



**CITY OF GLOBE
INDEPENDENT AUDIT SERVICES
REQUEST FOR PROPOSALS NO. GS-2017-0017**

ADDENDUM #1:

DATE 07-16-17

CLARIFICATIONS TO RFP NO. GS-2017-0017 BID PACKET:

1. **Question:** Page 3 – Section B 1 – Financial Report – Management prepares and prints the City’s Comprehensive Annual Financial Report (CAFR) including all financial statements and combining and supplementary information. **The auditor shall audit the CAFR and records of the City and shall issue an auditor's opinion on those financial statements and an in-relation-to opinion on the combining and supplementary information.** Such financial statements shall be prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the GASB.

Answer: The City does not prepare and print the City’s Comprehensive Annual Financial Report (CAFR). Please provide a separate price if the City were to require assistance for the preparation of a CAFR.

2. **Question:** What was the associated audit fee the City incurred for the 2016 audit?

Answer: \$55,168.00, which included \$4,000 for the External Review for Magistrate Court that is required every three years. In addition there were extenuating circumstances in preparation of last year’s audit that will not occur for the FY17 audit and we would expect to see a much lower fee.

3. Question: When does the City expect the audit field works to be performed and the audited financial statements to be issued?
Answer: The audit field works can begin mid-late September. Completed audited financial statements are to be issued no later than February 01, 2018.
4. Question: Do you anticipate that a single audit will be needed for the 2017 audit?
Answer: Yes, we do anticipate the need for a single audit.
5. Question: Has the City experienced any significant turnover in the Finance Department during the past year?
Answer: Yes. In December 2016, the Finance Director for the previous three years left the employ of the City. The new Finance Director began in February 2017.
6. Question: The RFP states the City will be preparing the financial statements. As most local governments do not prepare their own statements, please verify that this will be case?
Answer: Please refer to Question #. 1 in this Addendum.
7. Question: Has the City experienced any fraud or allegations of fraud during fiscal year 2017?
Answer: No.
8. Question: Approximately how many journal entries did your auditor propose during the City's last audit?
Answer: 111. We do not anticipate that volume for the 2016-17 year.
9. Question: Did the entity expend \$750,000 or more in federal grants/loan and/or loan proceeds during the audit year?
Answer: Yes. Last fiscal year the City of Globe incurred approximately \$1.1 in expense toward WIFA Loan #920249-14. Additionally, the City of Globe received a grant from ADOH – CFDA #14.228 for \$397,251 which was utilized toward the purchase of a new fire apparatus.
10. Question: Why is the City going out to bid for audit services at this time?
Answer: The Auditor that the City of Globe had utilized for 30+ years passed away unexpectedly last year. The Audit firm that stepped in and had worked with our previous Auditor performed our Audit last year. In order to fulfill our due diligence requirements, the City is going out to bid for audit services at this time. It is the City's intention to hire an Independent Audit Firm for a period of one year with the option to renew for four additional one year periods.

11. Question: How many auditors and how many days were the auditors on site for both interim and year end field work?

Answer: At times there were four auditors on site, but mostly three auditors on site for approximately 3-4 weeks total.

12. Question: How much paid for prior year audit by deliverable?

Audit: \$51,168

Single Audit: Included in Audit cost

HURF: Included in Audit cost

AELR: Included in Audit cost

Magistrate Court Review: \$4,000

Also please refer to Question #2.

13. Question: Were there any additional charges billed by the audit firm in the prior year such as for additional work between audit years?

Answer: Yes the auditor did additional field work to adjust beginning balances, reconciliations, etc. but it is anticipated that this type of additional work will be greatly reduced.

14. Question: Are there any new services requested in this RFP that were not included in the prior year audit fee?

Answer: No.

15. Question: Any significant capital projects during the year to be audited? Was the WIFA project completed during the year?

Answer: There are one or two capital projects that were completed during the year, however only the one WIFA project. The WIFA funds were all expended by the end of FY2016-17.

16. Question: Any bond issuance, debt refinancing or major financing activities during the year? If yes, please briefly describe?

Answer: No.

17. Question: Any other significant changes in the City from the prior year that would be expected to impact the audit?

Answer: No.

18. Question: Any other significant changes in the City from the prior year that would be expected to impact the audit?

Answer: No.

19. Question: Was there staff turn-over in the City's Finance Department during the year?
Answer: Yes. A new Finance Director was hired in February 2017, as well as a new Accountant II and a new Payroll Clerk. The Accountant II is still under training, as is the Payroll Clerk.
20. Question: Was the City able to increase the number of staff and implement policies for appropriate segregation of duties during the year?
Answer: Yes. Please refer to Question #19 in this Addendum.
21. Question: Does the City have a degreed accountant on staff in the finance department?
Answer: No. However the City does have two degreed accountants as financial consultants to assist the City with bank reconciliations, account reconciliations and year-end adjustments.
22. Question: Did the City take a physical inventory of capital assets at year end?
Answer: Not as of this date. It is the City's intention to do so.
23. Question: How many funds are maintained by the City?
Answer: 12.
24. Question: When does the City expect to select the audit firm?
Answer: It is the City's intention to have a recommendation to submit to City Council at the August 08, 2017 Regular Council meeting.
25. Question: When will the auditor be permitted to start fieldwork?
Answer: Mid-late September
26. Question: When does the City usually have the draft of the financial statements available for audit?
Answer: The trial balance will be available for preparation of the financial statements by mid-late September.
27. Question: When does the City usually have the full CAFR available for the auditors' review?
Answer: Please refer to Question #1 in this Addendum.
28. Question: Were any related entities (like a Municipal Property Corp) created during the year?
Answer: No.
29. Question: How would you rate the quality of the audit performed?
Answer: It was completed in conformance with GAAP.

30. Question: What audit areas, in your opinion, were cumbersome?
Answer: Capital Assets, depreciation and WIFA capital improvements and debt.
31. Question: What efficiencies would you like to see in the audit of the City's financials?
Answer: Recommendations on streamlining account structure, setting up of funds, segregation of responsibilities.
32. Question: Throughout the RFP there are references to a CAFR, but in looking at the prior year audited financial statements, it looks like a CAFR was not prepared. Does the City want to change to submit a CAFR, or do you just want the financial statements completed as they have been in previous years?
Answer: Please refer to Question #1 in this Addendum.
33. Question: Can you disclose the fees for the previous year's financial statement audit and single audit report?
Answer: Please refer to Question #12 in this Addendum.
34. Question: On page 4 of the RFP, under "Proposal Qualifications Requirements", the fiscal year end is shown as June 30, 2016. I'm assuming it should be June 30, 2017?
Answer: Yes, it should be 2017.
35. Question: On page 7 of the RFP, under "Selection Process", the final selection is to be made by October 11, 2016?
Answer: No, that is an error. Please refer to Question #24 in this Addendum.
36. Question: In the RFP, I did not see when the City would like to have their reports issued, outside of 9 months from the reporting period? Are you looking to issue by the end of February, as has been done in the past? If so, when were the auditors usually out in the field?
Answer: Please refer to Question #3 in this Addendum.

This concludes Addendum #1

The Request for Proposals Date and Time remain the same.