

**REQUEST FOR PROPOSALS (RFP)
EXTERNAL AUDIT
FOR THE CITY OF STOCKTON, CALIFORNIA
(PUR 20-034)**

ADDENDUM No.2

DATE: 11/25/20

To All Potential Bidders:

A. This Addendum shall be considered part of the proposal documents for the above-mentioned project as though it had been issued at the same time and shall be incorporated integrally therewith. Where provisions of the following supplementary data differ from those of the original bid documents, this Amendment shall govern and take precedence. PROPONENTS MUST SIGN THE ADDENDUM AND SUBMIT IT WITH THEIR PROPOSALS.

B. Proponents are hereby notified that they shall make any necessary adjustments in their estimates as a result of this Addendum. It will be construed that each proponent's proposal is submitted with full knowledge of all modifications and supplemental data specified herein.

PLEASE NOTE THE FOLLOWING CHANGES TO EXTERNAL AUDIT FOR THE CITY OF STOCKTON, CALIFORNIA (PUR 20-034)

1. Why is City considering changing its auditor?

The contract with the current auditor will expire with the completion of the FY 2019/2020 audit.

2. Will your prior auditor be invited to bid?

The RFP is open to all qualified candidates.

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

The City's expectations are outlined in the RFP document.

4. Does the City prepare the Comprehensive Annual Financial Report and Schedule of Expenditures of Federal Awards, or does the City request the auditor to prepare either or both of these documents?

CAFR is completed primarily by City staff with support from the Audit firm. Single audit is completed by the Auditors.

5. Please provide copies of the most recent reports for the following:
 - a. Measure A
 - b. Measure W
 - c. Measure M
 - d. Entertainment Venues
 - e. Downtown Marina
 - f. Cannabis License Audits

- g. Review of major revenues required by the Bankruptcy Agreement with Assured Guarantee

Most of this data can be found on the City's website at:

<http://www.stocktongov.com/government/departments/adminServices/finRep.html>

Audit Committee:

<http://www.stocktongov.com/government/oMeetings/committeeMeetings.html>

Audits for the Entertainment Venues and Marina were performed by the management firms contracted for those respective locations. These audits were brought "in house" with the 2020 audit, which has not yet been published. The Cannabis license audit was a recent addition to the external audit scope and requires the auditor to compare licensee' revenues with assessed business license fees; there is no report to publish.

6. Please provide a breakdown of the fees charged for the most recent year by service:
 - a. CAFR audit
 - b. Single audit
 - c. Appropriations limit AUP
 - d. Measure A Audit/AUP
 - e. Measure W
 - f. Measure M
 - g. Entertainment Venues
 - i. Arena
 - ii. Events Center Commons Areas
 - iii. Ballpark
 - iv. Oak Park Ice Arena
 - v. Bob Hope Theatre
 - h. Downtown Marina
 - i. Cannabis License Audits
 - j. AUP for review of major revenues required by the Bankruptcy Agreement with Assured Guarantee

The incumbent vendor's contract is on the City of Stockton website in the City Council online meeting records. Other aspects of the contract, including any amendments, can be requested individually through a public records request.

7. Were any additional fees billed by the prior audit firm in the 2020 audit as a result of the significant number of internal control and/or compliance findings reported?

There were no findings or internal control issues in the 18-19 audit, therefore no additional fees.

8. Are there any new audit services requested in this RFP that were not included in the prior year fees?

No.

9. Approximately how many staff did the audit team consist of in the prior year and how many weeks did the auditor spend in the field for interim and final fieldwork (CAFR), single audit, and other audits/services?

Interim – four audit staff, two weeks on site.

Final – six audit staff, three weeks fieldwork for all reports.
Single – part completed during final audit fieldwork. One week in January if necessary.
Other audits/services are completed with final audit fieldwork.
Cannabis audit occurs in January.

10. During which weeks of the year (approximate) have the audit fieldwork stages historically occurred (interim, final, single audit and other audits/services)

Interim – April final two weeks
Final – Begins last week of September in 2020 (September 29 through October 16th).
Single Audit – One week

11. Have you had any or do you expect to have any retirement or replacement of key employees or management overseeing to the requested services during the current year or during the term of the contract?

There are no anticipated staff changes that would impact these services.

12. Have there been any significant events/transactions in fiscal year 2021?

None.

13. Have there been any significant changes in operations in fiscal year 2021?

None.

14. Have there been any significant changes to the I.T. environment in fiscal year 2021, with the exception of the transition to Tyler Munis?

There have been no additional IT environment changes.

