

## Ho-Chunk Nation Audit Vendor Questions

1. What is the reason for issuing the RFP?

Answer: Normal cycle of business requires this.

2. May we have copies of the most recent prior year audit reports and other audit deliverables?

Answer: Provided to successful vendor, per Nation law.

3. Page 10 of the RFP, 2<sup>nd</sup> paragraph references “limited scope audit”, “DOL” and “ERISA.” Is there an employee benefit plan audit associated with this RFP?

Answer: This was covered under a previous RFP, however, please include cost option of this service.

4. Page 10 of the RFP, bottom of page, references an “Accounting Certification.” Is this the same thing you are asking for at the bottom of page 13 (3.4.b)? May we have a copy of the most recent prior year Accounting Certification?

Answer: Provided to successful vendor, per Nation law.

5. Page 11 of the RFP, middle of page, refers to an “IT Security Audit.” Could you expand on the scope and extent of the IT Security Audit? May we have a copy of the most recent prior year IT Security Audit report?

Answer: Monitoring and reporting of IT security and associated internal controls.

6. Page 15 of the RFP, #4.9.1.d, refers to the GFOA Certificate of Achievement. Will the Ho-Chunk Nation be preparing, or asking the auditor to prepare, a full Comprehensive Annual Financial Report (CAFR) for submission to the GFOA?

Answer: We currently don't prepare the CAFR, however, we are open to future discussion of this matter.

7. What were the audit fees in the most recent prior year, and/or what are you budgeting for audit fees for these audits?

Answer: Item not available.

8. Our firm currently performs an Agreed-Upon Procedures (AUP) engagement for the gaming operations to meet the requirements related to NIGC MICS Internal Audit. Is the Nation open to having our firm complete the annual external audits in addition to these AUP procedures?

Answer: Yes.

9. Item 3.1: Can you please elaborate on the section “Ho-Chunk Gaming compilation”? Is this required for each of the 6 gaming operations individually, or on a consolidated basis? Who prepares this document, the gaming operations or the auditor?

Answer: Quarterly Compiled year to date financial statements of our 6 gaming properties along with annual estimation of gaming expenses paid by the Nation on behalf of the gaming properties. In addition to the above compiled financial statements shall include information that will be supplied to successful vendor.

10. Item 3.1: Can you please elaborate on the section “Ho-Chunk Compiled Gaming Pro Forma Financial Statements”? How extensive is this project? How many hours are typically incurred to complete it? Is a report issued upon completion of this? If so, may we review a copy?

Answer: Information provided to successful vendor.

11. Item 3.1: “Ho-Chunk Gaming Enterprise Audit and MICS AUP for all gaming properties”:

- a. Is there a consolidated Financial Statement audit report, or just the 6 individual reports?

Answer: 6 individual reports and consolidated.

- i. Regarding the Financial Statement audit reports, does the Nation require a separate audit report by Casino, or would the Nation consider only issuing one consolidated financial statement audit report with supplemental schedules (balance sheet, income statement, cash flows) by individual Casino? (A consolidated report with supplemental schedules by Casino is an acceptable submission for NIGC purposes, and would require significantly less in audit fees.)

Answer: Present current way and with option to consolidate.

- b. How centralized is the accounting function for the 6 casinos? Is there a central accounting office which processes transactions? Or are each of the 6 operations stand-alone operations which process accounting information separately?

Answer: Hybrid, Gaming properties process accounting information separately, rolling up into the centralized accounting function in the Treasury department where payments are made. Typically field audits are done at each facility.

- c. When do the gaming operations close their year-end general ledger and submit to the auditors for auditing? When does the year-end financial statement field work typically occur?

Answer: Fiscal year end is June 30<sup>th</sup> and it is typically closed by July 15<sup>th</sup>. Field work commences roughly two weeks after close and continues 30-45 days.

- d. Are the gaming operations open to having the NIGC MICS testing done before, or shortly after, year-end?

