

1. What are your expectations of your auditor above and beyond the delivery of the required audit reports, as noted in the RFP?  
*We have high expectations of professionalism, service, and quality.*
2. How would you describe your entity – as a financial institution or bank, government agency, social service organization, or other?  
*The Iowa Finance Authority is legally an agency of the State of Iowa yet separate and distinct. We display attributes of all entities you listed plus we operate as a title insurance company.*
3. What are the biggest challenges you are facing as an organization?  
*The uncertainty of financial markets and reacting to the changing needs of Iowa citizens.*
4. How has the audit fieldwork been staffed in previous years? How many have been on site and for what time period?  
*Interim fieldwork occurs in April-May with one or two staff on-site for about a week. In August, an in-charge and one or two additional staffers spend about 3 weeks on site and complete the fieldwork.*
5. What were the hours and fees for last year's audit and comfort letter services?  
*Total fees were \$123,000.*
6. If your goal is to be done with the audit by Sept 30, what caused the 2011 audit report to be dated October 10?  
*We have an independent firm test and value our derivatives. KPMG required additional test work from that firm that delayed the report. This issue should not reoccur next year.*
7. Could certain compliance testing and other interim work be performed prior to the final fieldwork start date?  
*Yes*
8. How many and what was the nature of any audit adjustments for the last couple of year?  
*There is one issue for FY09. I have attached the long form audit report to the RFP website. The information is contained in the auditor's report.*
9. Were there any unadjusted entries that the auditor identified which were not made to the financial statements?  
*No*
10. What IT systems does the Authority use for the following:
  - a. General ledger – *Emphasis Software*
  - b. Investments - *Emphasis Software*
  - c. Loans receivable - *Benedict Software*
  - d. Section 8 programs – *internally developed*
  - e. Other federal grants (i.e. non-Section 8) - *internally developed*
11. Any adverse findings from grantor agency/regulatory oversight review?  
*No*
12. Are there any significant new federal programs that will be in the current year audit or anticipated in future years? *No* Is the schedule of expenditures of federal awards expected to be consistent with the prior year? *Yes*

13. Are any oversight or monitoring functions over federally funded grant programs outsourced to a third party? If yes, please describe which federal programs and approximate volume of funds monitored by third party organizations.  
*Yes, we outsource portions of Section 8, ESGP, and HOPWA.*
14. Please list any outside banks or financial institutions who are servicing the Authority's loans receivable. What type of loans are they servicing (for example, single family or multi-family)? Do you obtain USAP reports for any loan servicers, and if so, are the USAP reports clean?  
*IFA currently services all loans which are classified as such on the balance sheet. See notes 1 and 3 to the balance sheet*
15. Do the mortgage backed securities consist of securities backed by loans on properties in the State of Iowa or targeted geographic area? *Yes*  
If yes, has the Authority ever audited the participating lending institutions? *No*
16. Are the interest rate swaps considered effective hedges, or considered ineffective for accounting/financial presentation purposes?  
*Please see page 42 of the 6/30/2011 audit report*
17. What financial institutions hold the Authority's investments? Can we obtain account statements in electronic format?  
*Wells Fargo holds them in trust accounts, all statements are electronic*
18. Is the Authority exempt from reporting to HUD's Real Estate Assessment Center?  
*Yes*
19. Are there any significant current legal issues?  
*No*
20. Who is responsible for preparing MD&A – the Authority or the auditors?  
*IFA Management*
21. Did the Authority enter into any new types of transactions (such as derivatives, programs, or grant agreements) during the 2011-2012 fiscal year?  
*No*
22. Were there any internal control findings in the last 3 years? If so, what were those comments and what is the current status of the situation?  
*There is one issue for FY09 and one for FY11. I have attached the long form audit report to the RFP website. The information is contained in the auditor's report.*
23. The RFP indicates that the Authority provides detailed information for the completion of the financial statement and footnotes. Please describe broadly the nature and extent of the detail information.  
*IFA prepares all supporting schedules and the initial draft report.*
24. Please describe the information technology systems / platforms used by the Authority for processing transactions. What primary hardware and software is used?  
*IFA is primarily a Microsoft operating environment with a central server for systems and files. See Q&A 10 for more detail.*

