



Finance Department
Purchasing Division

REQUEST FOR PROPOSALS (RFP)
Specification No. 23-11559-C
FOR
EXTERNAL AUDIT SERVICES
PROPOSALS WILL NOT BE OPENED AND READ PUBLICLY

ADDENDUM "A"
2/2/2023

Dear Proposer:

Questions received from proposers along with answers are attached.

Proposals/bids must be received no later than 2:00 pm, on Thursday, February 16, 2023.

All responses should be sent via email to purchasing@cityofberkeley.info and have "EXTERNAL AUDIT SERVICES" and **Specification No. 23-11559-C** indicated in the subject line of the email. Please submit one (1) PDF of the technical proposal. Corresponding cost proposal shall be submitted as a separate PDF document.

Proposals will not be accepted after the date and time stated above.

We look forward to receiving and reviewing your proposal.

Sincerely,

Darryl Sweet
General Services Manager

Addendum "A"

Questions and Answers for Specification No. 23-11559-C EXTERNAL AUDIT SERVICES

The City of Berkeley has received questions from some potential respondents regarding **Specification No. 23-11559-C**, EXTERNAL AUDIT SERVICES. In an effort to provide the same information to all, listed below are the questions received to date, with responses from City staff.

Q1: Will your prior auditor be allowed to bid?

A1: Yes.

Q2: Is there anything specific that you are looking for with the successor auditors?

A2: We are looking for firms that can perform the scope of work in the RFP in a professional manner. A partner that can communicate effectively and work within our schedule.

Q3: What were the prior year fees by segment? (audit, single audit, etc.)

A3: See contract (please attach contract and amendments or links to them)

Contract:

[Audit Contract](#)

[Amendment 1](#)

[Amendment 2](#)

[Amendment 3](#)

[Amendment 4](#)

[Amendment 5](#)

[Amendment 6](#)

[Amendment 7](#)

[Amendment 8](#)

[Amendment 9](#)

Q4: Who will be drafting the financial statements (City or auditors)?

A4: The City.

Q5: Were any additional fees billed by the prior audit firm for services not included in the current RFP?

A5: If the City requested an out of scope work. Additional auditing work was done for Measure T1 for FY 2022 (agreed upon procedures) and may be done for Measure O in the future.

Q6: Are there any new audit services requested in this RFP that were not included in the prior year fees?

A6: Yes, see A3, above, the prior contracts.

Q7: Historically, how many members of the audit team were onsite?

A7: a. For FY 2022 interim: Three, including the Engagement Partner
b. For year-end: Three, including the Engagement Partner

Q8: What was the typical timing of the fieldwork for interim and final?

A8: a. FY 2022 Interim: May 6-May 24, 2022 (3 weeks)
b. FY 2022 Year-end: October 31- November 23 (3 weeks)

Q9: Were there any audit adjustments during the prior year's audit? If so, how many?

A9: No.

Q10: May we obtain a copy of the Sample Professional Services Agreement (link was not working)?

A10: The City's contract template for this engagement is included in this addendum.

Q11: What is the typical timing of the audit by segment? (Interim, Final, Reporting)

A11: See answer to #8, above.

Q12: Is the internal control environment (payroll, procurement, a/p, accounting, finance, IT, HR, etc.) centralized for all of these audits? If any are separately administered, please describe.

A12: Yes.

Q13: Are internal controls primarily performed electronically (through the accounting or other systems) or manual (paper forms)?

A13: Electronically.

Q14: How many major programs are on average are audited on an annual basis? Please provide the names of the federal grants that are being audited as a major program in FY 2022? What federal grants do you expect to be audited as major in FY 2023?

A14:	1. American Rescue Plan Act	\$36,686,105
	2. Shelter Plus Care-Direct program	5,928,882
	3. Shelter Plus Care-Passed through Alameda County	883,047
	4. Community Services Block Grant-Regular	305,596
	5. Community Services Block Grant-CARE Act	<u>165,839</u>
	Total	\$43,969,469

We expect FY 2023 to be similar to FY 2022.

Q15: What is the typical timing of fieldwork to ensure the audits are completed by October or December?

A15:	See #8 above. Also, the Reporting Schedule was as follows:	
	City final ACFR to Auditors	November 15th
	Auditors review comments to City	November 18th
	City revised ACFR to Auditors and Quality Control	November 23rd
	Auditors quality control review comments to City	December 2nd
	City final ACFR to Auditors	December 7th
	Auditors Opinion report to City	Week of December 11 th

Q16: Does the City prefer the fieldwork to be onsite or remote or a hybrid approach?

A16: Hybrid.

Q17: Why is the City going out to bid and is the prior auditor being invited to bid on these audits?

A17: The audit contract term expired. Prior firm is included in this RFP process.

Q18: How many hours did the prior year auditor incur? How many auditors worked on the audit engagement?

A18: The City was billed based on the percentage of completion of the audit work.

Q19: How many years has the City's current auditor been auditing the City?

A19: Prior audit contract began in 2013 and expired following the 2022 audit.

Q20: Please provide us copies of the Alameda County Transportation Commission Measure BB funds, Measure F Vehicle Registration Fee funds, and Transportation Development Act grant reports.

A20: Copies will be made available. (TDA pending).

Q21: Please provide us copies of the audits done by the City Auditor during FY 2022 (when available).

A21: Copies will be made available.

Q22: Were there any significant deficiencies or material weaknesses in internal control over financial reporting or instances of non-compliance reported by the auditors during your most recent audits?

A22: No.

Q23: What were the fees incurred in the prior year by the different deliverables? What is the budget for audit services in FY 2023, 2024 and 2025 and also the two additional years? Has management considered the impact of recent increase in inflation when determining their budget for audit services?

A23: Audit fees budgeted for FY 2023:

General Fund:	\$160,000
CDBG	16,000
Measure F	2,500
Business Economic Dev.	6,124
Total	<u>\$184,624</u>

Modifications to the audit services budget will be determined by the audit fees of the proposer the City selects to perform the independent audits, and those fees are not limited by the amounts in the Adopted Budget.

Q24: Has management historically used an engagement letter as the contract for audit services or is there a standard contract that management requires the audit firm to review and sign? If there is a standard audit contract utilized, please provide so that we may review.

A24: A standard professional services agreement will be provided. The various forms the Auditor would be required to complete were included with the RFP that was sent to you.

Q25: Section G of the RFP discusses how the City Manager or designee will have access (upon request) to the auditor working papers. This may compromise the requirement to incorporate unpredictability in our audit procedures as required by the audit standards. Is the City amendable to changing this specific provision so that auditors we may comply with mandatory audit standards?

A25: The City will not establish any requirements that would cause the Auditor to be out of compliance with mandatory audit standards.

Except as provided herein all other terms and conditions remain unchanged.