

## ADDENDUM

January 22, 2021

### ADDENDUM # 1

**RFP 21MISC7, Professional Auditing Services for FCG, FCPS and FCC,**

**DUE DATE: January 26, 2021, prior to and no later than 4:00 P.M. at**

**<https://secure.procorenow.com/portal/fcps>**

This addendum is being issued to provide additions, corrections, clarifications and answers to certain questions raised referencing the original proposal packages and any resultant contracts for the above bid.

The following is a list of questions received with responses from the respective entities:

1. On page 23 of the RFP for Submission of Proposal it says in the 1<sup>st</sup> paragraph to submit on line and then in 3a it says to submit hard copies. Are we to submit both? Who and where do we send the hard copies?

**Hard copies will not need to be submitted.**

2. Does the 10-page limit for the Technical Proposal exclude:  
Cover Page  
Table of Contents  
Transmittal Letter  
Peer Review Letter

**Page 24 states that Technical proposals shall be a maximum of 10 pages even if bidding on more than 1 entity (excluding required pages to be signed and appendices).**

3. What are the biggest concerns you have for your organizations? How might you look at your audit firm to help you address those concerns?

**FCPS: FCPS expects to partner with the auditors during the audit but also throughout the year. FCPS is accustomed to getting technical expertise and advice on complex transactions, and assistance when implementing GASB standards. Audited financial reports (CAFR and Single Audit) provide stakeholder confidence and public transparency.**

**FCC: FCC wants to have a clean audit with experienced, knowledgeable auditors who facilitate an efficient and smooth audit process. We need an auditor to provide GASB guidance. Help with preparing tax returns.**

**FCG: Making sure we have a single POC to answer questions and/or provide guidance on issues that may arise during the audit year.**

4. Is the audit being put out to bid on a normal cycle? How long have your current auditors been servicing each entity? Can the current firm propose?

**FCPS: This audit is being put out to bid on a normal cycle. The current audit firm can submit a proposal. FCPS has contracted with the audit firm since 2012 (10 years; Audits performed for FY2011 – FY2020; Paid in FY's 2012 – 2021).**

FCC: Yes, this audit is being put out to bid on a normal cycle. The current auditors have been serving FCC since FY11. Yes, the current firm can submit a proposal.

FCG: Yes, since FY2015, Yes.

5. What are the current audit fees for each entity? What have they been the past three years?

FCPS: The FY21 audit fee for the FY20 CAFR and Single Audit in total was \$60,000. The CAFR and Single Audit combined fees were \$60,000, \$58,000 and \$56,000 for years FY21 (CAFR FY20), FY20 (CAFR FY19) and FY19 (CAFR FY18), respectively.

FCC: For FY20, FCC fees were \$38K plus expenses and fees for the Foundation were \$7K plus expenses.

FCG: FCG - \$80,500, past 3 years \$235,500

6. Has the current auditor ever billed over their fixed fee and if so what was the reason?

FCPS: No, the current auditor has never billed over their fixed fee.

FCC: No.

FCG: Yes, added an NTD audit in FY18.

7. Have there been any disagreements with the current auditors regarding accounting treatment, journal entries, findings or other matters?

FCPS: No, there has not been any disagreements with the current auditors regarding accounting treatment, journal entries, findings or other matters. The current auditors make themselves available to discuss complex transactions throughout the year and there is a mutual respect between our organization and the audit firm.

FCC: No.

FCG - None

8. Has the current auditor provided any additional services outside the original audit contract?

FCPS: No, the current auditor has not provided any additional services outside the original audit contract. The current auditors are available for year-round consulting should FCPS have difficult transactions or topics they would like to discuss.

FCC: In FY13, our auditor determined the indirect cost rate for grants.

FCG: No.

9. What are the budgeted audit fees for the fiscal years 2021, 2022 and 2023 engagements?

FCPS: The FY21 General Fund budget currently is \$48,900. Historically a portion of the single audit costs are allocated to grants of major programs within the restricted fund and a portion of the external audit fee are allocated to other funds. The budget officer will reevaluate the budget for FY22 and subsequent years, based on the finalized RFP.

