

RFP 2012-011 Financial and TFCA Audit - Questions and Answers

- 1) Reason for changing auditors
District policy recommends rebid of contract for financial auditing services every three years.
- 2) Previous engagement fees
For Project #1, the Financial Audit for FYE 2013 was approximately \$60,700.

For Project #2, see table below:

	FYE 2011 #13	FYE 2012 #14
Total Cost	\$202,600	\$87,500
Number of Projects	228	41
Total Number of Reports	60	29
<i>Regional</i>	51	29
<i>County Program Manager</i>	9	0

- 3) Hour many hours auditors spent during last year’s audit
For Project #1, approximately 455 audit hours for FYE 2013 financial audit.

For Project #2, hours for TFCA audits indicated below:

	FYE 2011 #13	FYE 2012 #14
Hours Billed	*	249.45

** Identifies missing information; applicants may request to view Air District files.*

- 4) Audit findings (if any)
*For Project #1 there were no findings for FYE 2013. For Project #2, a copy of the most recent audit summary report with findings can be found on page 61, “**Agenda 7 TFCA Attachment 1**” at [this link](#).*
- 5) Adjusting Journal Entries proposed by previous auditors
None
- 6) Do you know if all three projects will be awarded to one organization or if the projects will be awarded individually?
All three projects will be awarded to one vendor.
- 7) How long has Gilbert & Associates been performing the audit? Are they invited to bid again?
Gilbert & Associates has provided financial audit services since 2009.
- 8) What was the audit fee for 13/14?
This information is not yet available.
- 9) How many auditors did they have on-site for interim and year-end fieldwork and for how many days each time?

Audit staff varied for both interim testing and audit field work between 4 to 5 auditors.

- 10) How many journal entries did they propose for 12/13 and 13/14 if applicable.
No journal entries were proposed for FY12/13.
- 11) Any findings/observations noted for 12/13?
See response to Question #4.
- 12) What is the reason that the Town is considering changing the auditor?
See response to Question #1.
- 13) Will your prior auditors be invited to bid?
Prior auditors are allowed to bid.
- 14) How many staff did the audit team consist of in the past?
See response to Question #9.
- 15) Is the scope of the service requested the same as last year?
Scope of service is the same for Project #1 and #2. Project #3 is new.
- 16) Have there been any changes in your accounting system or software since last year?
No.
- 17) Do you expect to have any retirement or replacement of key employees?
No.
- 18) 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?
For Project #1, auditors were on-site for 1 week for interim work and 2 weeks for field work.
- 19) What were the prior year audit fees and can you please breakdown by components?
See response to Question #2.
- 20) Is there anything specific that you are looking for with the successor auditors?
We expect auditors will provide guidance on implementation of GASB 68 and other required pronouncements; including federal and state regulations changes that may impact the District.
- 21) What are the things you liked and didn't like about your current auditors?
This question is not relevant to the RFP solicitation.
- 22) What are the things you liked and didn't like in the audit process followed by your current auditors?
This question is not relevant to the RFP solicitation.
- 23) How many adjusting entries you had last year?
None

- 24) Can we obtain copies of prior year financial statements, single audit and other reports issued?
*For Project #1, the prior year financial statement can be found on the District's website. The **Single Audit Report** has been included as additional Attachment to the RFP at this [link](#). For Project #2, examples of **Regional or County Program Manager Fund Audit Reports** can be found at this [link](#). A copy of the most recent **Audit Summary Report** can be found on page 61, "Agenda 7 TFCA Attachment 1" at this [link](#).*
- 25) Do you expect to have a single audit this year?
Yes
- 26) How many major programs you had last year?
2 major programs
- 27) How much were the total federal expenditures last year?
Approximately \$7 million
- 28) What is the desired timeline for testing?
Desired timeline for Project #1 year end fieldwork testing is November. For Project #2, fieldwork is typically conducted during November through June timeframe.
- 29) What significant changes to the operations, transactions, information systems or other issues do you anticipate over the next ____ years?
No significant changes are anticipated.
- 30) Do you plan to have retirement or replacement of key employees?
No
- 31) Can you provide a copy of the past year audited financial statements, management letters and other reports? If an audit was not performed, can you please provide a copy of the most current financial statements?
See response to Question #24.
- 32) Were there any findings or reportable conditions in the previous year audit?
See response to Question #4.
- 33) Why are you changing auditors?
See response to Question #1.
- 34) Are the current auditors invited to submit a proposal?
Current auditors are allowed to submit a proposal.
- 35) How many auditors and staff were on site for both interim and year end final work and how long were they there?
See response to Questions #9 and #18.
- 36) Is there anything specific you are looking for with the successor auditors?
See response to Question #20.

- 37) What areas of performance or character did you not like about in the auditors or audit process?
See response to Questions #21 and #22.
- 38) What were the prior year fees and can you break down the fees by component?
See Question #2 for response.
- 39) Was there any additional services rendered to your company that was not included in the RFP?
What were the fees for those additional services?
Additional Services were rendered and the total fees for those services was \$653.00
- 40) Are there new services requested in this RFP that were not included in the prior year audit fee?
Project #3 is a new project.
- 41) Have there been any desk reviews which have resulted in deficiencies that needed to be corrected?
If so, what was the nature of those deficiencies?
No
- 42) How many adjusting entries did you have last year?
None.
- 43) How many journal entries were proposed by the auditors?
None.
- 44) Has there been an external or internal audit in the past three years which identified fraud?
No.
- 45) Where can I view a copy of the District FS and the reports issued under Project #2?
See response to Question #24.
- 46) Approximately how many reports will be issued for Project #2? Will it be about 30 for each Regional Fund project and 9 for each County Program Manager?
For the Regional Fund, auditor issues one report per project sponsor (each report will contain one or more projects). For the County Program Manager Fund, auditor issues one report for each County Program Manager, for a total of 9 reports (each report will contain one or more projects). Total number of projects varies year to year, as indicated in the table for Question 2.
- 47) Why are you going out to bid?
- Price
 - Service
 - Rotation
- See response to Question #1.*
- 48) Is a bond audit required?
No
- 49) What accounting system do you use?
JDE One World 8.0

50) Is a single audit required?

Yes

51) Is the District low risk or high risk?

Low risk.

52) What were the prior year fees? Please provide fees by project.

See response to Question #2.

53) Was your organization or its employees under any governmental investigation or regulatory examination in the past?

Occasionally, we are audited by state agencies on our grants program.

54) Did you have any disagreements with your prior auditor?

No.

55) Were there any significant findings reported by the prior year auditor? When will the 13-14 Audit Report, A-133 and Internal Control Letter be issued? If available, please forward it.

For Project #1, there were no significant findings. For Project #2, see response to Question #4. The FY13-14 Audit Report and other related documents will not be available until December 2014.

56) Any significant changes in your Organization/Staffing?

No

57) What are your major concerns?

While there are no majors concerns, we expect our auditors to provide guidance on implementation of GASB 68.

58) What are your board's major concerns?

We are not aware of any major concerns.

59) When are your books closed?

October 31st

60) For Project #1, when are you ready for us to audit? Who prepares the audit report?

See response to Question #28 for desired timeline. Auditor prepares the audit reports.

61) Do you have a specific due date for the audit issuance?

Financial Audit Report must be issued by December 31st and TFCA audit report must be issued by November 1st.

62) How many days was your prior auditor there?

See Question #18 for response.

63) How many staff?

See Question #9 for response.

- 64) What and how many meetings do you require the auditor to attend?
At least 3 meetings to committee/board
- 65) Where are these meetings held?
BAAQMD Office
- 66) When are they typically scheduled?
District meetings are held in the mornings during normal work hours.
- 67) Are there any other special reports / filings / tax returns that you would require?
None at this time
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RFP 2014-011 Audit RFP Pre-Bidders Conference - October 30, 2014, 2:30 PM

Questions and Answers

- 68) For Project #1, when is field work typically performed?
For the financial audit, interim testing occurs in August and Year-end field work occurs early November.
- 69) For Project#1, is the field work dates/schedule flexible?
Schedule is flexible, except that year-end field work cannot occur until the District closes its books at the end of October.
- 70) For Project #1, how long is the interim and year end field work?
See response to Question #18.
- 71) Will we be able to get a copy of last year's report?
See response to Question #24.
- 72) Do you want bidders to submit a proposal for all three projects or a la carte?
We want a proposal for all three Projects because it works best that way. The firm is able to transfer knowledge which makes the process more efficient.
- 73) For Project #2, you mentioned that there are 30 project sponsors with 15 sites, how many reports need to be issued for the regional fund?
See response to Question #46.
- 74) For project #2, are these site visits to sub-recipients?
We are auditing the recipient, not the sub recipient.
- 75) Is the fee set at \$150,000 and \$30,000?
These amounts are the ceiling for Project #1 and Project #3, respectively.
- 76) Is there a not-to-exceed amount for Project #2?
We do not have one right now. We are looking for an "average cost per project," so that we can determine the total not-to-exceed cost, if we provided you with a slightly different list with fewer

or more projects. We have updated the RFP to include the following format for you to provide your cost proposal for Project #2:

Project #2 TFCA Audit Cost
1. Total Audit Cost for all audited TFCA projects and programs: Average Cost per project = \$ _____ X 172 projects/programs* = \$ _____
2. Two (2) Summary Audit Reports = \$ _____
3. TOTAL COST OF PROPOSAL (line #1 plus Line #2) \$ _____
*The District anticipates the total # of projects/programs to be audited is 172.

77) For the regional fund, are we looking at 30 different costs, 1 for each project?

See response to Question #76.

78) For Project #2, are you looking for an average cost per project?

See response to Question #76.

79) Is Gilbert Associates the predecessor? Are they invited to bid?

They are our current auditors and are invited to bid. We are not excluding any firms.

80) What has been Gilbert Associates' biggest challenge with Project #2?

Challenges may include delayed responses from project sponsors or adhering to the project schedule. Despite this, we have never failed to complete an audit. In addition, project sponsors are required to respond if they would like to receive future funding. Project sponsors that have gone out of business are generally assigned to the Enforcement Division to handle.

81) Any current challenges with the audit process or with Gilbert Associates that you would like fixed/improved?

No.

82) How big is Gilbert Associates' audit team?

See response to Question #9.

83) How long has Gilbert Associates' been your auditors?

See response to Question #7.

84) How consistent is Gilbert Associates' staffing? Has it been the same people or have they changed?

Audit manager has been pretty consistent; however, audit staff usually changes from year to year.

85) How accessible is Gilbert Associates' throughout the year?

They have been very responsive and accessible.

86) Do they charge for your questions throughout the year?

No.

87) Are there any discussions of over runs?

This has not been an issue.

88) Has the federal expenditure been consistent over the years? Same number of major programs?

Yes.

RFP 2014-011 Audit RFP - Webinar – November 20, 2014, 11:00 am

Questions and Answers

89) Under Section IV – SCOPE OF WORK, Project #3, B. Work Statement, 2. Project Review Requirements, it indicates that the Firm selected shall conduct procedures to “ensure each of the project components were completed in accordance with the funding agreement requirements”. Please provide us with an example Funding Agreement.

See RFP website at [link](#) for two sample Project #3 funding agreements.

90) Please clarify what type of report the District will need as a result of the procedures performed under Project #3. For example, does the District desire the Audit Firm selected to provide a report similar to the TFCA Regional Reports (issued in previous years under Project #2) in which the auditor provides an Independent Auditor’s Report (i.e. Opinion) on a schedule of expenditures for each of the nine project sponsors. Or Is the District requesting that the audit firm perform either a Review or an Agreed-Upon-Procedures Engagement in accordance with AICPA standards? Below are definitions of these two different types of engagements for your reference. Both of these two types of engagements provide less assurance than an Audit.

- **Review Engagement** - A review is a service, the objective of which is to obtain limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with the applicable financial reporting framework. In a review engagement, the accountant should accumulate review evidence to obtain a limited level of assurance. A review engagement is an assurance engagement as well as an attest engagement.
- **Agreed-Upon-Procedures Engagement** - An agreed-upon procedures engagement is one in which a practitioner is engaged by a client to perform specific procedures and report findings. The practitioner does not perform an audit or provide an opinion relating to the subject matter or assertion about the subject matter. Rather, the practitioner performs only those procedures that have been agreed upon and reports findings.

The audit firm would perform an agreed-upon-procedures engagement.

91) When are the site visits for Project #2 typically performed?

See response to Question #28.

92) For clarification on Project #2 bid ... the new RFP, has a format that multiplies costs per project by 172 projects. then cost for 2 reports. So, that would be the maximum scope of work for FY2015?

*The number of projects may change, in which case the **average cost per project** will be used to determine the maximum total cost for Projects #2 and #3.*

93) There is an * that further states that total # of programs to be audited is 360 ... is that over the life of the contract?

Typo has been corrected (should be 172). See current RFP for updates.

94) Are you anticipating the Program Managers audits in the FYE 2013 -14 or in the 2014-15?

County Program Manager audits are typically conducted every other year. We anticipate that the next audit of the County Program Manager will be for projects ending in FYE 2015. Therefore, the contractor will likely not be auditing the County Program Manager Fund during the first year of the contract. If the contract is extended, contractor would conduct audits of the County Program Manager Fund in alternating years.

95) Will this slide presentation be available after the meeting ... i.e., on your website or?

The 11/20/14 presentation is available on the RFP website at this [link](#).