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## REQUEST FOR PROPOSALS: **Independent Year-End Audits**

### **ADDENDUM #1: QUESTIONS AND ANSWERS**

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**Addendum Issued: February 9, 2018**  
**Proposals Due: February 26, 2018**

The following is an addendum to the Request for Proposal for Independent Year-End Audits. This addendum includes answers to questions received by Marin Transit before the deadline for questions at 3:00 pm February 5, 2018.

The RFP, together with this Addendum #1, constitutes the entire understanding between each of the participating proposers and Marin Transit. Please acknowledge receipt of this addendum in your cover letter as details in the Proposal Requirements Section by specifically listing the addendum number and date of issuance.

#### **Questions and Answers**

- 1. How many auditors and how many weeks were the prior auditors on site, for interim and year-end fieldwork?**

*Most work was done remotely using electronic file transfers. Interim fieldwork was done remotely. The auditor typically had four staff members on site for about three days for the year end fieldwork.*

- 2. What were the hours of the previous audit?**

*Reported hours varied by year and management is not able to verify them from the current billing. The total billed costs including CAFR and single audit were \$30,821 in for the FY17 audit.*

- 3. Were there any major changes in the engagement requested in the RFP compared to last year's engagement?**

*No.*

**4. Please expand how the Transit provides the auditor the information for preparation of the CAFR.**

*Marin Transit staff prepares the MD&A letter and associated tables. Marin Transit staff also provides the statistical information on spreadsheets. The auditors do the formatting, a review of data, and incorporates the pages into the document. The auditor also does the printing of the document.*

**5. Does the Transit anticipate any significant changes in federal expenditures?**

*Marin Transit primarily expends federal funds for capital projects – predominantly vehicle purchases, consequently the expenditures will change year over year based on the capital program for a given year. However, grant sources are relatively stable. Marin Transit anticipates that annual expenditures will always be at an amount to trigger a federal single audit.*

**6. How many journal entries were posted after the trial balance was provided? How many journal entries were recommended by the prior auditor?**

*Nine journal entries were made of which five were generated by Marin Transit.*

**7. Please describe the overall nature and volume of audit adjustments proposed by the external auditors. Once submitted to the auditors, please describe the nature and volume of adjustments made by the Transit.**

*In the FY17 audit the following adjusting journal entries were made:*

**Adjusting Journal Entries JE # 1**

To reclass AR into Federal, State, GGT, TAM, and Other

**Adjusting Journal Entries JE # 2**

Entry to true-up client's net investment in capital assets.

**Adjusting Journal Entries JE # 3**

Reclassification of AP into Due to Other Governments

**Adjusting Journal Entries JE # 4**

Client entry to true-up capital revenue to capital additions.

**Adjusting Journal Entries JE # 5**

Client Entry

**Adjusting Journal Entries JE # 6**

Entry to reclassify cash proceeds received for sales of FTA funded buses.

**Adjusting Journal Entries JE # 7**

Client entry.

**Adjusting Journal Entries JE # 8**

Client entry.

**Adjusting Journal Entries JE # 9**

Client entry to adjust Workers Compensation

**8. Did the prior auditors issue any management letter items? If so, please provide.**

*No.*

**9. Are the general ledger, journal entries, and trial balance available in excel? Are supporting schedules and documents available in electronic format?**

*Yes.*

**10. Has there been any turnover in key finance positions?**

*Not since the prior audit.*

**11. What is the desired timeline for: a) Interim; b) Year End; c) Draft Report; and d) Final Reports.**

*The timing of the interim can be set by the selected audit firm. Marin Transit strives to close its books and make all final entries by September 15 of each year so the year end on-site visit can occur any time after that. The preliminary draft is due no later than October 30 of each year. The draft report is presented to an ad hoc subcommittee of the Board of Directors in early November and the final report is submitted to the full Board of Directors at their November meeting which normally occurs on the third Monday of the month.*

**12. What were the prior audit fee(s)? Please provide breakdown by report.**

*Total audit fees for FY17 audit were \$30,740 as follows:*

*\$23,900 General audit*

*\$3,140 Single audit with 1 major program*

*\$3,700 CAFR Prep*

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

*No.*

**14. Will there be a Single Audit? (If so, please include the most recent copy of the report with your response)**

*Yes. The Marin County Transit District CAFR (which includes the most recent single audit) can be found at [http://www.marintransit.org/pdf/finance/FY2017\\_MCTD\\_CAFR.pdf](http://www.marintransit.org/pdf/finance/FY2017_MCTD_CAFR.pdf)*

**15. How many journal entries were proposed by the auditors? Were there any findings?**

*In FY17 four journal entries were proposed by the auditors. There were no findings.*

**16. Were there any material adjustments made by the auditors in connection with the examination of the prior year Financial Statements?**

*No.*

**17. The RFP states that Marin Transit Staff will assist with preparing sections for the CAFR. Please specify what level of assistance your staff will provide and which areas of the CAFR this includes?**

*See question 4.*

**18. Does management prepare the Schedule of Expenditures of Federal Awards (SEFA)?**

*Yes, Marin Transit prepares the SEFA*

**19. What has management budgeted for the FY2018 audit contract?**

*\$31,827.*

**20. What is the primary reason for changing external audit firms?**

*The current contract has expired.*

**21. What were the total fees paid for the 2017 audit (including the Uniform Guidance audit)?**

*See question 12.*

**22. Does management expect the same grants and expenditures for FY2018 as were expended in FY2017?**

*See question 5.*

**23. Generally speaking, how many auditors were on site and for how long? Please include an estimate of the number of hours, if known.**

*See question 1.*

**24. Have you experienced any turnover in management, specifically within the accounting team or individuals responsible for controls and compliance under Uniform Guidance (formerly OMB A-133).**

*No.*

**25. Has there been any progress in evaluating the impact of the CalPERS accounting issue with Local Government Services (LGS)?**

*This is still an open issue.*