

City of Milford, DE
ADDENDUM #1
RFP for Audit Services Released February 3, 2020
February 12, 2021

Responses to the following questions received from interested firms are being provided to supplement the original Request for Proposals.

1. **Question:** “How many audit adjustments were made in the prior audit?”

Response: *FY20: 4*

2. **Question:** “Why is the City soliciting proposals?”

Response: *The City is soliciting proposals because the incumbent firm has been serving in the role since 2011, and we believe that the rotation of independent audit on a periodic basis adds integrity and transparency to the financial statement preparation and audit processes.*

3. **Question:** “Can the current firm propose?”

Response: *Yes.*

4. **Question:** “What accounting system is used by the City?”

Response: *Central Square Technologies. The City is in the process of reviewing proposals for a new ERP system, with implementation beginning in FY22, pending Council approval of the staff-recommended solution.*

5. **Question:** “Was there any new debt issued?”

Response: *Yes, USDA loans were secured in FY20 for sewer infrastructure projects. Additionally, a referendum passed on 1/26/21 authorizing debt issuance for the construction of a new police facility.*

6. **Question:** “If there was a management letter issued can we obtain a copy?”

Response: *No management letter was issued in the most recently completed audit.*

7. **Question:** “Does the City maintain detailed Capital Asset records?”

Response: *Yes.*

8. **Question:** “Who implements the new GASBs?”

Response: *The City implements new GASB pronouncements, but we rely on the audit firm to provide certain advice, interpretation, and applicability of all new and proposed pronouncements.*

9. **Question:** “For the Enterprise Funds does the City maintain detailed accounts receivable by payer that is agreed to and ties the trial balance?”

Response: *Yes.*

10. **Question:** “When is the City ready for the audit?”

Response: *The City will be ready for final fieldwork and the audit process in Early September.*

11. **Question:** “Can interim work be performed?”

Response: *Yes.*

12. **Question:** “The financial statements to be issued are the same as in the prior year correct?”

Response: *Yes.*

13. **Question:** “What were the prior year audit fees?”

Response: *FY20 \$49,500, plus \$8,000 for Single Audit.*

14. **Question:** “How many hours by staff level did the current firm spend onsite for the audit?”

Response: *A partner and one CPA Staff member generally spent one week on site. FY20 has been performed 100% remotely.*

15. **Question:** “What assistance is provided to the auditors by City staff?”

Response: *The City prepares year-end AJEs, provides an adjusted trial balance for testing, responds to requests for testing and source documentation, produces the financial statements, footnote disclosures and MD&A, as well as cover / report materials and supplementary data, and responds to auditor inquiries.*

16. **Question:** “Who prepares the financial statements and footnotes?”

Response: *Beginning with FY20 the City prepares the financial statements and the footnotes.*

17. **Question:** “How many copies of the proposal does the City require?”

Response: *The City requires three (3) copies of the proposal, as well as an electronic version.*

18. **Question:** “When was the last time the City solicited audit proposals?”

Response: *We are unsure of the date of the most recent RFP, but the incumbent firm has been serving in the role since the audit of the City’s fiscal year ended June 30, 2011.*

19. **Question:** “Has the City had a Single Audit in the past?”

Response: *Yes, including FY20 which will be approved within the next 30 days.*

20. **Question:** “Are the City’s Single Audit reports on your web site and if not can you email me the most current one?”

Response: *Approved audits going back to 2007 can be found at: <https://www.cityofmilford.com/Archive.aspx?AMID=37>*

The most recent City Council-approved single audit reflects the FY18 requirement; we did not meet the criteria for the single audit in FY19. The FY20 single audit will be approved by City Council and published within 30 days.

21. **Question:** “Should the Cost be part of the Technical Proposal?”

Response: *It is acceptable for the cost to be part of the Technical Proposal. Cost is an important component of the scoring, but it is outweighed by more critical determinants, such as public sector experience and references, public utility experience and references, and other factors/weightings described in the RFP.*

22. **Question:** “Should the Cost be a flat fee per year?”

Response: *The cost proposal may be submitted in whatever structure or basis that you believe will be mutually advantageous to your firm and our budget reality. You are not restricted from providing multiple alternative cost proposals, and the City will only factor the cost proposal into the decision to the extent prescribed by the factors/weightings described in the RFP.*

23. **Question:** “What were the total hours and audit fee for the FY2020 audit?”

Response: *FY20 \$49,500, plus \$8,000 for Single Audit. We are unsure of the total hours for the FY’20 audit; the initial proposal at the outset of the engagement did not include estimated or expected work hours.*

24. **Question:** “Did the City receive any CARES funding or awards in FY2021? Are there any other new federal grants received in FY2021 or is the SEFA expected to include the same two programs included on the Data Collection forms from the last several years (10.760 Direct Loan for Water and Waste Disposal Systems (USDA, Rural Utilities Service), 66.458 Cap Grants for Drinking Water State Revolving Funds)?”

Response: *The City did receive CARES funding in FY21 and is now applying for FEMA assistance for ongoing PPE tied to the pandemic. USDA loans were secured in FY20 for sewer infrastructure projects. Additionally, a referendum passed on 1/26/21 authorizing debt issuance for the construction of a new police facility.*

25. **Question:** “Does the City prepare all or a portion of the financial statements, or is this completed as a non-audit service by the audit firm, that is reviewed and approved by the City?”

