency.

1. How long are auditors typically onsite at CLO offices and how many auditors typically are staffed?

Our observation is that approximately four weeks is spent on-site over the course of the entire audit with anywhere from 1 to 3 auditors (generally staff/in-charge/manager levels respectively).

The agency anticipates that the successful bidder will take public health matters then existing into consideration when planning on-site work schedules.

1. How many auditor adjustments are typically proposed to management each year?

For fiscal year 2018, three adjustments were proposed; these were immaterial individually and in the aggregate; management declined the adjustments.

For fiscal year 2019, one adjustment was proposed by the auditor and accepted by management. Four additional adjustments were proposed, but were immaterial individually and in the aggregate; management declined those adjustments.

1. Is there anything about the current audit process that you would like to have changed?

The agency values professional insights regarding increasing internal control efficiency and effectiveness, regarding changes and trends in best practices surrounding reporting and disclosures, and open communications with audit management at all phases of the audit process.

1. Can you briefly describe the preparation that management has taken to determine the impact of GASB 87 on CLOs financial statements?

Management plans to implement GASB 87 in fiscal year 2020. Preparation is currently ongoing. Currently, the agency has:

* Made an initial determination of leases and other agreements which fall within the scope of GASB 87
* Made initial estimates of lease assets and lease liabilities under GASB 87
* The agency believes the potential lease liability under GASB 87 will be immaterial to the financial statements
* The agency believes the potential lease asset under GASB 87 will be material to the financial statements.
1. Will assistance from the auditor’s be required for implementation assistance for both GASB 84 and GASB 87?

We do not anticipate the need for implementation assistance for either GASB 84 or GASB 87.

1. When do you anticipating having a CAFR draft ready for auditor review?

The agency’s goal for an essentially complete CAFR draft is September 21, 2020.

1. Is a valuation of mineral rights asset performed?

Yes

1. The 2019 audit report is dated 12/20/19, but the RFP indicates that the 2020 report is due 10/15.  What were the cause of the delays in the prior year?

The agency believes the primary causes for the delay were: 1) significant staffing shortage in key functions which delayed closing and preparation of CAFR supporting schedules, and 2) implementation challenges of CaseView software used in preparation of the FY19 CAFR document. The agency believes that both matters have been positively addressed for FY20.

1. What is the timing of receiving confirmation and reporting information for the investments valued at NAV?  Is there a significant lag (sometimes a quarter behind, etc.)?

Generally there is no significant lag time. The values are reported by the custodian in the following month and the agency is not aware of any material differences between the amounts reported by the custodian and confirmed amounts.

1. How many funds are in each of the NAV categories?

From the FY19 CAFR, Note 2:

Pooled equity funds comprised of one fund - $141,082,527

Equity-based mutual funds – domestic comprised of one fund - $112,453,134

Equity based mutual funds – foreign comprised of one fund - $242,006,548

The agency does not anticipate this break out will change for FY20 reporting.

1. How often is real estate being reported at fair market value appraised?

As described in FY19 CAFR Note 1: SSAP – Property Held for Investments, investment real estate is appraised every three years. This is generally done on a rotating basis with approximately 1/3 of the properties being appraised each year.

For non-appraisal periods, the agency performs a market analysis to ascertain if conditions have changed which could materially impact the FMV of a property.