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Request for Proposals PFA-PR-001-2024

PROFESSIONAL AUDIT SERVICES
Virgin Islands Public Finance Authority For Fiscal Years
2023,2024,2025

ADDENDUM NO. 1

Addendum No. 1 is hereby made part of the RFP for Professional Audit Services , PFA-001-2024-
It includes **Attachment A:** Responses to Questions

ATTACHMENT A

1. Can you please provide the most recently issued financial statements for Lonesome Dove Petroleum Co. and King’s Alley Management? They are not posted to the PFA’s website that we can see.

Lonesome Dove Petroleum Co. is on a calendar fiscal year. Calendar year 2023 will be the first year the Company prepares stand-alone audited financial statements with footnotes. Attached are the draft unaudited financial statements included in the PFA’s FY 2022 unaudited financial statements.

Fiscal year 2023 will be the first year King’s Alley Management, Inc. prepares stand-alone audited financial statements with footnotes. Attached are the unaudited financials included in PFA’s FY 2022 unaudited financial statements.

2. Can you please provide the Yellow Book reports for WICO, viNGN, LDPC and KAMI? They do not appear to be online.

Attached are the FY 2021 Yellow Book reports for WICO and viNGN. The documents are also available on the VIPFA Website. The auditors did not provide Yellow Book reports for LDPC or KAMI as they were not separately audited in FY 2021.

3. What were the prior year audit fees for 2021 and contracted audit fees for 2022 for the audits of the PFA, WICO, viNGN, LDPC and KAMI?

This will be a first-year engagement for LDPC and KAMI.

Contracted audit fees for FY 2021 and FY 2022 for the audits of PFA, WICO, and viNGN are as follows:

	<u>FY 2021</u>	<u>FY 2022</u>
PFA	\$202,500	\$208,500
WICO	102,000	105,250
ViNGN	<u>78,500</u>	<u>80,850</u>
Total	\$383,000	\$394,600

With expenses not to exceed \$45,000 per year.

4. In the previous three fiscal years, have there been any additional billings/change orders related to the audits in excess of the fixed base fees? **No.** If so, to what extent and for what reason(s)
5. What is the reason the 2021 audits were issued approximately 2 years after year-end, and 2022 audits have not yet been issued?

Audits fell behind due to the 2017 hurricanes and extensive recovery efforts. The 2020 Global Pandemic and ensuing staff shortages also impacted the timeliness of the audits.

6. Are there any expected findings, opinion modifications or significant items expected to be included in the 2022 audits once they are completed?

WICO has experienced financial difficulties due to the closing of its cruise ship port by the CDC during fiscal year 2021 due to the pandemic. However, WICO meets going concern requirements in accordance with GASB 56 and other standards.

7. Has there been any disagreement with the current auditor firm? If yes, please provide some background on the issue.

No disagreements. However, promised timeframes to conduct and issue audits have been missed repeatedly.

8. What is the level of effort/hours that the incumbent has provided for the previous year's audits?

Personnel are assigned to oversee the audits by the PFA and the component units. PFA has retained a local certified public accounting firm to assist with audit workpapers, audit inquiries and GASB implementations.

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

Reliable timeframes for conduct and delivery of audit reports. Auditor partner involvement in high-level discussions with the Director of the PFA and CEOs of component units.

10. Are there any significant changes in operations in the current year vs. the prior year including changes in policies and procedures, personnel, or the reporting entity?

No, normal operations in fiscal year 2023.

11. How much of the audit was performed on-site vs. remote? What is your preference of audit work being performed on-site vs. remotely?

Prior audits mainly conducted remotely with weekly Teams meetings. Audit presence at the entrance conference is preferred, as well as during internal control testing.

12. Were the audit entrance and exit meetings and regular status meetings held in person or remotely via Teams/Zoom/etc.?

Entrance conference held in person. Exit conference held remotely.