Answer: MICS audit is a reliance audit sampled from Ho-Chunk Nation internal audit function auditing Tribal minimum internal controls which are more stringent than NIGC MICS. The Nation is open to recommendations.

e. Regarding the level of effort of the current audit firm:

i. What was the duration of time the audit firm was on-site performing audit procedures? How many staff were assigned?

Answer: Information not available.

ii. What was the duration of time the audit firm was off-site performing audit procedures and finalizing work papers and reports?

Answer: Information not available.

f. The 6/30/2017 Casino audited Financial Statements reference a subsequent event disclosure related to a long-term debt issuance. Is that long-term debt house on the Nation's financial statements of the Casinos'?

Answer: Information will be provided to successful vendor.

12. Will the current firm be able to propose?

Answer: this is an open competitive solicitation.

13. Is there are local preference in evaluating this RFP?

Answer: No.

14. Several questions to clarify RFP requirements: a. **Section 4.23 of the RFP:** What does the Nation mean by "*Milestones will be considered in making the award*" and where can we find the "*spaces provided*" for proposers to state "*expected milestones*"?

Answer: Milestones will be discussed with successful vendor, as typical with audits of this nature.

b. **Cover page and Sections 4.29 and 4.29b:** Should the price proposal envelope be marked "*PRICING,*" "*cost*" or "*Pricing*" to be compliant?

Answer: It should be marked Pricing.

c. **Sections 2.0, 3.2.a and 5.7:** Should proposers provide pricing for two or three option periods?

Answer: Pricing should be proved as outlined within solicitation.

d. **Section 3.1:** Can you clarify the "Ho-Chunk Nation Accounting Certification"? If this is a request for certification of information, can you provide a copy of the certification issued in 2017?

Answer: Provided to successful vendor, per Nation law.

15. Is the Nation willing to disclose the audit fees for the last 2 years?

Answer: No, per the Nation's law financial information is not disclosed.

16. When does preliminary and final fieldwork normally occur for the financial audit?

Answer: For gaming, Fiscal year end is June 30<sup>th</sup> and it is typically closed by July 15<sup>th</sup>. Field work commences roughly two weeks after close and continues 30-45 days. For Nation's governmental audits fieldwork commences shortly after and continues as needed for completion.

17. How many auditors were on-site during preliminary and final fieldwork for the financial audit and for how long?

Answer: Information not available.

18. What were the total hours to complete the 2017 financial audit?

Answer: Information not available.

19. Were there any adjusting journal entries made as a part of the 2017 audit? If so, can you please provide all corrected and uncorrected audit adjustments?

Answer: Very few adjusting journal entries were made. Additional information available to successful vendor.

20. Is the Nation anticipating any significant, unusual or non-routine transactions in 2018?

Answer: Large capital project along with associated financing continued from 2017.

21. What were the fees charged for the single audit for 2017?

Answer: Information not available.

22. What were the total hours to complete the single audit for 2017? Was the single audit work performed along with the financial audit work, or was it performed at a separate time?

Answer: Completed at the same time total hours not available.

23. In 2017, did any of the audited entities receive a qualified audit opinion and were there any significant deficiencies or material weaknesses reported by the auditors? If yes, will you please provide a summary of the issues leading to a qualified opinion, significant deficiency and/or material weakness?

Answer: Audits issued were unqualified with minor correctable issues. Other information will be provide to successful vendor.

24. How many federal programs were included in the single audit report for 2017? How many were major programs?

Answer: Information will be provided to successful vendor.

25. Is there an internal audit department whose work can be relied upon to reduce the amount of external audit time?

Answer: Internal audit is responsible to conduct audits on Tribal MICS which are more stringent than NIGC MICS. Reports will be available to successful vendor for reliance sampling.

26. Does the Nation prepare any part of the financial statements, including preparation of full disclosure footnotes?

Answer: The trial balance will be available for conversion to GAAP financial statements, typically the auditor performs this. Translation table in Excel mapping Nation's trial balance to all audited GAAP financial statements with minimal effort and any necessary assistance to accomplish.