FCC: That information is not available.

FCG: Unavailable at this time. The FY21 fees are budgeted in FY22, FY22 fees are budgeted in FY23 and FY23 fees are budgeted in FY24. The FY22 budget will not be adopted until May 2021.

10. What are the desired audit fieldwork dates for interim and final fieldwork for each entity?

FCPS: Interim – late May; early June (prelim testing to include single audit)

Final fieldwork – last week of August/first week of September. Draft CAFR review commencing mid-September and report issuance around September 27<sup>th</sup>/28<sup>th</sup>. Issuance of Single Audit by mid to late October.

FCC: For FCC, traditionally, Interim: May (two weeks), Fieldwork: End of August, Beginning of Sept. (2-3 weeks). Foundation requirements may vary.

FCG: Entrance meeting mid-May, final fieldwork mid-October.

11. For the interim and final fieldwork phase for each of the entities noted above, how many audit managers, seniors, and staff are typically in the field and for how long?

FCPS: Entrance Meeting includes Partner, Manager (and maybe the engagement team lead)

Interim – Partner (1 day), Manager (2-3 days), and Team (usually 1 lead and 1-2 staff) are on-site for approx. 1 ½ weeks.

Final Fieldwork – Partner as needed, Manager (2-3 days) and Team (2 weeks testing + additional time for CAFR tie out and report review)

Exit Conference Meeting – Partner and Manager

FCC: This varies. Typically, 3-4 audit personnel are involved.

FCG: 1 manager, 1 senior and one to two staff accountants, usually 4-5 weeks in total. FY20 all done thorough Microsoft Teams.

12. Have there been many passed or posted adjustments resulting from the audit process in recent years?

FCPS: No.

FCC: No.

FCG: No.

13. Is it possible to obtain the required communication correspondence?

FCPS: There was no management letter issued, no instances of fraud discovered, no material weakness noted in internal controls, the auditors received full cooperation from management, no single audit findings and no audit adjustments.

FCG: No.

14. Who takes the lead in the implementation of new GASB's?

FCPS: Melissa Rollison, Financial Reporting Manager, leads the Financial Reporting Department in implementing new GASB's.

FCC: FCC will implement new GASB's with the auditors' guidance.

FCG -Accounting Director

15. We noted your computer systems in Exhibit L, do you have plans to make changes to your software platform?

FCPS: There are no planned changes to the PeopleSoft Finance and PeopleSoft HR platforms.

FCC: No.

FCG – not at this time.

16. Have you experienced turnover in key roles within the organization?

FCPS: Fiscal Services has recently had two resignations – Restricted Fund Accountant within Financial Reporting and Purchasing Manager within the Purchasing Department.

FCC: Yes, a new Vice President for Finance joined the College in July 2020 and the Executive Director for Finance role has transitioned to AVP for Finance, which is currently filled by an interim employee.

FCG: IIT Director retired 12/31/2020.

17. Has your auditors provided a management letter in the past 3 years for the noted entities above? If so, can that document be made available?

FCPS: FCPS has not received a management letter in the past three years.

FCC: Yes, Yes.

FCG: Yes, Yes.

18. Will the entity consider any modifications to the terms and conditions included in the RFP, as applicable, that would be typical for the type of services contemplated? If yes, should such requests for modification be provided in the proposal response or will they, as applicable, be addressed in the contract negotiation process?

FCPS: Exceptions, if any to the County's standard Terms and Condition must be noted in your proposal to be considered during evaluation. Exceptions to FCPS Terms and Conditions may result in rejection of your proposal.

FCC: FCC does not accept deviations to our Terms and Conditions.

FCG – please see page 31 section A.1 General Terms & Conditions – FCG of the RFP Document

19. Do we need separate proposals for each?

FCPS: Yes, See appendix A for options.

FCC: Yes.

FCG: See appendix A for options

20. Can we only bid on 2 of the 3 entities?

FCPS: Yes. Firms can bid on 1, 2 or all 3 entities.

FCC: Please see the RFP solicitation documents.

FCG: Yes.

