

**REQUEST FOR PROPOSAL # FCARC-00089**

**AUDITING SERVICES**



**ADDENDUM NO. 1**

July 29, 2014

**CERTIFICATION OF RECEIPT OF ADDENDUM**

I certify that I have received this addendum on behalf of the company listed below.

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

Name and title: \_\_\_\_\_

Company: \_\_\_\_\_

This RFP and all related addendums are available at the following link:

[www.rcflood.org/CurrentBids-NonConstruction.aspx](http://www.rcflood.org/CurrentBids-NonConstruction.aspx)

**NOTE: BIDDERS ARE RESPONSIBLE TO READ ALL INFORMATION THAT IS STATED IN THIS REQUEST FOR PROPOSAL AND PROVIDE A RESPONSE AS REQUIRED**

**ADDENDUM NO. 1**  
**TO RFP #FCARC-00089**

- 1.0 This addendum is considered to be part of the RFP. All other terms of the RFP remain unchanged and in effect. This addendum is intended to provide additional information and/or to change requirements in the above referenced RFP. Any information contained herein will be considered part of the RFP and as such will be used in the evaluation of the bid responses. Attention all potential bidders, if you submitted your proposal prior to the bid closing date, please review this addendum and re-submit your bid response regardless if this addendum modifies your initial bid response.
- 2.0 To verify that all Vendors have received a copy of this addendum, please sign the cover page of this addendum and return it with your proposal to:  
  
Riverside County Flood Control and Water Conservation District  
Attention: Annie Ortega/Buyer  
**RFP# FCARC-089 / Respondent Proposal**  
1995 Market Street; Riverside, CA 92501
- 3.0 The information in this addendum is primarily the result of vendor inquiries submitted electronically or asked at the non-mandatory bidder meeting, or revisions and/or clarifications from the District.
- 4.0 REVISIONS TO SCOPE OF WORK FROM THE DISTRICT (changes marked in red):
  - 4.1 Definition (Section 1.0, Subsection L) was updated to: "Project" shall refer to auditing services for Fiscal Years **2014-2015**, 2015-2016, 2016-2017, 2017-2018, and 2018-2019."
  - 4.2 Purpose / Background (Section 2.0, Subsection 2.1) was updated to: Riverside County Flood Control and water Conservation District is requesting proposals from qualified Bidders to provide auditing services and render an opinion for Fiscal Years **2014-2015**, 2015-2016, 2016-2017, 2017-2018, and 2018-2019. The Consultant's opinion must include their reasons for qualifying the opinion, disclaiming an opinion or rendering an adverse opinion.
  - 4.3 Scope of Work (Section 3.0, Subsection 3.3.1), was updated to: "Provide an audit checklist on or by **March 1 prior to the interim audit fiscal year**."
  - 4.4 Scope of Work (Section 3.0, Subsection 3.3.2), was updated to: "Begin audit work on an agreed upon date **prior to or at the beginning of the fourth week of August** of each applicable year within the interim audit."
  - 4.5 Scope of Work (Section 3.0, Subsection 3.3.5), was removed from Scope of Work.
  - 4.6 Scope of Work (Section 3.0, Subsection 3.3.6) was updated to: "Issue a financial opinion on the District's **final draft of the financial statements within 15 days of receipt of said financial statements, but no later than the first week of November**."
  - 4.7 Scope of Work (Section 3.0, Subsection 3.3.7), was removed from Scope of Work.
  - 4.8 Scope of Work (Section 3.0, Subsection 3.4.6), was updated to: "Consultant must have drafts of the audit reports and recommendations to the District management should be provided **within 15 days of receipt of the District's final draft of the financial statements, but no later than the first week of November**."
  - 4.9 Scope of Work (Section 3.0, Subsection 3.4.7), was removed from Scope of Work.

- 4.10 Scope of Work (Section 3.0, Subsection 3.5.1), new items required for Scope of Work:
- 3.5.1.13 District staff will provide the auditors with a copy of the final draft of the financial statements no later than October 15.
- 3.5.1.14 District will prepare interim financial statements through March 31 of the audited fiscal year at the start of interim audit fieldwork.
- 4.11 Period of Performance (Section 6.0) was updated to:  
"The District will request Board approval of Audit Services during November 2014. Performance for the fiscal year 2014-2015 audit is expected to begin upon execution of the agreement with the interim audit in March 2015. The agreement will be concluded upon the completion of the fiscal year 2018-2019 audit. The annual renewal shall be by written amendment, unless terminated earlier, and based on mutually acceptable services, cost adjustments, and District requirements.
- 4.12 Proposal Submittal (Section 7.0, Subsection 7.2) was updated to include:  
"Cost (Exhibit B) must be in a sealed envelope and placed within the original binder only."
- 4.13 Required Format of Proposals (Section 9.0, Subsection I) was updated to include:  
Please place in a separate envelope and mark "Cost Proposal / Confidential", and include in the original binder of your firm's submittal package.

5.0 Questions from Bidders:

**REGARDING RFP PROCESS**

- 5.1 In the RFP, one of the requirements is familiarity with the Districts manuals and standards. How can we acquire that familiarity in order to be qualified to propose?

*Answer: In terms of the manuals that the District follows, all information is available through the County Auditor Controller website [or main office]. While we know all firms are not familiar until they get in to perform an audit, we do expect that the selected firm has had a chance to review and familiarize themselves with these manuals.*

- 5.2 The RFP is going to be renewed annually; does that imply that it is not a five year contract?

