CITY OF NEW BEDFORD
Auditor’s Office

RFP # 19135043

Annual Independent Audit and Related Services

ADDITION # 2

The City of New Bedford issues the following Addendum # 2

To: All Bidders of Record:

Listed are the Questions and Answers submitted:

Questions related to finances and financial systems

1) When are your books typically closed and when will your trial balance be available?
   Usually between Labor Day and October. Trial balances are available immediately upon request after the books are closed.

2) It looks like your CAFR was submitted towards the end of January, is there going to be a push to have this filed prior to December 31?
   Yes definitely. The deadline for CAFR awards (which is our goal) is December 31. We were able to receive an extension to Jan. 31st this year.

3) The previous audit noted the City maintains 37 capital project funds. Approximately how many special revenue and permanent trust funds does the City maintain?
   Around about 750 special revenue funds, and 60 trusts.

4) It looks like the government wide statement of net position still states that the City is carrying the Net OPEB Obligation. This was truly the Net OPEB Liability correct?
   Yes.

5) Tax liens and foreclosures receivable dropped roughly $8.5 million. Was this due to a change in accounting policy or did this contribute to the increase in real estate and personal property taxes?
   A significant portion (over $6 million) has been moved to inventory.

6) What system(s) are used for accounting, tax and utility billing, payroll, capital assets, long term debt and other significant finance functions?
   MUNIS

7) Are these systems provided by a 3rd party vendor or are they developed and maintained in-house?
   In-house.

8) If a 3rd party servicer is used, are SSAE18 SOC 1 reports available for these vendor(s)?
   Not applicable
9) What is the total number of federal programs expected, and please provide an estimate of federal program expenditures for each?
   There are currently about 24 programs from 9 federal agencies.
   Dept. of Agriculture $7.5mill, Commerce $40K, HUD $5.6mill, Justice $300K, Transportation
   $3.5mill, EPA $290K, Education $12mill, Health & Welfare $86K, and Homeland Security
   $2.6mill.

10) Does the City qualify as a low-risk entity?
   The City would not qualify as a low-risk entity under the criteria of 2 CFR § 200.520, since two
   of six major programs received modified opinions in fiscal year 2017, and there were four
   citations of major weaknesses in internal controls related to those two programs.

Questions related to Internal Control and Financial Reporting

1) Are internal controls and procedures adequately documented and key controls identified?
   Internal controls and procedures have been communicated in various ways, including through
   specific formal policies such as with travel and employee expense reimbursements. The City
   Auditor’s Office is in the process of codifying various communications into a single accounting
   policies manual.

2) Who prepares the financial statements?
   In the past, they were solely done by outside auditors. But we are currently moving more inhouse.
   We hope to take full control of them in the next year or so.

3) Who prepares all schedules included in the notes to financial statements and supplementary
   information?
   Most recently, this has been a collaborative effort between the outside auditing firm and the
   City’s Auditors Office. Again, we would like to take more control.

4) Is there any internal audit function carried out and if so, to what extent?
   Yes. The Auditor’s Office regularly audits departments’ AP, entries, cash processing, among
   other functions on an ongoing basis.

5) Are IT and Cybersecurity Risks actively managed and monitored on a formal basis?
   These functions are handled on a regular basis by our ongoing MIS department.

Requests for additional information and other questions

1) Please provide copies of prior year reports on internal controls and compliance required by
   Government Auditing Standards and the Single Audit Act/Uniform Guidance. If there were any
   findings reported, please also provide your corrective action plan and current status of resolution.
   The Single Audit report for fiscal year ended June 30, 2018 has not been completed. However, all
   prior year reports can be found on the City Auditor’s page of the City’s website at

2) Approximately how long was your previous audit firm onsite performing fieldwork and with how
   many staff?
   A little over two months (offsite an additional month for completing the CAFR statement,
   adjusting entries approval, etc.) There were three persons this year for the main audit, but usually
   four or sometimes five.

3) Is this proposal exclusive of the of the multi-employer pension system audit?
   Yes
4) Generally speaking, when are the audited financial statements available for each of your component units?
   These should be done by December 31 of each fiscal year.

5) Please indicate any significant involvement of external management experts (actuaries, engineers, consultants, fiscal agents, etc.) with roles in the internal control or financial reporting functions. Have there been any delays in prior audits due to coordination between the management experts and your independent auditor?
   No.

6) Please indicate the extent of audit adjustments being proposed by your independent auditor and accepted by management for recognition in the financial statements.
   Last year, 5 out of 35 auditing entries were proposed by us (14%).

7) Have there been any disagreements between management and your independent auditor during the prior three engagements?
   There was a disagreement this year over the handling of prior year tax foreclosures to inventory. But usually, nothing major.

8) Please provide the fees paid for audit services for each of the past three years and indicate if there were any billings above contracted amounts for out-of-scope or additional services not contemplated at contract award.

Audit and certain agreed upon procedures fees paid over the last three years were established under an agreement with a broader scope of services than planned in 2019-2021. Specifically, the auditors’ scope of services included full preparation of general purpose financial statements in FY 2016, assistance in developing a CAFR, and full preparation of CAFRs for FY 2017 and 2018. Fees were $175,305 for the 2016 audit, $174,600 for the 2017 audit (not including $9,650 for the NBRA audit and $6,760 for additional CAFR work). For the 2018 audit, no overruns above the quoted price of $180,600 are expected. There were additional consulting services of $5,375 in 2018 and $29,738 in 2017.

End of Addendum

By: Susan Bruce
Director of Purchasing
City of New Bedford

March 25, 2019