



September 8, 2017

RE: **Addendum No. 1/Auditing Services**
Request for Proposal No.: 17-003-09-13

Dear Prospective Proposer:

Addendum is being sent out in response to the following concerns:

- a. This addendum is being provided to all firms. Changes are marked with a vertical line.
- b. The proposal due date has not changed. The date for receipt of proposals is **Wednesday, September 13, 2017 at 2:00 p.m. CST**
- c. **Question:** Review of minutes of meetings of the City Commission indicated a discussion and approval to review financial statements for a 3 year period of the Development Corporation of Merced. What is the scope of the agreed upon procedures with respect to the Development Corporation of Merced? Are there any other investigations that are in the form of agreed upon procedures or forensic engagements that have not been completed? If so, what is the scope of the engagements and their anticipated completion dates?

Answer: Below is the scope of service but not limited to:

- a. **Identify the Corporation's approved vendor listing and compare to actual expenditures made.**
- b. **Test a targeted sample of invoices to ensure the Corporation is receiving actual goods and services.**
- c. **Inspect supporting documentation for disbursements made.**

The scope of work is on the accounting records of the Corporation's purchases. At present there are no other investigations that have not been completed.

- d. **Question:** The scope of services on page 11 of the proposal document indicates preparation of a CAFR. Is the City anticipating submission to the GFOA or requesting submission to the GFOA at the completion of the audit?

Answer: The City is not anticipating a submission of a CAFR

- e. **Question:** Is there any pending litigation currently affecting the City that may be indicative of alleged fraud affecting the City's finances or other wrongdoings?

Answer: No pending litigation.

- f. **Question:** Page 12 of the proposal indicates a single audit under A-133. Is this because the federal grants for which expenditures have been incurred during the most recent fiscal year were awarded prior to December 24, 2014? Should this be 2CFR Part 200, Uniform Guidance?

Answer: That is correct. No.

- g. **Question:** Is the City anticipating a Single Audit for its 9/30/17 YE? Page 14 of the proposal indicates 2 federal programs. Are expenditures under these programs in excess of the \$750,000 threshold for requiring a single audit?

Answer: It is not known yet if the city will require a single audit for FY 09/30/2017 in the next three (3) years.

- h. **Question:** Are there any specifications for this audit proposal? If yes, how can we obtain those? If no, is there a substitute document for the specifications?

Answer: Please refer to scope of service on page 11.

- i. **Question:** Does your company have a website?

Answer: The City website is the following: <http://cityofmercedes.com>

- j. **Question:** Who is currently your auditing firm? Are there currently any pending issues between your entity and the auditing firm? Were there any controversial or disagreeing issues on the last engagement?

Answer: The current auditing firm is Carr, Riggs, & Ingram. No pending issues. No controversial or disagreeing issues.

- k. **Question:** What is the reason for changing auditing firms?

Answer: Current contract expired.

- l. **Question:** Is there a problem if we contact the previous auditing firm?

Answer: Any and all communication to be solely with Nereida Perez, Finance Director for this procurement.

- m. **Question:** How can we obtain a copy of the latest audit report? Management letter?

Answer: Please refer to City of Mercedes website.

- n. **Question:** Who handles the entity's accounting? Do you have a fee accountant?

Answer: In house staff handles the accounting.

- o. **Question:** How can we obtain a copy of the budget for the current year (the year for the audit proposal)? Financial Statements?

Answer: Please refer to City of Mercedes website.

- p. **Question:** Are you in liberty of discussing audit fees for the year under proposal? Could you give us an average of the audit fees for the last three years?

Answer: Price and audit fees will only be entertained and discussed with the highest technically qualified firm.

- q. **Question:** When is the deadline for the audit proposal? How many audit proposals are you requesting?

Answer: Please refer to Solicitation, Offer and Award Form.

r. **Question:** Who will be the main person (the contact person) for this audit?

Answer: Nereida Perez, Director of Finance

s. **Question:** Is there any space available for the auditors?

Answer: The City will make the necessary arrangements to house auditors.

t. **Question:** What about hours of work?

Answer: Work hours are Monday-Friday from 8:00 am-5:00 pm

u. **Question:** Will we have access to the internet? Is it wired or wireless?

Answer: Access to wireless internet will be given.

v. **Question:** What is the deadline for the audit under proposal? Is there a presentation required?

Answer: Please refer to the timeline in the scope of service.

w. **Question:** Will the entity be requiring additional services beyond the audit? Preparation of Income Tax Return? Preparation of a status report?

Answer: City of Mercedes does not anticipate the need for additional services.

x. **Question:** How many copies of the audit report will the entity need? Can we just give you an electronic format of the audit report?

Answer: The City of Mercedes will need at least ten copies of the audit report and an electronic copy.

y. **Question:** Who will be preparing the financial statements?

Answer: We expect the Audit firm to prepare the City's Audited Financial Statements, the City currently does not prepare Monthly Financials Statements.

z. No other changes result from this Addendum No. 1.

NOTE: This form must be completed and submitted with your bid response. WARNING: Failure of an Offeror to acknowledge receipt of this Addendum, as described herein, may result in REJECTION OF THE OFFER.

We apologize for any inconvenience this may have caused. Authorized signature is needed. Everything else shall remain the same. If you have any questions, please contact me at (956) 565-3114.

Sincerely,

Nereida Perez
Director of Finance

_____ Acknowledge receipt of Addendum No. 1
Authorized Signature

Printed Name

Company Name