

# INCORPORATED RESEARCH INSTITUTIONS FOR SEISMOLOGY (IRIS)

Washington, DC

RFP for Audit and Tax Services

Last updated: 3/18/20

## **Responder Questions and Answers (3/11/20 through 3/20/20)**

1. Have there been any significant changes in the IRIS' operations in the current year vs. the prior year (examples include: changes in audit policies, procedures or personnel, etc.)?

Yes, there have been significant changes in accounting processes due to the conversion from Deltek GCSP to Costpoint (e.g., change in the chart of accounts). We are also in the process, this year, of implementing additional cloud-based tools that will result in our modifying other processes before the fiscal year ending 6/30/20.

2. What is the current year budget? Is the current year budget similar to the prior year? May we please receive a copy?

Budgets are dependent on funding through our core cooperative agreement(s) and other awards, which have various performance periods. A significant project (the Transportable Array) is nearing completion, which will result in lower expected expenses and revenues for the next two years.

Core annual IRIS budget under its primary funding award is approximately \$18 - \$19m/year.

3. Were there any audit adjustments in the past two years? If so, how significant were the adjustments and what accounts did the adjustments relate to?

There were no audit adjustments required by our auditors in the past two years.

4. Does management prepare the financial statements and notes or do the auditors assist with the preparation?

Auditors assist with the preparation.

5. Is there any specific expertise and advice IRIS is looking for that it may not be receiving from its current provider? For example, is IRIS satisfied with the incumbent auditors:

- a. timeliness
- b. pro-activeness on communications
- c. involvement outside of the audit process
- d. value they provide to IRIS

Please describe the value you bring to clients that you believe are comparable to IRIS.

6. Are there any improvements you would like to see in the audit process?

No comment.

7. Was there any turnover with the incumbent auditor's staff?

Limited turnover – primarily with new staff level accountants each year

8. Has there been any disagreement with the incumbent? If yes, please provide some background on the issue?

No

9. In an effort to understand the level of effort currently exerted by the incumbent auditing firm, please provide:

- a. prior year audit and tax fees
- b. schedule of auditors in the field (For example, 2 people for 2 weeks in November)

We prefer not to disclose prior year audit and tax fees.

Schedule of auditors in the field:

2 auditors for 3-5 days in June/July for planning

2-3 auditors for a week in October for fieldwork

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10. As you know, the Coronavirus has taken a foothold on the greater Washington DC region and across the nation. To help mitigate the risk for everyone, the majority of our staff will be working remotely from home starting on Monday. With that being said, would it be acceptable to only email our proposal next week? Or, is it mandatory that in addition to the electronic copy being emailed, 2 hard copies are also delivered? If so, we will plan accordingly.

Yes. In light of the current health crisis, IRIS agrees to waive the submission requirement of 2 hard copies for the proposal. Email only - submission of the proposal is acceptable and encouraged.

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11. but could you briefly tell me the typical audit timeline with regard to audit planning, audit fieldwork, and when drafts and final audit reports are due?

Example Audit Timeline:  
June/July – audit planning  
October – audit fieldwork  
10/31 – draft audit report  
11/20 – final audit report

12. In the Q&A's you circulated, it mentions that the core revenues will be \$18-\$19 mil. due to an award ending. Is that the expected level of revenues for each of the next 5 years, rather than the \$29 mil?

Revenues are dependent on funding from multiple awards. Our core cooperative agreement budgets are relatively stable, and we expect some level of funding from additional awards, so we would project revenues between \$18 - \$25m for the next 5 years.

13. Has IRIS addressed Revenue Recognition and the new grants and contributions clarification standards?

We do not anticipate the new standards having a significant impact on our FY20 reporting.

14. Has IRIS conducted an enterprise risk assessment? If so, could I receive a copy?

No.

15. I read the information on your website regarding NSF moving to one manager for SAGE and GAGE. Is there any significant near-term effect (fy 20 or 21) that could have an impact on IRIS? Any long-term effect we should factor into our pricing?

There are no significant near-term effects; however, IRIS is currently working with the GAGE operator to develop a facility strategic plan that addresses NSF requirements.

16. When was the last IG audit of IRIS? If in the last 3 years, were there any findings in the IG report?

The last NSF IG audit of IRIS was conducted in 2011 of FY2002-FY2007 incurred costs. The DCAA auditors hired to conduct the audit did not question any of the costs claimed under the audited awards however identified four deficiencies.

NSF conducted an accounting system audit in 2018 and identified two significant deficiencies. The corrective actions identified by IRIS were accepted and the findings have been closed.

17. How is the inventory of assets acquired for the US Government maintained? i.e. excel schedules or a fixed asset tracking system.

Fixed asset records are maintained in the accounting system.

18. Do you receive any funding from DOD? If so, have you assessed the impact of CMMC?

IRIS has not received any funding from DOD.