



119 Fox Street • Lemoore, California 93245 • (559) 924-6744 • Fax (559) 924-9003
Finance Department

PROFESSIONAL AUDIT SERVICES July 8, 2019

ADDENDUM No. 1

This addendum forms a part of the Request for Proposal ("RFP") for Professional Audit Services. It modifies the original RFP to incorporate answers to questions raised through June 28, 2019. Additionally, please be advised that the date and time to submit proposals is **July 19, 2019 at 2:00pm**

Questions and Answers

1. What is the reason you are considering changing the auditor?
The current contract expired. The former auditors are now under contract for consulting services with the City to assist in the year end procedures.
2. Have there been any changes in your accounting system or software since last year?
No
3. Have there been any major changes in staff turnaround in the past year?
Yes; the City reorganized the Finance Department in March 2019. The City now has an Assistant City Manager/Administrative Services Director in charge of the Finance Department (as opposed to a Finance Director), and the City has added the position of Finance Manager.
4. Do you expect to have any retirement or replacement of key employees?
No
5. Please list the staff members in finance and their years of experience with the organization at that position.
Michelle Speer, Assistant City Manager/Administrative Services Director, 3 months (interim Finance Director as of 11/2018)
Linda Beyersdorf, Finance Manager, 3 months
Josalynn Valdez, Accountant, 3 months (previously a Junior Accountant)
Veronica Mahill, Junior Accountant, September 2017
Jane Johnson, Payroll Technician, November 2017
Martiza Jones, Account Clerk II, April 2017

Taisha Sims, Account Clerk I, May 2016

Priscilla Orellana, Account Clerk I, January 2017

6. How many adjusting entries did you did you have last year?
24
7. Is the City Planning to issue any new debt?
The City now has the 2019 Water Series Bond
8. Were there any material weaknesses, significant deficiencies or control deficiencies? If so, please provide relevant reports.
Yes, the 2018 Single Audit is available on the City's website for review.
9. About how much time did the prior year auditors spend onsite to conduct their audit?
5 people, 40 hours each
10. Are the prior year auditors being invited to bid?
No, they are now under contract as a consultant. They will be providing assistance with the year-end close procedures, preparing all financial statements for use by the new auditors and completing all reports required by the State Controller's Office.
11. What were the prior year fees? Did these fees include travel?
\$64,651, yes
12. I did not see the 2018 CAFR on your website. Would you be able to forward us a copy to us?
It is now on the website for review.
13. How long has your current auditor been performing the audit?
They began in 2013.
14. Are they included or excluded from the current RFP?
No, they are now under contract as a consultant. They will be providing assistance with the year-end close procedures, preparing all financial statements for use by the new auditors and completing all reports required by the State Controller's Office.
15. How many auditors and how many weeks were the prior auditors on site, for interim and year-end field work?
5 people, 40 hours each
16. Has the 2018 CAFR and Single Audit Report been issued?
Yes, the City's 2018 Single Audit is available for review on the City's website.
17. What were the prior year fees for all the services provided?
\$64,651
18. Please expand on how the City provides the auditor the information for preparation of the CAFR? Does the City prepare the rolled up funds or would the auditor obtain a trial

balance to develop the funds from scratch? Does the City prepare the Government-wide to Government fund reconciliation or the note disclosures or the statistical section?

The City will provide a roll-up as well as the prior grouping schedules. The City has not previously provided the Government-Wide to Government fund reconciliation, but we will this year, as we have a consultant on board to help with that process.

19. How many major programs are usually tested each year for the Single audit?

When the City conducts Single Audits, we generally have 1 major program tested.

20. Are there any new audit services requested in this RFP that were not included in the prior year fees?

No, the scope has decreased from past audits as the City has hired a consultant to assist in the process. Financial Statement preparation and all State Controller Office reports will be completed by the consultant, not the auditors.

21. How many journal entries were proposed by the prior auditor and how many findings did they issue?

The City received two findings, 24 AJE's, and 24 CJE's. The 2018 Single Audit is available on the City's website.

22. It appears the CAFR report in the past has been issued much later than the proposed RFP 12/31 deadline. Is this a hard deadline this year or is there any flexibility in the final issuance?

As the City is requesting a Single Audit for 2019, the deadline is March 31, 2020.

23. Why is the City going out to bid? Is the incumbent allowed to bid?

The contract with the previous auditor expired. They are now under contract as a consultant. They will be providing assistance with the year-end close procedures, preparing all financial statements for use by the new auditors and completing all reports required by the State Controller's Office.