27. Has the Nation undergone any significant changes since the last audit such as a change in accounting or operation software or turnover in key finance or accounting personnel?

Answer: No, however, a previous RFP is under review for software implementation. Timeline is expected to start after fiscal year 18 ends.

28. Please provide copies of all financial statements issued in the prior year, consistent with those to be included in the proposal/fee estimate.

Answer: See RFP document, financial information cannot be released per Nation law.

29. Please provide copies of all governance, management and single audit letters issued in the prior year.

Answer: Information cannot be released per Nation law.

30. **Section 3.1:** For the completion of the NIGC MICS, has the prior service provider performed 100 percent of the NIGC MICS testing or have they placed reliance on the work of the gaming commission's internal auditors?

Answer: Yes internal audit was sampled and relied upon.

31. **Section 3.1:** Is the request for Compiled Gaming Pro Forma Financial Statements a new component to the services being requested? a. If the services have been performed by the current audit firm, what protections have been implemented to ensure independence is maintained?

Answer: This is not new and has been ongoing since 2016. Awarded vendor will discuss independence.

b. If this is a new service being requested, would the Nation be open to the use of a sub-contractor to perform these services in order to maintain auditor independence?

Answer: Successful vendor will choose their model. Discussion regarded independence will be held with successful vendor.

32. What qualifications and past experiences are most important to the Nation?

Answer: Complete reference sheet as enclosed in RFP.

33. Will you please provide a summary of what the Nation appreciated most about the current auditor's approach and what changes

Answer: Customer Service, full summary not available at this time.

34. Pg 10 (2.0) – The statement of work includes a reference to a limited scope audit performed in accordance with DOL and ERISA requirements. This is typically required for 401(k) and other employee benefit plan audits. Is such an audit being requested as part of this RFP? If so, please provide additional information.

Answer: Question previously answered within this document.

35. Pg 10 (3.1) – You indicate a single audit is required. We understand this includes the Federal Uniform Guidance Single Audit requirements. Is the Nation also subject to the State audit requirements? If so, what was the total state grant funding, how many major programs were required under the state audit requirements, which programs were considered major and were there any state audit findings reported in the last audit?

Answer: Question previously answered within this document.

36. Pg 10 (3.1) / Pg 13 (3.4-b) – You have indicated you will need an Accounting Certification and we are familiar with these requests and the underlying requirements. However, the AICPA has provided guidance to auditors that such certifications require a separate engagement from the Nation's single audit. (See link below)

<https://www.aicpa.org/interestareas/governmentauditquality/resources/auditpracticetoolsaids/fe-dreqforauditorcertifications.html>

Answer: This is a separate engagement and requires a separate engagement letter for the certification.

37. Has a separate certification of controls engagement typically been performed? As a result of the above guidance, the AICPA had worked with various federal agency staff and OIG's such that we don't typically see these separate certifications required much anymore. Can you confirm that this certification is still required?

Answer: Please provide cost of certification with an option to exclude.

38. Pg 11 (3.1) – Gaming Compilations – With respect to the gaming compilations:

- To clarify, does the CPA (a) actually issue quarterly Compilation Reports for each quarter, or (b) just assist the gaming operations with grouping the quarterly financial statements, with no Compilation Report issued.

Answer: Fiscal year to date quarters.

- If a Compilation Report is issued by the CPA, are separate reports prepared for each gaming location, or just one report for the consolidated gaming results as whole?

Answer: Question previously answered within this document.

- In the compilation section, the RFP mentions “reconciliation of surplus statements”. What is “surplus statements” referring to?

Answer: Not materially different than what is outlined in the RFP.

39. Pg 11 (3.1) Ho-Chunk Nation IT Security Audit – Please provide information on the scope of working being requested for this IT security audit for the Nation.

Answer: Question previously answered within this document.

40. Pg 11 (3.1) MICS AUP – For purposes of scoping the casino MICS testing and determining a fee quote:

- For your most recent MICS reports, did the external CPA rely on the MICS Internal Audit function, as permitted by the NIGC, or did the CPA perform testing of all of the MICS sections in full?

