

**Questions Received for
RFP SMU-20241118
Professional Audit Services**

1. What is the reason for change in auditors? What is driving RFP process?

Response: SMU conducted the prior RFP several years ago. Best practices indicate conducting a full RFP process periodically with updated scope and expectations.

2. How many hours did the predecessor auditors spend? How many auditors were involved in planning and final fieldwork, and how long they were onsite for planning and final fieldwork?

Response: The predecessor auditors spent approximately 8-9 weeks on the financial statement audit and single audit, working a standard 40 hour work week (spanning from July to end of August). Typically, an additional 2-3 weeks are required for the NCAA AUP/single audit wrap-up. There were approximately 3-4 dedicated staff, a senior manager and a partner, with a staff and senior manager also dedicated to the single audit.

3. Any disagreements with previous auditors?

Response: No.

4. Have there been significant adjustments in the past? If so, what was the nature of those adjustments?

Response: No.

5. Any internal control deficiencies or other items in the past few years?

Response: No.

6. What type of control documentation prepared by management exists?

Response: Process narratives, policies, ad hoc requests.

7. Would you prefer remote vs. onsite vs. hybrid?

Response: SMU prefers an onsite engagement but would consider proposals that include hybrid options.

8. Was there preliminary/interim work done in the past? If so, what was the timing of that work? Can single audit be performed at interim?

Response: Yes, preliminary work has been done in the past. Interim work on the single audit can begin in June.

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9. What IT systems are used?

Response: SMU's financial system is PeopleSoft.

10. Any current year operational change or planned changes before issuance of audit report?

Response: No.

11. Any changes in federal grants anticipated in FY 25?

Response: No.

12. Any significant litigation or claims of which we should be aware?

Response: No.

13. What are management's expectations of the audit process?

Response: Clear and constant communication between the audit team and SMU.

14. What are the key things management or the Board of Trustees want to see in their relationship with their professional service provider?

Response: Industry expertise, thorough reporting, responsiveness, and broad range of knowledge on higher education topics.

15. Any tax work to be covered in proposal?

Response: Only access to industry expertise, if needed.

16. Does SMU use a custodian for its alternative investment portfolio? If so, who is the custodian?

Response: No.

17. Please describe the characteristics of the alternative investment portfolio (approximate number of investments, average position value, etc.).

Response: Our alternative investment portfolio consists of hedge funds, private investments and real assets. We have approximately 160 funds with an average market value of around \$7M.

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18. For the Level 3 investment, what support has been historically obtained surrounding evidence of fair value?

Response: SMU's level 3 investments primarily consist of funds held in trust which SMU receives third party statements and mineral rights in which a multiplier is used.

19. Can you please provide FY 24 audited financial statements we did not see them on the website.

Response: Yes, please email harmony@smu.edu to request a copy.

20. 1.2 Purpose - RFP mentions 'to perform the financial statement audit as well as *various other audits and agreed upon procedures*'. Please elaborate on what these other audits and agreed upon procedures would be as well as provide prior year financial statements.

Response: Other audits include the Single Audit, NCAA AUP, Student Association AUP, Financial Supplement (which is filed with the single audit)

21. 3.1.1 Mandatory Criteria – Under this section it is noted that auditor is to be licensed for public practice in Texas. Can you clarify if this is a requirement to have a Texas CPA licensure for all engagement team members or rather just that the firm and all members assigned to the engagement would meet the requirements to issue an audit in the state and have appropriate reciprocity to conduct these audits?

Response: Firm, manager and partner are required to have the Texas CPA licensure. For staff members, the licensure is preferred, but not required.

22. 3.1.1 Mandatory Criteria – Can you please clarify the term local presence as it relates to this criteria?

Response: SMU requires a local office with higher education industry expertise.

23. Financial Reporting – It was noted that the University has seven corporations under its control. Are all of these corporations part of the University books and records or are these corporations audited separately and consolidated into the University statements.

Response: All noted corporations are a part of SMU's books and records.

24. Fees – Can you please provide the audit engagement fees for the 2024 audit if available to share this information?

Response: SMU will not share this information.

