



DATE: February 13, 2020
SUBJECT: Letter of Clarification
RE: External Audit Services RFQ
TO: All Prospective Respondents

Houston First Corporation (“HFC”) issues this Letter of Clarification regarding the referenced External Audit Services RFQ to answer questions timely received in the manner set forth below:

Question 1: Were there any findings that were communicated to management?

Answer: To the extent available at this stage of the selection process, prospective Respondents should review the financial statements and other pertinent information <https://www.houstonfirst.com/information/financial-reports>.

Question 2: How many audit adjustments were posted in 2019?

Answer: None.

Question 3: Why has HFC elected to change auditors?

Answer: The contract with the current provider has expired.

Question 4: Were there any disagreements between management and the previous audit firm?

Answer: No.

Question 5: What were the prior audit fees for the past two years/to date?

Answer: Fees are not available at this stage of the selection process.

Question 6: Were there any excess billings from the 2018 and/or 2019 auditor for problem areas?

Answer: No.

Question 7: As compared to the prior year, have there been any significant changes to HFC’s organization during 2019 that would impact the scope of audit work required? (e.g., major changes in management, accounting personnel, and/or staffing; cyber breaches, or data loss.)

Answer: HFC has not experienced material changes of such kind.

Question 8: Will HFC encounter any disciplinary actions from external agencies/entities?

Answer: No.

Question 9: What accounting software does HFC use?

Answer: Microsoft Dynamics AX 2012.

Question 10: Have you changed accounting software since your last audit?

Answer: No.

Question 11: How many people did your previous audit firm bring to fieldwork?

Answer: The previous audit firm regularly had three persons performing field work simultaneously.

Question 12: How many days was your previous audit firm at your site for fieldwork?

Answer: HFC estimates, in good faith, that the previous firm performed less than 1,300 hours of field work per year.

Question 13: Does HFC anticipate having federal expenditures in excess of \$750,000 for fiscal years ending 2020, and/or 2021? If so, how many major programs and approximately what dollar value?

Answer: No.

Question 14: Does HFC have an internal audit function and do the current external auditors utilize the work of the internal auditor?

Answer: HFC has internal audit staff; their role and function are separate from the external audit services required by HFC.

Question 15: Does HFC staff draft the financial statements or will the auditor assist with this process?

Answer: HFC drafts the financial statements.

Question 16: As it appears that the 2018 report was not issued until July 2019, what caused the delay last year and has it been resolved so that the current deadline can be met?

Answer: Detailed information will be provided at the proposal stage of the process, or with the Respondent selected.

Question 17: Is there any flexibility in the June 12, 2020 due date for the first year (2019 report)?

Answer: No.

Question 18: Was there a Report on Internal Control or Management Letter of Recommendations issued for 2018 and were there any material weaknesses or significant deficiencies in internal controls reported by the auditor for 2018?

Answer: Detailed information will be provided at the proposal stage of the process, or with the Respondent selected.

Question 19: On an ongoing basis beyond the 2019 audit, would HFC be willing to allow interim audit procedures to be performed prior to the calendar year end?

Answer: HFC is willing to consider such an arrangement.

Question 20: Should we provide an electronic copy of our diversity compliance forms in addition to a hard copy?

Answer: In addition to one hard copy in a separately-sealed envelope, HFC asks that Respondents please include the diversity compliance forms on the flash drive in either a separate folder or a single, readily-distinguishable file.

Question 21: Will HFC accept e-signatures or scanned signatures on the transmittal letter and diversity compliance forms?

Answer: Yes.

Question 22: What is the expected timing of the issuance of the 2019 audited financial statements?

Answer: Please refer to the dates provided in the RFQ.

Question 23: What are the expected FEMA funds for 2019?

Answer: None.

Question 24: What was the nature and magnitude of audit adjustments for each of the FY 2018 and 2017 audits?

Answer: None.

Question 25: Where are the personnel who support key financial/relevant IT applications located, do they have systematic interfaces with other applications, and where are the applications hosted?

Answer: Detailed information will be provided at the proposal stage of the process, or with the Respondent selected.

Question 26: What is the desired time schedule for the audit and issuance of the audited financial statements?

Answer: Please refer to the dates provided in the RFQ.

Question 27: In what ways can your previous audit experience be improved?

Answer: Detailed information will be provided at the proposal stage of the process, or with the Respondent selected.

Letters of Clarification become a part of the RFQ automatically upon issuance and supersede any previous specifications and/or provisions in conflict therewith. By submitting their SOQ, Respondents are deemed to have received all Letters of Clarification and to have incorporated them into their SOQ.