Answer: Question previously answered within this document.

- The RFP notes that Wisconsin Dells is a Class III property and Madison has Class II gaming. Do the other properties host any Class II gaming, or are they all Class III?

Answer: Black River Falls hosts Class II gaming in the form of paper bingo.

- To clarify, the external CPA is being engaged to test not just the gaming locations’ compliance with Class II MICS regulations (pursuant to Section 543), but also compliance with the Class III MICS regulations (pursuant to Section 542)?

Answer: Yes.

- Are NIGC MICS compliance reports requested for each gaming property, or one consolidated report for all properties?

Answer: RFP requires pricing currently separate, please provide option to consolidate.

- Please provide the NIGC Tier Status (A, B, or C) for each of the six properties.

Answer: All properties are Tier B.

- Is the Information Technology function centralized (does one information technology department serve all six properties?)

Answer: Centralized with staff located at each site.

41. Pg 12 (3.3-a) – This indicates the information provided is from the Nation’s 2010 audit, is that correct? If not, what year is this information applicable to? If so, can updated information be provided?

Answer: Date was an error consider 2015.

42. Pg 12 (3.3-c-ii) – Pension Trust Fund – This indicates the plan is an unqualified plan, is that correct? Is this plan separately audited? If so, Is the separate audit full scope of limited scope in nature? If so, is the plan audit completed in time to include in the Nation’s financial statements?

Answer: No, the Ho-Chunk Nation is a qualified plan. Limited scope audit, will be complete on time.

43. Pg 12 (3.3-f) – This indicates the Indian Health Service Fund accounts for the Nation’s centralized administrative functions. Does the fund not account for the Health facilities? Is there a separate internal service fund reported for the Nation’s centralized administrative functions?

Answer: No. Not an internal service fund.

44. Pg 12 (3.3 h) – Please confirm that the outstanding debt are notes payable (i.e. direct borrowing) and not bonds or other debt obligations.

Answer: Roughly 25% are tax exempt, with remainder being direct.

45. Page 13 (3.3-i) – Indicates that the Nation offers employees a 401(k) benefit, does the Nation offer any other benefits that would require significant disclosure, such as defined benefit pensions or OPEB?

Answer: No.

46. Page 13 (3.3-i) – Indicates that Nation has established self-insurance funds. Are these funds reported as part of the Nation’s general fund or as an internal service fund? Do you use an external TPA to administer the funds, and if so does that TPA provide a report on their internal controls (i.e. SOC-1 Type 2 report)?

Answer: Part of the general fund and we have a TPA with a SOC-1.

47. Page 13 (3.3-j) – Of the 58 bank accounts, how many had significant balances or activity during the year?

Answer: Information not available at this time.

48. Page 13 (3.3-k) – Do the LLC’s use the same accounting software as the Nation?

Answer: No.

49. Page 14 (3.5-a) – When indicating the due date for the enterprise funds, it is our understanding that this relates to only the due date for the gaming entities, is that correct?

Answer: Yes.

50. Page 14 (3.5-a) – What is the due date for the audits of the LLC's?

Answer: Most fiscal years are calendar years. Due dates will be discussed with successful vendor.

51. Page 14 (3.6-b) – This indicates that the Nation has an audit Committee. Who are the members of the audit committee (legislature, management, etc.)? Typically, how has the auditor interacted with the audit committee during the course of the audit?

Answer: Legislature. Audit presented to committee once completed.

52. Page 16 (4.9-3-c) – This indicates the proposer shall identify the number of similar type audits, including the size of each plan and number of participants. Is this in relation to the 401k plan? If not, what please clarify what information is being requested, keeping in mind that certain information about our current clients is considered confidential and cannot be disclosed.

Answer: Not specifically in relation to 401k. We request a list of references, not looking for proprietary information.

53. Page 17 (4.13) – Purchase extension – can you please clarify whether this section applies to the audit services requested in this RFP? If so, please provide additional clarifying information.

Answer: This does not apply to this RFP.