Response: *Beginning with FY20, the City prepares the financial statements and the footnotes.*

26. **Question:** “What is the expected timing that records and audit requested schedules will be available?”

Response: *The City will be ready for final fieldwork and the audit process in early September. Some workpapers and material is available for upload and testing a few weeks prior.*

27. **Question:** “Would the City like the fee proposed split to show the total for the financial statement audit, a separate total for the single audit, or just as one total fee?”

Response: *The fee for the single audit should be separate from the fee for the financial statement audit so that it may be treated as an elective service depending on the requirement of a single audit in any given fiscal year.*

28. **Question:** Is the City required to change auditors periodically, if not, why is the audit up for bid?

Response: *The City is soliciting proposals because the incumbent firm has been serving in the role since 2011, and we believe that the rotation of independent audit on a periodic basis adds integrity and transparency to the financial statement preparation and audit processes*

29. **Question:** The December 31, 2019 audit report is dated December 9, 2019. Has the 2020 audit report been issued?

Response: *We anticipate the FY ending 6/30/20 audit report to be approved by City Council and issued within the next 30 days.*

30. **Question:** The December 31, 2018 audit report was dated January 15, 2019 and the December 31, 2019 audit report was dated December 9, 2019, these dates are substantially later than the requested completion dates in the RFP, what were the reasons for the delay?

Response: *Traditionally audits for the years ended June 30 were approved in late October – early November. The How to politely say why delayed for FY18 & 19? The fiscal year under audit saw a new Finance Director come on board in August 2020 and the City taking responsibility for preparing the statements and footnotes.*

31. **Question:** Are there any circumstances at the City that would cause future delays in meeting the time frame set forth based on the audit report dates for the past few years?

Response: *Not that we are aware of at this time.*

32. **Question:** Are there any circumstances that would make the fiscal year end June 30, 2021 audit significantly different than the prior year? If so, please explain.

Response: *Not that we are aware of at this time.*

33. **Question:** What accounting system does the City utilize?

Response: *Central Square Technologies. The City is in the process of reviewing proposals for a new ERP system, with implementation beginning in FY22, pending Council approval of the staff-recommended solution.*

34. **Question:** With the COVID pandemic in 2020, what percentage of your staff works remotely?

Response: *It varied depending on the pandemic, job duties and workflow. At peak pandemic most offices in the City operated alternating weeks with 50% staff in the office and the other 50% either working remote or being paid and available to be called in. Throughout the pandemic the City has permitted a hybrid of remote and in office.*

35. **Question:** What (if any) changes were implemented to allow staff to work remotely?

Response: *The city has been accommodating of flexible scheduling and providing the necessary equipment to enable staff to work productively and efficiently.*

36. **Question:** What systems do you use regularly to enable remote working?

Response: *Employees access using one of two methods: Remote Desktop via Secure Mobile Access Virtual Office or VPN using SonicWall NetExtender Windows Client Application Version 10.2.300*

37. **Question:** What is your preference for future audits, remote, onsite, or a hybrid approach?

Response: *While the FY20 audit was completed 100% remote, unless necessary a hybrid approach is preferred.*

38. **Question:** Who prepares the financial statements?

Response: *Beginning with FY20 the City prepares the financial statements and the footnotes.*

39. **Question:** How many audit adjustments were made last year, and what were they for?

Response: *FY20 had 4 entries pertaining to that year audit. They were related to amortization of deferred refunding, elimination of fund transfers (for related funds), adjust long term comp absences and remove COVID-19 accounts receivable because the application for reimbursement had not been filed by the end of the fiscal year.*

40. **Question:** Was a management recommendation letter issued for either 2019 or 2020? If so, can we obtain a copy?

Response: *No management letter was issued in the most recently completed audit and we are not aware of one being issued for FY20.*

41. **Question:** The cost proposal is listed as a required supplemental document of the proposal, just to confirm, the cost proposal does not need to be a separate document.

Response: *The cost proposal is not required to be a separate document.*

42. **Question:** What were the audit fees for the fiscal years ending June 30, 2019 and 2020?

Response: *FY20: \$49,500, plus \$8,000 for Single Audit.
FY19: \$50,454*

****PLEASE SEE REQUIRED ACKNOWLEDGEMENT ON THE FOLLOWING PAGE****

43. Any bid received after stated closing time will be returned unopened. If bids are sent by mail to the purchasing manager, the bidder shall be responsible for actual delivery of the bid to the purchasing manager before the advertised date and hour for opening of bids. If mail is delayed either in the postal service or in the internal mail system of the City beyond the date and hour set for the bid opening, bids thus delayed will not be considered and will be returned unopened.

*****THIS ADDENDUM MUST BE RETURNED WITH THE ORIGINAL BID *****

PLEASE COMPLETE THE INFORMATION BELOW:

SIGNATURE DATE

PRINTED NAME TITLE

COMPANY

MAILING ADDRESS

PHONE NUMBER FAX NUMBER E-MAIL ADDRESS