24. How long and how many auditors were on-site for the 2018 audit (include both interim and year-end)?

5 people, 40 hours each

25. How many adjusting entries did the auditors have/propose last year?

24

26. After the auditors started their year-end field work, did the City give the auditors a few entries that were initiated by the client? If so, how many and what were there nature?

Yes, there were 25 CJE's that corrected deposit accounts, AP and recorded Bond activity

27. Do you expect new/refunding debt issues, major construction projects, software conversions, etc. during the duration of the proposed contract?

Yes, the City was issued 2019 Water Series Bond that will fund several major water projects in the next few years. The City also anticipates the possibility of a Wastewater Bond in future years. The City is under contract to construct a Public Safety Dispatch

Facility that will occur (in part) in FY 2020, as well as the remodel of an existing facility for the expansion of city offices (FY 2020)

28. Was there anything serious in the prior auditor's report on internal control or communication to governance?

The City was issued two material weakness findings in the 2018 audit. It is available on the City's website for review.

29. What was the all-inclusive fee for the 2018 audit?

\$64,651

30. When is the June 30, 2018 CAFR available?

It is available on the City's website.

31. I noticed the Audit Date for the FY 2016-17 was June 27, 2018, what was the reason for the delay?

There were issues with closing the books for fiscal year 2018 and staff turnover.

32. What is the reason that you are considering changing the auditor?

The current contract expired. The former auditors are now under contract for consulting services with the City to assist in the year end procedures.

33. Will your prior auditors be invited to bid?

No, they are now under contract as a consultant. They will be providing assistance with the year-end close procedures, preparing all financial statements for use by the new auditors and completing all reports required by the State Controller's Office.

34. How many staff did the audit team consist of in the past and when did the auditors come on site?

5 people

35. Is the scope of the service requested the same as last year?

No, the scope has decreased from past audits as the City has hired a consultant to assist in the process. Financial Statement preparation and all State Controller Office reports will be completed by the consultant, not the auditors.

36. Have there been any changes in your accounting system or software since last year?

No

37. Do you expect to have any retirement or replacement of key employees?

No

38. How many weeks did your prior auditors encounter for your last audit? How many weeks/hours were spent by the prior auditors in the field?

5 people, 40 hours each

39. When did the on-site fieldwork take place?

October 2018

40. What were the prior year audit fees and can you please breakdown by components? What is the current year budget for auditing services?

Previous year fees were \$64,651. Breakdown is not available. Current budget is \$45,000.

41. When will a closed trial balance be available for the audit with all closing entries recorded?

No later than October 31, 2019.

42. Is there anything specific that you are looking for with the successor auditors?

A timely, comprehensive Single Audit.

43. What are the things you liked and didn't like about your current auditors?

The City did not have any issues with the auditors.

44. What are the things you liked and didn't like in the audit process followed by your current auditors?

The City did not have any issues with the process followed by the auditors.

45. How many adjusting entries you had last year?

24

46. Do you expect to have a single audit this year?

Yes

47. How many major programs you had last year?

One

48. How much were the total federal expenditures last year?

\$1,646,364

49. What were the prior year fees for the audit and single audit services provided?

\$64,651

50. Any changes in the services provided per the current RFP to prior year?

The scope has decreased from past audits as the City has hired a consultant to assist in the process. Financial Statement preparation and all State Controller Office reports will be completed by the consultant, not the auditors.

51. Are your prior auditors included or excluded from the current proposal?

No, they are now under contract as a consultant. They will be providing assistance with the year-end close procedures, preparing all financial statements for use by the new auditors and completing all reports required by the State Controller's Office.

52. Was there any issues or conflicts with your prior auditor, or any particular reason you are issuing an RFP?

No. The current contract expired. The former auditors are now under contract for consulting services with the City to assist in the year end procedures.

53. Is there a preferred timeframe for onsite fieldwork, including interim and year-end, for both the City and single audits?

No

54. How many journal entries were proposed by the prior auditor and how many findings did they issue, if any?

The City received two findings, 24 AJE's, and 24 CJE's. The 2018 Single Audit is available on the City's website.

55. Is the auditor responsible for the preparation and printing of the CAFR? If so, which schedules/information does the City provide to assist?

The City will prepare the financial statements. The auditor will be responsible for providing the Independent Auditor Report and GAGAS Report on Internal Control

NOTICE: The Bidder shall SIGN and attach this addendum to his/her Proposal. No Proposal shall be considered unless this addendum is signed and attached thereto.

BIDDER SIGNATURE

DATE