

Reponses to Questions Regarding Internal Audit RFP

Pursuant to Section III of the Organization's RFP for Internal Audit Services, please find below the Organization's responses to questions.

1. Can you please provide us a copy of the 2010 financials as the document on the web site is not currently accessible?

A. ***The 2010 Financials are accessible from the website as follows: go to Public Information, click on Financials, the third item down under "Financials" is the 2010 Financials. http://www.batteryparkcity.org/pdf_n/financial/BPCA-Financials-10-31-2010.pdf***

2. Can you please provide a recent copy of the Internal Controls Summary? The latest copy on the web site is dated April 2009.

A.



IC2011 FINAL.pdf

(http://www.batteryparkcity.org/pdf_n/public-info/IC-2010%20FINAL.pdf)

3. On an average, how many Internal Audit reports are submitted annually.

A. ***Eight (8).***

4. How many projects / reports are expected to be handled annually as part of this RFP?

A. ***Six (6) to eight (8) reports, as well as other assignments as they may arise.***

5. In the recent past, how has the Internal Audit function been handled - in-house or outsourced.

A. ***In-house.***

6. What is the accounting platform used at the BPCA?

A. ***Microsoft Dynamics GP (formerly Great Plains).***

7. What are the major components of the information technology infrastructure i.e. hardware, systems software, application software, networks, etc.? Is all this infrastructure housed in one location only?

A. ***The server hardware is HP Proliant Server DL380. Windows 2003 Enterprise Server is the Operating System. The Network Infrastructure is comprised of CISCO switches and routers. All of this is located in one site, with redundant hardware and software at another location offsite.***

8. Have any of the systems, platforms, infrastructure, processes, etc. been changed in the current audit period? Is there a plan to replace or update any of the major systems during the proposed term of the engagement?
There were no major changes in the current audit period. We are planning to upgrade Microsoft Dynamics to Version 11 during the second quarter of 2011.
9. Can you please provide a list of the currently documented policies and procedures?
A. The Organization's key policies and procedures can be found on the Authority's website at batteryparkcity.org.
10. What activities or functions of BPCA are outsourced if any?
A. None.
11. Is a review of the IT General Controls covered as a part of this RFP?
A. Yes.
12. Who would the Internal Audit Contractor (IAC) report to and where would the function reside organizationally in the Battery Park City Authority (BPCA)?
A. The Authority will designate an internal representative to whom the IAC will report prior to contract award.
13. What is the staffing level and total budget (including fringe benefits) for the BPCA Internal Audit Division? What is the anticipated relationship between the IAC and the existing BPCA Internal Audit Division?
A. We are in the process of dismantling the internal audit function and outsourcing this function to the IAC. In the past, there was a Department Head, one full time internal auditor, one part-time internal auditor and one administrative assistant.
14. Will the IAC be responsible for supervising any BPCA Internal Audit or other staff? If yes, please specify.
A. No.
15. Will the IAC be provided with office space, laptops (to allow for interface with BPCA systems), administrative support staff, supplies, or any other resources by the BPCA? If yes, please specify.
A. There are no plans at the present time to dedicate permanent on-site office space or equipment, supplies or other resources to the IAC. However, the Organization will make space available to the IAC on an "as needed" basis throughout the engagement.
16. Will the IAC have any restrictions to direct access to BPCA information systems/databases, Audit Committee, executives, staff, records, documents and other resources? If yes, please specify.
A. Yes. Reasonable restrictions will apply.

17. What types of “assets” are considered part of scope item 7, i.e. fixed assets or a broader definition that includes financial assets such as cash, investments, etc.?
- A. **Both fixed assets and financial assets are included.**
18. What is management’s expectation with respect to the extent the IAC maintain an on-site presence?
- A. ***The IAC is not expected to maintain a permanent on-site presence. However, we expect the IAC will be on-site at various times during the engagement.***
19. Are there any restrictions on the use of records, etc. off-site by the IAC? If yes, please specify.
- A. ***Yes. Restrictions will apply and will be discussed with the successful proposer.***
20. In the event that a staff person or other third party provides confidential information to the IAC relating to alleged fraud or misconduct, what is the expectation of management in terms of the IAC’s handling of such information?
- A. ***Please refer to the reporting structure in the RFP. (See page 5, paragraph 5)***
21. Scope statements 6, 7 and 9 do not appear to have related deliverables, and generally, the internal audit function should not be responsible for both “establishing” and auditing these areas as per the Yellow Book General Standards for Independence related to performing nonaudit services ¹. Since these scope statement items are typically internal control officer type functions in large NYS governmental entities, what is the expected role to be played by the BPCA Internal Control Officer in these deliverables? Please clarify the expectations and role of the IAC for these areas.
- A. ***To clarify, you will be required to develop systems in each of the areas identified in statements 6, 7 and 9 that will be subject to review and acceptance by the Audit Committee and management.***
22. Since the extent of consulting services (Scope of Service section, item 8) are unknown at this time, can consulting services be proposed on an hour rate?
- A. **No.**
23. Were there any major issues encountered during last year’s audit? If so, were they resolved?
- A. ***No major issues were encountered.***
24. How many auditors were in the field last year and for approximately how many days?
- A. ***One full time and one part time year round. (See also question 13)***
25. What was the fee for last year’s audit services?
- A. ***There were no “fees” per se because the services were performed by in-house employees.***
26. Are there any areas of the audit in which you are looking to improve upon?
- A. ***See RFP.***

Dated: April 11, 2011