

Western Riverside County Regional Conservation Authority (RCA)
Request for Proposals for Professional Auditing Services
Addendum 1 – Responses to Questions

- 1) How many auditors and how many days were the auditors on site for both interim and year end fieldwork?

Interim fieldwork: 2 Auditors, 3 days
Year-end fieldwork: 2 Auditors, 4 days

- 2) Are the previous auditors allowed to participate in current RFP process?

Yes.

- 3) What were your prior year audit fees for each service? What is the current year budget for auditing services?

Financial Audit	\$ 13,039
Single Audit (1 Program)	\$ 2,780
Agreed Upon Procedures	\$ 99,629

Current year budget approximates FY2016 audit fees.

- 4) When are the Agreed-Upon Procedures (AUP) for the member agencies generally performed? Or, how soon are the member agencies typically available to perform the procedures?

Usually the Agreed-Upon Procedures are scheduled with the Member Agencies in January.

- 5) Was there a management letter in the prior year? If so, what was the nature of the items?

No management letter was issued in FY2016.

- 6) Were there any significant deficiencies or material weaknesses reported in the previous year? If so, what was the nature of the items?

None reported.

- 7) Did the prior year auditor provide any services other than those listed in the RFP?

No.

- 8) Is the Authority involved in any significant litigation other than the typical actions an Authority is involved in?

Typical litigations only.

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- 9) When is the CAFR generally available for the auditors to review and when is it expected to be issued?

A draft of the Basic Financial Statements with notes is usually available the first day of year-end fieldwork (approximately the second week of September). The MDA follows approximately one week later. No CAFR is issued at this time.

The RCA would like the Auditor's Report to be issued by the first week in November (no later than November 8, 2017) to be included as an agenda item for its November Executive Committee Meeting (3rd Wednesday in November).

- 10) Number of auditor adjusting journal entries?

None.

- 11) Number of major programs on recent Single Audit? Do you anticipate the same general level of federal funding in the next year or during the next few years?

FY2016 had one major program in the Single Audit.
FY2017 will have one major program for approximately \$3 million in federal expenditures. Federal expenditures in future years are unknown at this time.

- 12) Any significant events in current year?

None known at this time.

- 13) Anything particular you are looking for in a firm?

Looking for a firm with experience in governmental audits.

- 14) What is the reason that you are considering changing the auditor?

The current contract ended with FY2016 services.

- 15) Is the scope of the service requested the same as last year?

Yes.

- 16) Have there been any changes in your accounting system or software since last year?

None.

- 17) Do you expect to have any retirement or replacement of key employees?

None known at this time.

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- 18) How many weeks did your prior auditors encounter for your last audit? How many weeks/hours were spent by the prior auditors in the field?

The RCA does not maintain records of hours spent by the auditors for the Agreed-Upon Procedures. However, for the Financial Audit and Single Audit fieldwork:
Interim fieldwork – 2 Auditors, 3 days
Year-end fieldwork – 2 Auditors, 4 days

- 19) What are the things you liked and didn't like about your current auditors?

We like our current auditors.

- 20) What are the things you liked and didn't like in the audit process followed by your current auditors?

We like the audit process of our current auditors.

- 21) Do you expect to have a single audit this year?

Yes, a Single Audit will be required for FY2017.

- 22) How much were the total federal expenditures last year?

Federal expenditures were \$4,838,175 for FY2016.

- 23) How long has your prior auditor been performing the audit?

Five years.

- 24) Please provide a list of firms that have been sent an RFP.

All audit firms listed with CSMFO were notified of the RFP.

- 25) Can you send us a copy of prior year audited financial statements, single audit report, agreed-upon procedures report, and management letter issued by the auditor.

Financial Statements and Single Audit can be found in our website at:
http://wrc-rca.org/2016_BD/161205/Agenda_Item_9_Staff_Report.pdf

No management letter was issued.

The Agreed-Upon Procedure reports are only released to the RCA and each appropriate Member Agency. The RCA does not make them available on the website.

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- 26) A review of the financial statements indicates that RCA does not have any employees. RCA reimburses Riverside County for staffing services. Does the reimbursement include all costs including costs for retirement (GASB 68)?

The RCA is required to reimburse the County for all salaries and benefits associated with each position. Pension share is calculated and determined by the County annually.

- 27) Did the audit firm propose any audit adjustments?

No.

- 28) Did RCA have any disagreements with the current audit firm?

No

- 29) Is there a mandatory rotation of firms after 4 years?

No

- 30) The AUP engagements procedures contain a lot of language that is inconsistent with the attestation standards for an attestation AUP engagement. Would you be willing to have a non-attest engagement performed instead of an AUP? A non-attest engagement would give the flexibility for the desired procedures. In the meantime, can we see copies of the prior year AUP reports?

At this time, the RCA is requesting an attestation engagement. RCA staff is open to working with the successor firm to modify the language of the AUP, if necessary.

A new RFP for a non-attest engagement could be bid in the future if it better meets the needs of the RCA, Member Agencies and the Professional firm.

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- 31) How should the CPA firm's present their exceptions to the verbiage in the "professional services agreement"?

Exceptions to the verbiage in "Exhibit C - Professional Services Agreement" should be specified under "Technical Proposal Section E-Clarification, Exceptions, or Variations."

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- 32) Can we see a projected SEFA for the fiscal year ending June 30, 2017?

All federal expenditures for FY2017 should be under CFDA 15.615, same program as FY2016. Federal expenditures are projected at \$3 million for FY2017.

- 33) Note 7 – Can you expand on which “revenue recognition criteria” have not been met for unearned revenue?

Resources were collected, but not yet earned by the RCA.

- 34) Does the Authority use a formal software program to account for its fixed asset detail, breaking down the assets showing purchase date, asset description, cost, life, and depreciation method?

The RCA uses PeopleSoft Financials 9.1 Software for all financial transactions.

- 35) For the 2016 audit, what procedures were completed during preliminary fieldwork in the prior year?

- a. Internal controls and systems updates - Answer : Yes
- b. Any substantive testing as of interim date?

Answer: The current auditor would be better qualified to respond to this question to the successor auditor.

- 36) Did the manager and partner review the audit files in the field?

Current auditor would be better qualified to respond to this question to the successor auditor.

- 37) Were there any adjusting journal entries generated after the start of final fieldwork? If so, what was the nature of the journal entries?

One government-wide journal entry was prepared by RCA staff after the start of final fieldwork. The GW entry was related to capital assets.

- 38) Can the PBCs (requested schedules and analyses) including general ledger, cash disbursement journals, payroll, etc. be forwarded to the audit firm in electronic format (excluding PDF format)?

All lead schedules prepared by RCA staff for FY2016 will be provided to the successor auditor upon awarding of the contract.

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- 39) Are there any unusual transactions or issues effecting the Foundation during the FY 2016/17?

None known at this time.

- 40) What do you use your CPAs for besides audit services?

Only for services requested in the RFP.

- 41) Any issues that typically holds up the audit?

None known at this time.