25. Onsite Work – Does the University have a preference to onsite, remote or hybrid audit work being completed?

Response: Please see Question No. 7.

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26. Systems – What financial system does the University utilize? What financial aid system does the University utilize? Does the University provide remote access to the auditors to either of these systems?

Response: Please see Question No. 9. Access will be provided as needed.

27. Audit Committee Meetings – Are Audit Committee Meetings described in the RFP in person or virtually attended by the members of the committee?

Response: All Audit Committee meetings require onsite attendance.

28. Can you provide a consolidated trial balance for the year ended May 31, 2024 to assist with our scoping of accounts?

Response: See Question No. 19.

29. Can you provide the most recent organizational chart (by legal entity)? This information will assist us with performing our independence checks. Please include all fully and partially owned subsidiaries, corporations, joint ventures, etc. Please ensure legal names are used. If there are legal entities within the organizational chart that we need additional information on (addresses of entity), we will send that in a follow up request.

Response: SMU will provide this information to the selected Contractor.

30. We will also need detailed information on the board of directors, executives, and heads of finance/accounting to perform our independence checks.

Response: SMU will provide this information to the selected Contractor. Please see this [link](#) for a list of SMU's current Board of Trustee members.

31. Can you confirm that this proposal is for financial statement auditing services for the year ended May 31, 2026 which begins June 1, 2025? This is as it states in the RFP – we just want to confirm auditing services for the year ended May 31, 2025 are not within the scope of the RFP.

Response: The scope includes SMU's fiscal year from June 1, 2024 through May 31, 2025 with work to begin by the audit firm as early as June 1, 2025 (interim work/single audit).

32. Do you seek for your external auditors to perform work on site, remotely, or in a hybrid environment?

Response: Please see Question No. 7.

33. How many days after period/year-end is the trial balance available?

Response: About the third week in June.

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34. Does management anticipate any acquisitions in the coming 12 months?

Response: No.

35. Does management anticipate any debt or bond offerings in the coming 12 months?

Response: No.

36. Did any of the recent prior year audits have audit-related adjustments (whether booked or not) and, if so, what was the nature of the adjustments?

Response: Please see Question No. 4.

37. What specialists or firms does SMU utilize for valuation/transaction assistance, technical assistance, tax assistance (if applicable) currently?

Response: SMU uses ADP for W-2 processing, and several firms for tax/legal advice.

38. Approximate number of bank accounts?

Response: SMU will provide this information to the selected Contractor.

39. In which location are the accounting records used to prepare the consolidated financial statements?

Response: Please see Questions No. 9 and 26.

40. Name of principal corporate law firm?

Response: This question is not relevant to the scope of the RFP.

41. Are you aware of any close calls on debt covenant compliance for 2024 or any that might be anticipated 1 year out from the date the financials would be issued?

Response: No

42. Approximately how many alternative investments funds is the University invested in? (e.g., hedge funds, private equity funds)

Response: Around 160.

43. Briefly describe your quarterly and annual close process (including centralized vs. decentralized?) and provide example financial closing calendars.

Response: SMU will provide this information to the selected Contractor.

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44. Is the accounting/finance group centralized?

Response: Yes.

45. Does SMU have an internal audit function (in house or outsourced)?

Response: SMU has an in-house internal audit function.

46. Does your current auditor utilize work performed by Internal Audit to assist with the external financial statement audit?

Response: No.

47. Please provide a listing of service providers used by management (e.g., ADP).

Response: Please see question 37

48. What general ledger system is used?

Response: Please see Questions No. 9 and 26.

49. Excluding your general ledger system, which systems are used within the key business processes?

Response: SMU will provide this information to the selected Contractor.

50. What IT system is used for student accounts, including billing and financial aid?

Response: Please see Questions No. 9 and 26.

51. Please summarize any known significant deficiencies and/or material weakness in internal controls.

Response: None.

52. Do you also require auditing services related to reporting on Title IV responsibility ratios?

Response: Yes. The auditors calculate and prepare a report showing the Financial Responsibility Ratios.