54. Pg 21 (4.29) – This indicates that all materials submitted as part of our proposal will be considered public information, is that correct? Seems to conflict with section 4.1 of the RFP indicating that the bid opening will be private to avoid disclosure of contents?

Answer: This is an RFP, it is opened in private and evaluated in private.

55. Page 25 (5.3 i and j) – If the 401k plan audit is not included in the scope of this RFP do you still need the information about DOL requirements?

Answer: Information will be discussed with successful vendor.

56. Page 27 (5.8-c) – This indicates presentation to the legislature, is this in addition to the presentation to the audit committee discussed in section 3.6-b?

Answer: They are the same.

57. Is the Nation going to release the financial statements along with the NIGC MICS reports for our review? We can sign a confidentiality agreement.

Answer: Per the Nation's law information cannot be released until vendor is selected.

58. For the NIGC MICS agreed upon procedures:

a. Which casinos have Class II gaming? (This is more confirming that if the RFP says slot machines, it means only Class III.)

Answer: Information to answer provided above.

b. What is done for the audits, Class III and Class II?

Answer: Information to answer provided above.

c. Do the external auditors rely on internal audit under 542.3(f) and 543.23(d)? Or do they perform the full NIGC MICS audits?

Answer: Information to answer provided above.

59. Section 3.1 – Summary of Areas of Engagement mentions the Ho-Chunk Nation IT security audit. Is this a separate engagement completed under the provisions of the compact? Or is this included with the NIGC MICS audit submitted to the state?

Answer: Information to answer provided above.

60. Does each casino have a separate financial statement report? Or are they combined into one report with combining schedules?

Answer: Information to answer provided above.

a. If they are issued as separate reports, does the Tribe have an interest in combining into one report for future years as the NIGC allows?

Answer: Information to answer provided above.

61. Are the non-gaming facilities issued under separate reports? How many separate financial statements are issued for the Whitetail Crossing stores, Blue Wing Enterprises, and Ho-Chunk Lynwood Properties Sports and Expo?

Answer: Yes all are separate but Whitetail Crossing stores are combined.

62. Is the Department of Health issued under a separate financial statement? If so, is there one report for each clinic or a combined report?

Answer: No.

63. Section 3.1 – Summary of Areas of Engagement mentions that there is a compilation over the enterprises' quarterly and pro forma financial statements. Are these expected to be prepared/compiled by the auditor?

Answer: Information to answer provided above.

64. Section 3.3 – Explanation of Audit mentions that the Tribe uses Harris Data Accounting software. Are there any components of the audit that are accounted for separately, such as Blue Wing enterprises or Lynwood Properties?

Answer: Yes those are blended component units.

65. What is the composition of the audit team and timing of fieldwork for each of the audits?

Answer: Information to answer provided above.

a. When does the Nation expect to have trial balances ready for audit for each of the audits?

Answer: Middle of July with preliminaries provided prior to year end.

66. Does the auditor or the Nation prepare the financial statements and notes to the financial statements?

Answer: Information to answer provided above.

67. Has the prior auditor billed for services outside of the scope of the engagements listed in the RFP or billed additional amounts in connection with the audits? If so, please describe the scenario and the fees billed.

Answer: Information not available.

68. What have been the common problems or issues in prior year audits?

Answer: Information to answer provided above.

69. What challenges does the Nation face in the future?

Answer: Information will be provided to successful vendor.

70. Are there any significant legal issues affecting the audit? If so, please describe.

Answer: Information will be provided to successful vendor.

71. Are there any significant debt covenants? If so, has the Nation had difficulty meeting the covenants in the past or expect issues in the future?

Answer: There have been no past issues, information will be provided to successful vendor.

72. Has there been any significant turnover in key management during the year?

Answer: No.

73. Were there any audit adjustments in the prior year audit? If so, can you please provide the nature and extent of any significant audit entries for the prior year?

Answer: Information to answer provided above.

74. Were there any material weaknesses or significant deficiencies for any entities for the prior year? Please provide a brief description.