21. Is there additional points to have an MBE as part of the engagement team?

FCPS: No.

FCC: Not for FCC.

FCG: No.

22. How many audit adjustments were made for the FCG and FCPS in the prior audit?

FCPS: There were no audit adjustments proposed by the auditors for the FY20 engagement.

FCG: None.

23. What accounting software is use by FCG and FCPS?

FCPS: FCPS uses the following PeopleSoft Finance and PeopleSoft HR. The school’s accounting is decentralized. Schools use KEV School Cash Online software for accounting for Student Activity Funds.

FCG: Infor Financial

24. Was there any new debt issued by FCG and FCPS?

FCPS: There has been no new debt issued by FCPS.

FCG: Issues debt in September 2019.

25. Who takes the lead in the implementation of new GASB’s for FCG and FCPS?

FCPS: Melissa Rollison, Financial Reporting Manager, leads the Financial Reporting Department in implementing new GASB’s.

FCG: The Accounting Directo.r

26. What were the prior year fees for FCG and FCPS broken down like requested on page 94 of the RFP?

FCPS:

Includes:	FY15	FY16	FY17	FY18	FY19	FY20
Annual Audit	\$37,500	\$39,000	\$40,500	\$42,000	\$43,500	\$45,000
Single Audit	\$12,500	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000
Total (All Inclusive)	\$50,000	\$52,000	\$54,000	\$56,000	\$58,000	\$60,000

FCG: Total all inclusive: FY20 \$80,500; FY19 \$78,500; FY18 \$76,500; FY17 \$74,500; FY16 \$72,500

27. Who is the actuary for FCPS OPEB?

FCPS: FCPS contracts with Bolton for OPEB actuarial services.

FCG: N/A

28. Who prepares the schedule of federal awards for FCG and FCPS?

FCPS: FCPS prepares the Schedule of Federal Awards and some Single Audit Report disclosures. The current auditors determine program selection and testing. The information provided by FCPS is used to prepare and print the Single Audit report.

FCG: The Team Lead & Accountants

29. If here was a management letter issued last year for FCG and FCPS can we obtain a copy?

FCPS: FCPS has not received a management letter in prior year.

FCG: Yes

30. In item E page 10 of the RFP #3 for FCG was these services invoiced separately from the audit fees in the past at quoted hourly rates?

FCPS: No response needed from FCPS.

FCG: No.

31. For FCG who calculates the post closure liability for the Solid Waste Management Fund?

FCPS: No response needed from FCPS.

FCG: The Team Lead for Landfill using the analysis performed by the Solid Waste engineer, Mehal Triveda.

32. Who is the actuary for the FCG OPEB?

FCPS: No response needed from FCPS.

FCG: Bolton

33. In the prior audits were there any timing issues in obtaining financial information from third parties for FCG and FCPS (actuary reports etc.)

FCPS: No. Actuarial reports have historically been available by the end of August for review, questions, discussions and incorporation into the CAFR. FCPS receives the final non-public reconciliation from MSDE, during the first week of September.

FCG: No.

34. Is there any current litigation that will impact the future financials for FCG and FCPS?

FCPS: FCPS is unaware of any current litigation that will impact future financials.

FCG: None.

35. What bank holds the investments of the FCG OPEB Trust?

FCPS: No response needed from FCPS.

FCG: Wilmington Trust

36. For the FCG Nursing Home have there been any State Regulation issues?

FCPS: No response needed from FCPS.

FCG: No financial issues to report.

37. What bank holds the investments of the FCG Pension Fund?

FCPS: No response needed from FCPS.

FCG: Wilmington Trust

38. Who is the actuary for the FCG Pension?

FCPS: No response needed from FCPS.

FCG: Bolton.

39. Who prepares the FCG Uniform Report?

FCPS: No response needed from FCPS.

FCG: The Team Lead & Accountants

Thank you for your interest in bidding with Frederick County Public Schools and we apologize for any inconvenience this may have caused.

Sincerely,

*Kim Miskell*

Kim Miskell, CSBO,  
Assistant Purchasing Manager

KM/mg

cc: Melissa Rollison, Financial Reporting Manager