25. Have there been any significant deficiencies or material weaknesses with internal controls in the last 3 years?  
*There is one issue for FY09 and one for FY11. I have attached the long form audit report to the RFP website. The information is contained in the auditor's report.*
26. Are last year's Single Audit reports available?  
*I have attached the long form audit report to the RFP website.*
27. Would a copy of one of last year's comfort letters be available?  
*There was no comfort letter issued last year.*
28. How many comfort letters have been issued in each of the past two years? Also, does this require a bring-down comfort letter as well?  
*No comfort letters issued in the past 2 years.*
29. When do you anticipate on-site fieldwork to begin and end, including both planning and interim fieldwork, as well as final year-end fieldwork?  
*Planning can occur from January thru March, Interim April thru May, year-end in August.*
30. How many auditors have typically been at the Authority's offices, for how long and at what times?  
*See Q&A #4*
31. What firms were mailed the RFP package, or were asked to submit a proposal?  
*No firms were mailed an RFP package, nor asked to submit a package.*
32. How much was paid per year for audit services during the last audit contract? Additionally, how much was paid for non-audit services (such as comfort letters) during the last audit contract?  
*\$123,000 was paid for the FY11 audit with no additional fees.*
33. Do you have an internal audit department or do you outsource internal audit functions?  
*We do not have an internal audit department, nor is an outside firm involved.*
34. How many audit adjustments, if any, were proposed during the audit?  
*There is one for FY09. I have attached the long form audit report to the RFP website. The information is contained in the auditor's report.*
35. Section 1.1 indicates that the contract is for four years with a two year renewal and Section 6.2 indicates the contract is for three years with three one year renewals. For which periods would the Authority expect to see a fee schedule for the proposal?  
*Sorry, the term is to be 4 plus 2 as stated in section 1.1. We will amend section 6.2 to conform.*
36. What is the reason for the rfp request?  
*Routine rebid process*
37. Should the approximate fee for the comfort letters noted in Section 3.8 be included in this proposal?  
*Yes. It can be priced on a per instance basis.*
38. Does the Agency evaluate the adequacy of the loan loss reserves as a standard operating procedure?  
*Yes*

39. Approximately how many adjusting journal entries are required as a result of the audit?  
*None*
40. What were the fees for the services for the past two years, and what fees were the result of change orders?  
*\$123,000 none due to changes*
41. How many years has the current auditor been associated with the Authority? Is the current auditor allowed to bid on the RFP?  
*KPMG has audited IFA since at least 1990. Yes, they are allowed to bid.*
42. RFP Section 3.8 discusses the requirement to issue comfort letters however Section 4.4 does not specifically list comfort letters as one of the services to provide fees and expenses. Please provide clarification as to how we should handled fees associated with comfort letter issuances within the proposal.  
*Comfort letters should be priced on a per instance basis.*
43. The 2011 report disclosed that the Authority was required to take over the administration of a certain program from a different state agency. Are there any new programs that the Authority has or will be required to take on during 2012 or in subsequent years?  
*IFA does not expect any new programs for FY12, nor do we have any knowledge of any new programs beyond that point. However, history indicates new programs are likely.*
44. Will you be providing a copy of the 2011 compliance report that was filed with the Federal Clearinghouse to Firms interested in proposing? If not, please elaborate on the nature of the material weakness(es)/significant deficiency(ies) over compliance with requirements of the major programs as identified in Part III questions 4 and 5 on the 2011 Data Collection Form? Also, please elaborate on the reason for the qualified opinion on compliance for CFDA 14.239 as noted in Part III questions 9i and 10a, if different.  
*I have posted our long form audit reports to the RFP website elaborating on the issue.*
45. Are the EPA capitalization grants excluded from the scope of the A-133 audit? The 2011 MD&A page 7 referred to federal funding from EPA capitalization grants being one of the reasons for grant income increasing in 2011 as compared to 2010.  
*Yes. The Iowa DNR is responsible for the A-133 reporting for the State Revolving Fund. IFA handles all financial transactions and accounting after DNR draws the cap grant.*
- Are there any EPA grant awards expected to be spent during 2012 as per review of the 2011 Data Collection Form there were no EPA federal grant awards listed in Part III.  
*This too is reported through the Iowa DNR.*
46. Please provide an estimate of the federal program spending by federal program for FY 2012. Does the Authority anticipate any significant changes in the federal programs the Authority will administer in 2013 and beyond?  
*The ARRA programs will receive/spend much less in FY12 and should not be a factor in FY13. All others will remain constant to slightly lower.*
47. Does the Authority expect a similar increase in loans to municipalities from 2011 to 2012 as the increase from 2010 to 2011?

*Yes, we are experiencing significant growth the first half of FY12.*

48. Has there been any negative impact to the Authority relating to the downgrade of the bonds?

*No.*

49. Can you provide an estimate of how many subprograms/accounts make up the total chart of accounts?

*I will post the FY11 trial balance to the RFP website.*

50. Is the general ledger information directly out of the State financial system or does the Authority has a subledger to keep track of all of its programs/activities?

*IFA has software separate from the state. See Q&A #10*

51. Does the Authority share staff with any other State departments/agencies? If so, are there allocation agreements with those departments?

*I believe within the past month we signed our first such agreement.*