Answer: Information to answer provided above.

**75. General Questions for Each Entity Included in the Scope of the RFP**

## Nation

- Please describe the size and structure of the accounting/finance department.
- What are the approximate expenditures of the general fund?
- What are the approximate expenditures of the I.H.S. major fund?
- What are the approximate assets of the fiduciary funds (minors trust and 401k)?
- Does the Nation report any material investments, if so, what type of investments does the Nation hold?
- Were there any Level-3 type investments included in the prior year disclosures? If so, what type of investments are these, and what type of information was provided to the auditor to audit the fair value?
- For governmental activities, briefly describe the different assets and liabilities reported? What was the total dollar amount of asset and liabilities reported?
- Are the Nation's control process (procurement, payroll, a/p, etc.) typically automated controls (i.e. performed electronically) or manual (documented via paper forms).
- If any internal service fund is reported, what was the total expenses reported?

## Health Care Facilities

- It is our understanding that these facilities are included in the Indian Health Service major governmental fund in the Nation's financial statements and that no separate audit of the facilities is being requested, is that correct? If not, how are they presented in the Nation's financial statements.
- What are the amount of 3<sup>rd</sup> party revenues reported for each facility?
- What are the amount of I.H.S. compact/grant revenues reported for each facility?
- Are the health facilities on the accounting system and under the same IT and control environment as the Nation?
- In addition to RPMS, do either of the facilities use a separate billing software? If so, what software is used?

## Convenience Stores

- It is our understanding that all 5 c-stores are presented as 1 major enterprise fund in the Nation's financial statements, and that no separate audit of the stores is being requested, is that correct? If not, how are they presented in the Nation's financial statements.

- What was the total revenues for all stores?
- What were the approximate inventory balances for each store?
- Was a year-end inventory observation performed by your auditors for each location?
- What type of point of sales system are the c-stores using?
- Is inventory being reported in the POS system?
- How is the information from the POS system being pulled in to the Nation's accounting records?

#### LLC's

- It is our understanding that each of the LLC's will require a separately issued audit report, is that correct?
- It is our understanding that each of the LLC's have separate accounting functions from the Nation, is that correct?
- Was an inventory observation performed by your auditor for either of the LLC's?
- What was the total revenues for each of the LLC's?

#### Casino/Gaming Facilities

- For the gaming entities, would the Nation accept one combined financial statements for Ho-Chunk Gaming, with combining supplementary schedules in back for each individual property, as permitted by the NIGC – rather than separate audit opinions and financial statements for each property?
- For the gaming entities, were there any material weaknesses or significant deficiencies reported in your last audit period?
- For the gaming entities, how many audit adjustments were proposed in the prior year?
- For the gaming entities, is the accounting function centralized (does one accounting department serve all six properties)? To the extent there is a centralized accounting department, at which property is that located?
- For the gaming entities, what is the nature of the debt facilities, if any, that will be subject to audit? Bank loans? Bonds? Are there any interest rate swaps or caps associated with debt agreements?
- Are there any current or planned expansion projects at any of the casino properties that might affect the scope of operations prior to June 30, 2018?
- For purposes of scoping the casino MICS testing and determining a fee quote:

- For your most recent MICS reports, did the external CPA relay on the MICS Internal Audit function, as permitted by the NIGC, or did the CPA perform testing of all of the MICS sections in full?
- The RFP notes that Wisconsin Dells is a Class III property and Madison has Class II gaming. Do the other properties host any Class II gaming, or are they all Class III?
- To clarify, the external CPA is being engaged to test not just the gaming locations' compliance with Class II MICS regulations (pursuant to Section 543), but also compliance with the Class III MICS regulations (pursuant to Section 542)?
- Are NIGC MICS compliance reports requested for each gaming property, or one consolidated report for all properties?
- Please provide the NIGC Tier Status (A, B, or C) for each of the six properties.
- Is the Information Technology function centralized (does one information technology department serve all six properties)?

Answer: Answers to these questions will be given to successful vendor.