



CHEFA

Connecticut Health & Educational
Facilities Authority

Tuesday, June 23, 2020

REQUEST FOR PROPOSAL FOR TAX ARBITRAGE REBATE INTERNAL AUDIT SERVICES QUESTIONS & ANSWERS

- Is this a new function or is this a current function? If current, who is performing the function...
- Who is CHEFA's current arbitrage rebate provider?

This is a current function. There is a CHEFA staff person that performs the rebate calculations in-house for CHEFA. The calculations performed for CHESLA are performed by a third-party provider. CHESLA uses AMTEC for its student loan related calculations.

- What are the current consultant's fees for a calculation?
- Who is performing the function and what are they charging?

This engagement is for internal auditing services of our arbitrage rebate functions/calculations, not strictly the performance of the calculations themselves. Therefore, our current consultant fees are not relevant.

- When was the last computation date for each of the CHEFA's bond issues with regards to arbitrage rebate?

Calculations are performed for IRS purposes (5-year calcs) for CHEFA and only annually for those clients that request them. CHESLA computations are completed annually.

- Do you require a CPA or CPA firm to perform the audit function or any of the scope of services, or do you treat the "audit" and other required services as a consulting and review function?

No. However, comparable auditing experience for arbitrage rebate would be preferred.

Yes. This is a consulting and review function.

- Are the internal audit services limited to 2 through 4 in the statement of work (Section 148 compliance, auditing procedures and record keeping, and reviewing sample calculations)? Not auditing transaction level details such as invoices, in line with project purpose, and charged to the appropriate issue. More along the lines of Section 148 post issuance compliance services?

No. The full scope should be determined based on expertise with arbitrage rebate for conduit issuance as well as for student loans bond issuance. Post issuance compliance should be a part of the overall scope only as it relates to matters concerning tax arbitrage rebate computations.

- What is the anticipated issue selection percentage for the internal audit/compliance review?

That should be determined by the firm selected for the engagement based on auditing standards.

**REQUEST FOR PROPOSAL FOR TAX ARBITRAGE REBATE INTERNAL AUDIT SERVICES
QUESTIONS & ANSWERS**

- After reviewing the Scope of Work contained in the proposal, is the State Authority seeking a firm to audit and provide a second opinion/recommendations on calculations completed internally for CHEFA and the existing vendor for the CHESLA?

Yes. Based on a representative sample size, the arbitrage procedures, process and computations, etc. should be reviewed to provide findings/recommendations as discovered.

- The vendor selected for this contract will not be completing calculations on all 208 CHEFA bonds or the 13 CHESLA bonds, correct? (i.e. CHEFA staff and CHESLA's existing arbitrage provider will continue to complete the calculations).

Correct. The vendor selected for this engagement will not perform calculations on all bond issues, only a representative selection for each Authority.

- Has the State Authority previously contracted with any firms to provide the services described above? If so, which firm(s)?

CHEFA has previously contracted with a firm to perform these services in the past. The last engagement was in 2007.