

Erie County External Audit RFP.

Additional Questions and Answers

(Last updated 04/04/2011)

Question Twenty-Five: Can a copy be provided of the ETASC statements?

ANSWER: Yes. See Exhibit F for the 2009 statements. A reminder – The ETASC is not covered under this RFP.

Question Twenty-Four: When do you anticipate making an award relative to this RFP and do you anticipate that there will be oral presentations once the written responses are evaluated?

ANSWER: We anticipate making an award within thirty days of the deadline, April 20th. The Audit Committee will meet the week of April 25th and examine the responses to the RFP. The Committee will decide if oral presentations are in order, or if a response is an outright winner. No dates for oral presentations have been reserved.

Question Twenty-Three: I see in Question Two that an additional \$46,446 was billed for the single audit and representation letter – wasn't this part of the initial quote for services and if so what caused the additional billing to occur?

ANSWER: Additional cost was incurred as a result of the late identification of Federal American Reinvestment and Recovery Act (ARRA) funds received, resulting in the re-evaluation of risk and additional testing required by the audit firm and additional time and effort spent resolving the delays discussed in question twenty-one above related to completing the audit of the Basic Financial Statements.

Question Twenty-Two: Are your Federal Awards administered centrally by one department, or does each department handle reporting, compliance and recording in a decentralized fashion?

ANSWER: Federal Awards are administered by individual departments.

Question Twenty-One: The RFP states that the audit must be completed by June 30; however the 2009 CAFR was not issued until September 29, 2010. Was there an issue related to the 2009 audit that precipitated the September issuance, or is the Committee looking to accelerate the normal timeframe for issuance?

ANSWER: Yes, there was an issue. CAFR issuance was delayed due to the late resolution of a disagreement between the County Executive and the Legislature regarding Designations of Fund Balance. The Representation Letter was not signed until the dispute was resolved. (See Comptroller's press release link <http://www.erie.gov/comptroller/press/pr082610.asp>)

Question Twenty: What is the status of the funding of the external auditor?

ANSWER: The external audit process is funded by the Erie County budget. Funding has been provided for 2010 and is expected to be provided for 2011.

Question Nineteen: What is the status of the funding of Audit?

ANSWER: Five of the six positions in Audit are funded through the ECFSA. The Administration included no provision for auditors, with the exception of the charter mandated Deputy position, in the 2011 budget. There is no guarantee that the ECFSA will continue to fund these five positions in FY 2012 should the Administration decline to fund them through the County budget process.

Question Eighteen: Is ETASC or ECMCC covered under this RFP?

ANSWER: No. ETASC and ECMCC have their own auditors.

Question Seventeen: Is the County seeking a specific percentage of participation of aid in conducting the Single Audit from a small or minority firm?

ANSWER: Yes. The Federal Office of Management and Budget (“OMB”) has requirements, and Erie County has requirements that mirror the Federal requirements. The County requirements can be found at:

http://www.erie.gov/depts/purchasing/mbe_wbe_commitment.asp.

Question Sixteen: Does the County require any external audit services regarding the County’s Jail Commissary or Inmate Activities?

ANSWER: No.

Question Fifteen: For the component units included in the financial statements, who are the auditors of record and what is the typical timing for receipt of their completed reports?

ANSWER: See Exhibit E. Data was received in June.

Question Fourteen: How many people are in the accounting and internal audit departments?

ANSWER – In 2011, there are 35 individuals working in the Comptroller’s Office. The Division of Audit and Control (“Audit”) has six persons, including the Deputy. The remaining persons work for the Division of Accounting, Reporting and Collections (“Accounting”), with the exception of the Comptroller himself. Note that the Erie County budget does not show all the Audit and Accounting staff because eight staff are funded by the Erie County Fiscal Stability Authority (“ECFSA”).

Have recent budget cuts impacted the department’s ability to prepare for the audit historically and is there expected to be any impact for 2011?

ANSWER: Yes, past budget cuts have impacted Accounting’s ability to prepare for the audit. Please see Exhibit D. