



**CITY OF AVALON
FINANCE DEPARTMENT**

RFP for Professional Audit Services

**ADDENDUM NO. 1
May 22, 2020**

Notice to All Proposers:

Please note the following clarifications to the RFP:

1. Executed copies of Proposer Guarantees and Warranties referenced as Appendix B in Section 2(a)v. will not be required as part of proposal.
2. The Comprehensive Dollar Cost Bid does not have to follow a uniformed format referenced as Appendix C in the RFP; however, the comprehensive dollar cost bid should include the following information:
 - Name of Firm
 - Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Avalon.
 - Total all-inclusive maximum price for the 2020
 - Estimated all-inclusive maximum price for the 2021 and 2022 engagement option
 - Rates by Partner, specialist, supervisory and staff level times hours anticipated for each to support the all-inclusive maximum price
 - Rates by major deliverable, as listed below, to support the all-inclusive maximum price

Services	FY20	FY21	FY22
Audited financials and related reports			
Report on City's Gann Appropriations Limit Calculations			
Single Audit Financial Statements			
State Controller's Office Financial Transaction Report			
Total All-Inclusive Maximum Price			

- Rates for additional professional services
- Manner of payment



Questions & Answers:

Below are the questions that the City has received to date along with the correlating answers.

1. How long has the current auditor been performing the audit for the City?

DavisFarr Certified Public Accountants have performed the annual financial statement audit since Fiscal Year 2014-2015. The City last issued and awarded an RFP for audit services in July 2017.

2. Will the prior auditor be invited to bid?

Yes

3. How many auditors were onsite to conduct the audit for interim and year-end fieldwork?

Two staff/seniors and one manager were onsite for approximately one week for interim and one week for year-end field work.

4. What were the prior year audit fees by report?

Not to exceed amount of \$54,400 consisting of \$42,400 for professional audit services, \$3,750 for Single Audit Report, \$5,500 for State Controller's Report, and \$2,750 for NTD Report.

5. Has there been any turnover in management during the past year or anticipated retirements in the upcoming fiscal year? No.

6. Has there been any turnover in accounting staff during the past year or anticipated retirements in the upcoming fiscal year?

No.

7. Describe the staffing of the Finance Department.

The Finance Department consists of the Finance Director, a Senior Accountant (currently vacant), and three Account Technicians. The City has hired a consultant to assist with preparation for the audit for the last two fiscal year audits.

8. What accounting software is used?

Central Square eFinance Plus

9. Have there been any changes in your accounting system and/or software in the past year? No.



10. Are financial records available electronically?

City provides export of trial balance and general ledger in Excel. Prepared by Client (PBC) files provided electronically before the start of audit fieldwork. Warrants and support for tax receipts kept in hard-copy at City Hall but Finance Department has made electronic copies available on request to reduce on-site fieldwork.

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

Financial records are expected to be available by the end of September 2020. However, turnover within the Finance Department in prior years has resulted in delays and closing entries after the start of fieldwork.

12. Was a Single Audit required during the last fiscal year?

No.

13. Will the City require a Single Audit for the current fiscal year? Yes.

14. Describe any significant construction or capital projects during the current fiscal year.

The City has one major capital project funded by the Federal Transit Administration involving the structural rehabilitation of the Cabrillo Mole Ferry Terminal. Construction costs are projected to exceed \$3.2 million, primarily expensed during the current fiscal year, with \$2.4 million reimbursed through federal grants. Other capital projects with federal funding include accessibility improvements to streets and sidewalks utilizing CDBG funds (approx. \$100 thousand). The City has other smaller capital projects financed with local funds.

15. Are there any audits or inspections by regulatory agencies? No.

16. Any known or suspected fraud? No.

17. Were there any significant transactions (bond issuance, leases, new funds) during the audit year?

The City Council approved an interfund loan from the General Fund to the Sewer and Saltwater Funds for approximately \$300,000. No additional significant transactions at this time.

18. Were there any significant changes to operations/funding sources?

See Footnote 12 in FY19 audited financial statements available on the City's website at www.cityofavalon.com/finance.



19. How many journal entries were proposed by the auditor in the prior year? Describe.

There were nine entries primarily related to capital asset adjustments, as well as adjustments related to landfill liability, grants, and CERBT trust. The City identified an additional seven entries prepared after the start of field work including OPEB journal entries.

20. Report on Internal Control Over Financial Reporting and Summary of Audit Results

The City received several requests for copies of various management reports and various questions regarding topics addressed in these reports. Copies of the most recent year's reports have been made available on the City's website at www.cityofavalon.com/finance.

21. What are areas for improvement that you would like to see incorporated into future audits?

None. The City was satisfied with the prior audit process.

22. Is the audit of the hospital component unit included in the scope of work?

No.

23. Would you be open for the audit to be performed remotely in response to COVID-19?

The City is open to remote work to the extent that it is feasible.

This Addendum does not change the date or time proposals are due. The above revision(s) shall be incorporated in the contractor's proposal. This Addendum shall be acknowledged in the Contractor's Proposal

If you have any questions or need additional information, please contact Matthew Baker at mbaker@cityofavalon.com in the Finance Department.

Matthew Baker
Finance Director