15. How many journal entries were proposed by the prior auditor for fiscal year 2020?

As of today, none for 2020. In 2018-19, there were none.

16. Are year-end closing entries (accounts payable/receivable accruals, etc.) prepared by the City or by the auditors?

Year-end closing entries are all prepared by the City.

17. Are the entries/adjustments to record changes in pension amounts prepared by the City or by the auditors?

These entries are prepared by the City and reviewed by the auditors.

18. Has the City early implemented any GASB standards in 2021?

No.

19. Has the City started to analyze the impacts of implementing GASB 84 in 2021?

No.

20. Has the City started to catalog and evaluate leases for the implementation of GASB 87 in 2022?

No.

21. Has the City issued or refunded any debt in FY 2021?

Yes.

22. Is the City currently involved in any significant litigation that would directly affect the audit?

No.

23. Is the scope of the services requested the same as last year?

The scope of services has not changed significantly since last year.

24. What is the current year budget for auditing services?

The City Adopted Budget can be found on the City of Stockton website.

25. When will a closed trial balance be available for the audit with all closing entries recorded?

The trial balance will be reconciled once the audit is complete and the CAFR has been published, sometime mid December 2020.

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

The RFP document contains the City's expectations.

27. What are the things you liked and did not like about your current auditors?

The RFP document contains the City's expectations.

28. What are the things you liked and did not like in the audit process followed by your current auditors?

The RFP document contains the City's expectations.

29. How many adjusting entries did the City have for the FY 2020 audit?

The FY 2020 audit is still ongoing at this time. To date, there have been no adjusting entries proposed by the auditors.

30. Do you expect to have a single audit this year?

Yes.

31. How many major programs did you have in FY 2020?

Please see previously answered questions for additional clarification.

32. How much were the total federal expenditures in FY 2020?

FY 2018-19 Single audit can be found on the city website at:

<http://www.stocktonca.gov/government/departments/adminServices/finRep.html>

33. Could you provide copies of the prior year, or most recent available, issued reports for the Entertainment Venues, Downtown Marina, and Cannabis License audit engagements? (as listed on page 17 of the RFP).

Audits for the Entertainment Venues and Marina were performed by the management firms contracted for those respective locations. These audits were brought “in house” with the 2020 audit, which has not yet been published. The cannabis license audit was a recent addition to the external audit scope and requires the auditor to compare licensee’ revenues with assessed business license fees; there is no report to publish.

34. Can you please provide copies of the most recently available reports for the services under 2.3.5 and the AUP report under section 2.3.7?

Please see the links provided previously in this document.

35. For the cannabis license audits under section 2.3.5, can you please elaborate on the scope of the audits?

The Cannabis license audit requires the auditor to compare licensee’ revenues with assessed fees; there is no report to publish for these audits.

36. What are some things you would like to see improved in the financial audit process compared to previous years?

The RFP document contains the City’s expectations.

37. Is the FY2020 audit being performed remotely due to COVID-19? If so, is the City open to remote audits in the future?

The FY 2020 audit is currently performed remotely due to COVID-19. Any future remote engagements would be subject to discussion.

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

The RFP document contains the City’s current audit requirements.

39. How many adjusting journal entries did you have in the prior fiscal year after the trial balance was provided to the auditors? How many journal entries were proposed by the auditor?

Auditors did not propose any entries after FY 18-19 audit.

40. How many single audit programs does the City expect to have in FY 2021? Are significant changes expected?

Same as last year. No significant changes expected.

41. Did the City engage any external implementers for the conversion and were independent verification and validation (IV&V) procedures performed?

The City did not convert general ledger data into the new ERP system. The data was imported and reconciled by City staff.

42. Who are the key employees assigned to work with the auditors? What are their tenure with the organization?

Key accounting staff members:

Kerrie Biddle, Accounting Manager (4 years)

Jeff Groom, Supervising Accountant (new hire at 2020)

Emily Hobby, Supervising Accountant (5 years)

43. Do you anticipate any significant events or changes for the period covered by this RFP?

No.

BIDDER MUST ACKNOWLEDGE THIS AMENDMENT BY SIGNING BELOW AND ATTACHING THE SIGNED AMENDMENT TO THE BID FORM:

Company Name _____

Contact Person _____

Signature _____

Date _____

Proposals Due – Promptly by 2:00 P.M., Thursday, December 10, 2020, to city.clerk@stocktonca.gov.

-----City of Stockton Use Only below this line-----

Addendum acknowledged and signed? _____ (Procurement Specialist's initials)