

**City of Isle of Palms  
Request for Proposals (RFP) 2016-03  
Professional Auditing Services  
February 24, 2016  
Addendum #1**

**ALL VENDORS SHALL ACKNOWLEDGE RECEIPT OF ALL ADDENDA WHEN  
SUBMITTING A PROPOSAL**

**Q1: What are annual audit fees paid?**

A1: The fees paid for the June 30, 2015 (FY15) audit where \$22,500.

**Q2: What are additional accounting fees paid related to the preparation of annual report or year-end journal entries?**

A2: No additional fees were paid.

**Q3: How many journal entries are typically posted during an audit year?**

A3: Approximately 2,092 General Ledger batches were posted during FY15. This includes all entries from the Accounts Payable and Payroll systems.

**Q4: Is interim work typically performed?**

A4: Yes

**Q5: How many weeks onsite or in-office did the auditors spend working on the audit?**

A5: The City can only respond to the amount of time spent by the auditors while they were present on City premises. During the FY15 audit, the auditors spent approximately one to one and a half (1-1/2) weeks onsite at interim and approximately three to four (3-4) weeks onsite for final work.

**Q6: How many audit team members (staff, senior manager) were onsite during fieldwork?**

A6: Typically there are one to two audit team members onsite with the addition of a manager and partner for several days during final work.

**Q7: How many adjusting journal entries did the predecessor auditor propose for the most recently completed financial statement audit? Describe nature of those adjustments or provide copy of JE's proposed by auditor.**

A7: During the FY15 audit there were nine (9) adjusting entries posted and nine (9) reclassifying entries posted for GASB 34 purposes. Of the nine (9) adjusting entries, seven (7) were provided by the City. See a copy of the June 30, 2015 adjustments attached to the

Management Letter included as Addendum #2.

**Q8: How many adjusting journal entries did the City make after providing the Trial Balance to the auditors? Describe nature of those adjustments.**

A8: See A7. The City made seven (7) adjusting journal entries after providing the Trial Balance to the auditors.

**Q9: Were there any disagreements with the predecessor auditors?**

A9: No

**Q10: How many hours were the auditors on-site in the past?**

A10: See A5.

**Q11: What was the fee of the prior year audit contract?**

A11: See A1.

**Q12: Were there any additional billings from the audit firm? If yes, describe nature services provided and amount.**

A12: See A2.

**Q13: Please provide a copy of any management letters or reports to City Council issued for fye 6/30/15.**

A13: FY15 Management Letter is attached as Addendum #2.

**Q14: Will the City prepare any portion of the financial statement for the audit year(s)?**

A14: In the past, the City has provided a Trial Balance and supporting schedules as requested by the auditors, but the preparation of the financial statement has been the responsibility of the auditors with the City Administrator and City Treasurer reviewing preliminary and final drafts. The City expects this practice to continue.

**Q15: Will lead sheets and account reconciliations be provided by the City to the auditors?**

A15: Yes. The City will endeavor to provide any detailed schedules and reconciliations as requested by the auditors.

**Q16: Will confirmations be drafted by the City?**

A16: In the recent past the only confirmations that have been sent are those sent to legal counsel; however, the City is willing to draft additional confirmations if directed by the auditors.

**Q17: Did the City enter into any new debt agreements during current year? Are any expected during the term of the audit engagement?**

A17: The City is contemplating a bond refunding that may close before June 30, 2016. It is also possible, though not likely, that the City may issue debt related to beach renourishment or Marina improvements prior to June 30, 2016.

**Q18: Are any new revenue streams planned over the term of the audit engagement?**

A17: The City expects to automate parking in the City's beach parking lots beginning in March 2016 and manage the operation using City staff. In the past, the beach parking lots were leased to a tenant who paid monthly rents.

**Q19: Has there been any turnover in the Finance staff in the last year?**

A19: No.

**Q20: Are any changes in accounting personnel expected during the term of the audit engagement (e.g., retirements, adding/deleting positions)?**

A20: No.