53. Are there any other supplemental information, attestations, or agreed upon procedures reports that SMU requires auditing services for?

Response: Please see Question No. 20.

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54. Are you aware of any [Firm Name] alumni employed by SMU? For any employees in an accounting role* and/or financial reporting oversight role**, please provide the following:
- Name while at [Firm Name]
 - Office location while at [Firm Name]
 - Years employed at [Firm Name]
 - Title/role at [Firm Name]

Response: All required independence documentation will be completed with selected Contractor

55. Do any employees in an accounting role and/or financial reporting oversight role have immediate family members employed at [Firm Name]?

Response: Please see Question No. 54.

56. Does [Firm Name] provide personal tax services to anyone in an accounting and/or financial reporting oversight role or members of his/her immediate family?

Response: Please see Question No. 54.

57. Are you aware of whether [Firm Name] provided any services (in any jurisdiction) to the University during 2024?

Response: Please see Question No. 54.

58. RFP section #3, Statement of Work, can you please clarify whether we should also include agreed upon procedures engagements for compliance with the NCAA program and Tuition Equalization Grant program?

Response: Yes, AUPs should be included in Contractor's proposal. See Question No. 20 for list of reports.

59. In Section #3.3, can you please clarify if it is expected that the compliance audit under the Uniform Guidance is also issued in September, or when that is expected to be completed?

Response: This scope is expected to be completed by early February of the next year to comply with the due date for the single audit.

60. In the RFP on page 7 of 28, #4 "Proposal Format and Content" lists the following. Is the expectation that we include these attachments within our proposal response? Or is this just a general description of what you'd like included. If they are attachments, can you provide Attachments A & B so we can review the forms and include them in our response? If these are not specific form attachments, we will include this information in the areas otherwise specified.

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- 1) 4.1 Solicitation Attachments
 - 2) **Attachment A:** Execution of Proposal includes the following
 - a) References
 - b) Exceptions to Terms and Conditions
 - c) Conflict of Interest Statement
 - d) Signature/Unsworn Declaration
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3) **Attachment B:** Subcontracting Plan (if subcontractors proposed)

4) **Attachment C:** Copy of the Anticipated Contract (reference only)

Response: SMU wants to see the order and format of content as noted. There are not specific forms to use, but SMU expects to see the final document organized as noted.

61. Can you please provide the 2024 audited financial statements?

Response: Please see Question No. 19.

62. Has the Perkins loan program been closed out? If not, when do you expect to close out Perkins?

Response: No, the program has not been closed out and there is no set timeline.

63. Are their significant capital campaigns ongoing during FY25? If so, what is the fundraising goal and how much has been raised through 2024?

Response: Please see publicly available information on SMU's current campaign at this [site](#).

64. Have there been any significant changes in transactions or balances since the most recent audited financial statements?

Response: No.

65. Were there any material weaknesses identified (or expected) in 2024 in internal control over financial reporting or internal control over compliance?

Response: No.

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66. Approximately how many alternative investment funds is SMU invested in?

Response: Approximately 160.

67. Have there been any significant changes in federal expenditures on the SEFA (i.e., significant new grants/programs, reduction in R&D grants, etc.)?

Response: Please see Question No. 11.

68. Is there a specific reason you are going out to bid? Or is this simply in response to normal business practices? Will the incumbent auditor be allowed to bid?

Response: Please see Question No. 1. Yes, the incumbent auditor will be allowed to submit a proposal.

69. We were able to locate the FY2023 reports on the Financial Statements and Single Audit online. Are the FY24 reports available to be distributed for our review?

Response: Please see Question No. 19.

70. If the NCAA Agreed Upon Procedures engagement is also in scope, can we get a copy of the most recent report as well.

Response: This document is not yet completed for FY2024. FY2023 document is attached.

71. While section 1.2 did mention NCAA compliance, we did not see any NCAA procedures listed in section 3, Statement of Work. Will the NCAA Required Agreed Upon Procedures engagement be part of this work?

Response: Yes.