*Answer: The District is seeking to obtain a five year contract with the selected accounting firm; however it is renewable at the end of each year. The District cannot obligate funds until the budget is approved by our Board of Supervisors.*

**REGARDING SCOPE OF WORK**

- 5.3 Why are you requesting proposals? Are you satisfied with the services of the current auditing firm? Who are you current auditors?

*Answer: The term of the District's prior year Auditing Services agreement with Teaman, Ramirez & Smith, Inc. concluded thereby requiring the District to initiate a new request for proposal. The auditing services provided were satisfactory.*

- 5.4 What were your prior year audit fees?

*Answer: Prior year audit fees ranged from \$31,000.00 - \$32,000.00.*

5.5 How many staff did the audit team consist of in the past?

*Answer: The audit team consisted of 3 auditors – Manager, Senior Accountant and Semi-senior Accountant.*

5.6 And how many days/weeks the audit team was out at your facility? Provide the breakdown for interim and year end field work.

*Answer: The audit team was here for four (4) days interim and (4) days of year end field work. The average number for last year's audit was approximately 365hours – Manager, Senior Accountant, and Semi-Senior Accountant.*

5.7 What are things you liked and didn't like about your current auditors?

*Answer: The current auditors performed satisfactorily.*

5.8 Are your prior year auditors included or excluded from the current RFP?

*Answer: Current year auditors are included in the current RFP process should they choose to participate.*

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

*Answer: To perform the Scope of work as described within the RFP.*

5.10 Were there any material weaknesses or significant deficiencies in the prior year?

*Answer: No.*

5.11 Any audit findings? How many audit adjusting journal entries did you have in the prior fiscal year?

*Answer: There were no audit findings or audit adjusting journal entries from the prior fiscal year audit.*

5.12 How many journal entries were done after the trial balance/schedules were released to the auditor in the prior year? How many audit adjustments did the audit firm propose?

*Answer: Approximately 3-5 journal entries and zero audit adjustments.*

5.13 Is the scope of service requested the same as last year?

*Answer: No. The following has changed: (A) audit checklist is to be provided to the District prior to the Interim Audit; (B) Dates for the Interim Audit should be scheduled either the second or third week of April; (C) Audit opinion of the District's financial statements is due within 15 days of receipt of District's final draft or no later than November 1<sup>st</sup>; (D) The District will prepare, edit and print its own financial statements; (E) The District will compile and format its own CAFR for printing; and (F) the District will provide draft financial statements for both the Interim and Year End Audits.*

5.14 When is the interim and final field work scheduled to begin?

*Answer: The interim fieldwork is expected to be performed in either the second or third week of April; whereas, the final fieldwork is expected to be performed during the third or fourth week of August.*

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

*Answer: No. The District's audited financial system is PeopleSoft Financials.*

5.16 Do you expect to have any retirement or replacement of key Finance employees involved with the audit?

*Answer: No.*

5.17 How much were the total federal expenditures in prior years?

*Answer: Less than \$500,000.*

5.18 Do you expect to have a single audit?

*Answer: The County includes the District's Single Audit in their single audit so this RFP does not include that service.*

5.19 Is this going to be a group audit, with the County auditor being the primary auditor?

*Answer: The District's audit is a standalone audit and we provide the County with our financial statements and they drop in our numbers. They do not re-audit our books and they do not work with the perspective firm for this RFP*

5.20 Any litigation not included in the 2013 financial statements?

*Answer: No.*

5.21 Does the District receive federal money?

*Answer: The Districts does receive federal money, however it is very minimal though and if the District was doing a standalone audit, we would not qualify because the amount is so minimal. Our money, or funding, the ad valorem tax is a very small percentage (1 to 4%).*

5.22 Please provide a summary of how the financial information is provided to the auditor. Does the District prepare the rolled up funds or would the auditor obtain a trial balance to develop the funds from scratch?

*Answer: The District will provide a CD during fieldwork containing CAFR worksheets, trial balance, draft fund financials, government-wide financials and roll from fund financials to government-wide financials.*

5.23 Do you have software that you use in preparation of the CAFR?

*Answer: Microsoft Word and Excel*

5.24 *Please provide a list of firms that have been sent an RFP.*

*Answer: The RFP was posted on the District website on 07/15/2015, and is available for all interested firms to bid on.*

5.25 *The District has a lot of capital construction work, and it looks as though you have a lot that's still going on. What is the scope of construction that you anticipate for the next four to five years?*

*Answer: The District will budget an estimated \$30 to 40 million dollars for construction projects annually.*

5.26 *Does the District prepare the GASB 34 comprehensive entry yourself, or does the auditor help prepare that for you?*

*Answer: The District will prepare the comprehensive data for the auditor.*

5.27 *What do you estimate for actual capital expenditures for fiscal 2014?*

*Answer: Approximately 7 million.*

5.28 *Does the District require another actuarial report?*

*Answer: No, the report was completed in 2013 for OPEB.*

5.29 *Is there any significant anticipated changes, significant transactions coming up?*

*Answer: The District is currently considering funding its employees' pension as well as sell promissory notes that are within the District's Zone 4.*

5.30 *Can you tell us about the staff and who the auditors will be working with?*

*Answer: Our financial staff has 22 employees and it consists of accounts payable, accounts receivables, payroll, human resources, purchasing and budgets. Darrylenn Prudholme-Brockington is the District's Supervising Accountant, who is responsible for the CAFR and the audit, will be the auditor's primary point of contact.*

5.31 *What is your expectation for the successor auditor?*

*Answer: The District would like the successor auditor to come in and have a general understanding of the District's business, operate, review our book, ask questions, and provide transparency. To look and see if we are doing anything wrong, or if there is something that we can do better. Make suggestions or recommendations, and be available if we have any questions.*

[END]