**Q21: Please provide qualifications of current finance staff (e.g., years in current position, years in governmental accounting, CPA, Certified Government Finance Officer, Degreed accountant?).**

A20: The City Treasurer has been in her position for 19 years. She has a bachelor's degree in accounting and is a CPA and a Certified Government Finance Officer. The Accounts Payable Clerk and the City Clerk have been in their positions for 15 years and 9 years, respectively.

**Q22: What accounting software is used?**

A22: The City current uses Harris Open Windows accounting software. The City is searching for new accounting software, but the change would likely not affect the FY16 audit.

**Q23: Has there been a change in accounting software during year?**

A23: No.

**Q24: Is a change in accounting software expected during the term of the audit contract?**

A24: Yes. Likely in year 2 of the contract.

**Q25: Are all accounting functions performed at one location?**

A25: Most accounting functions are performed at City Hall; however, revenue is also collected at the Recreation Center (28<sup>th</sup> Avenue), the Building Department (downstairs in the same building as City Hall), the Police Department (JC Long Blvd) and from the parking kiosks (located in the Front Beach area).

**Q26: When will the Trial Balance be available for the auditors?**

A26: The City will endeavor to have the Trial Balance ready by September 1, 2016.

**Q27: Will the City have posted all year-end adjustments before the trial balance is provided to the auditors?**

A27: The City's goal would be to have most year-end adjustments posted before the Trial Balance is provided to the auditors, however sometimes this is not always the case. See A7. Also it should be noted that the final journal entry of the year is usually a transfer out of the General Fund into the Capital Projects Fund. This entry is made at the direction of City Council once they are presented preliminary audited results.

**Q28: Does the City expect to spend at least \$750,000 in federal awards during fye 6/30/16?**

A28: No.

**Q29: When will the draft of the Schedule of Expenditures of Federal Awards be available?**

A29: The City does not expect a Single Audit to be necessary for FY16 and therefore does not plan to prepare a Schedule of Expenditures of Federal Awards.

**Q30: In the past, what adjustments were made (amounts and nature) from the preliminary SEFA to the final SEFA?**

A30: The City has not required a Single Audit since after Hurricane Hugo.

**Q31: Is interim audit work (before year-end and before trial balance is available) permitted?**

A31: Yes.

**Q32: For the City departments that are subject to in-depth review of accounting procedures, internal controls and compliance on a rotating basis each year, is a separate report expected?**

A32: Yes.

**Q33: What will be the criteria for judging proposals?**

A33: See Section VIII. AWARD EVALUATION CRITERIA on the last page of the Request for

Proposals.

**Q34: How will the proposers be notified?**

A34: The City will post a Proposal Tabulation on the City's website on or around March 31, 2016. The selected firm will be notified by email.

**Q35: Does the City prepare their own year-end financials on GAAP basis or is this something that we would assist in?**

A35: See A14.

**Q36: Are there any specific accounts that the auditors have had to make adjustments to every year?**

A36: No, with the exception of the reclassifying entries the auditors make every year for GASB 34 purposes.

**Q37: Has the City been involved in any litigation and/or fraud in the last 5 years? If so, what was the outcome?**

A37: The City is periodically the subject of litigation by a variety of plaintiffs. The City management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial. No material instances of fraud have been identified during the last 5 years.

**Q38: Can you please provide a copy of your letters provided to the Board at the end of your 2015 audit sometimes referred to as "Communication with those Charged with Governance"**

A38: The Management Letter for the FY15 audit is attached as Addendum #2.

**Q39: Do any departments have new systems in place as a part of the revenue stream? (ie. new computer system / program for water, sewer and garbage billing? Meter reading?)**

A39: See A17 and A22.

**Q40: With the engagement project for internal control process review and documentation, is this complete? Were there any areas that had significant changes to their processes?**

A40: The internal control review has been completed and no significant findings were noted. There were no suggestions for and there are no plans to make significant changes to processes.