72. To confirm, this RFP does not include any tax services such as 990 and 990-T preparation services. Should our response at least include our experience in this area from a client-service perspective?

Response: Correct, no tax services are included and response not required to reference experience in this area.

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73. RFP 3.1.3 Management component section of the RFP seems to focus on the team members who would be serving the University. Can you help us understand what is meant by “The proposer shall describe the processes and procedures it intends to use to provide these services...”. The section above, section 1.2, requested us to describe our approach in providing our services, so hopeful to get differentiation of what is needed in this section to respond to the language in italics.

Response: Section 1.2 is just starting the purpose, section 3.1.3 is where you can state the process and procedures intended to use.

74. RFP 3.1.3. Management component - 5) notes “CVs available upon request”. Are you ok if we go ahead and provide resumes in an appendix?

Response: Yes.

75. RFP 3.1.3. Management component – 10) and 11) are similar: “10) Describe the level of assistance that will be expected from SMU personnel, including the use of internal audit; 11) Describe the level of assistance that will be expected from SMU personnel, including the internal auditor.” Please clarify any difference of what is being asked in each section.

Response: No difference was intended.

76. RFP. 4.1 Solicitation Attachments – 2) Attachment A, b) - asks for Exceptions to Terms and Conditions; RFP 3.1.4 – Contracting process – notes “Any exceptions to this RFP and SMU’s standard agreement, must be specifically noted in the Transmittal Letter. However, any exceptions may disqualify the proposer from further consideration. If the proposer makes any exceptions to any provision of this RFP or SMU’s standard agreement, these exceptions must be specifically and clearly identified by section and the proposers proposed alternative must be provided. Proposer cannot take a “blanket exception” to the entire RFP or standard agreement. If any proposer makes a “blanket exception” to this entire RFP or the standard agreement and does not provide proposed alternative language, the proposal may be disqualified from further consideration.”. We would like to provide a redlined version of “preferred” edits to suggest as part of the contracting process. This is a common practice when contracting with our higher education institutional clients. Yet, we do not want to be disqualified from further consideration. Is there a way to propose such edits and not be disqualified? Can we state just that – that any suggested revisions are simply “proposed” and we would be happy to discuss with the University to arrive at an amicable resolution in order to avoid potential disqualification?

Response: The RFP language only notes that exceptions “may” disqualify. Contractors can submit proposed edits but please be aware that SMU may consider exceptions taken as a part of the evaluation process.

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77. RFP 3.1.4 – Contracting process – notes “Any terms and conditions attached to a proposal will not be considered unless specifically referred to in this RFP and proposer’s attachment of such terms and conditions to a proposal may disqualify the proposal.” Can you clarify this language? Typically, with our higher education institutions, we sign their contract and they sign our statement of work indicating management’s responsibilities over the financial statements. If our additional Statement of Work is needed, should it just be referred to in the proposal and not attached to it?

Response: If the Contractor will require a Statement of Work with terms and conditions in addition to SMU’s standard terms provided, those terms must be disclosed during the proposal process.

78. RFP. 4.1 Solicitation Attachments – 2) Attachment C – notes Copy of the Anticipated Contract (reference only). Please clarify what you mean by Anticipated Contract. See this in connection with question above. Should we attach our Statement of Work here?

Response: SMU provided a standard contract for professional services. If a Contractor has any issues with these terms or would require additional documentation to this standard document, those terms, attachments, or statement of work must be disclosed during the proposal process to be considered at time of contracting.

79. Can you clarify information regarding the price you would like to see and in what section? We see on page 9 that we are encouraged to provide a fair and reasonable price in the proposal. We also see section 4.2 outlines the organization of the proposal and in item 5, we are to list hourly rates for the classification of employee. Should we include the total price in this section as well? And, should we include by deliverable (financial statement audit, Single Audit, and NCAA Agreed Upon Procedures, if applicable.)

Response: Yes, please include the total proposed price by deliverable along with the hourly rates for each classification of employee.

80. In order to ensure we are being competitive and properly estimating anticipated hours, can you please disclose prior year estimated fees?

Response: Please see Question No. 24.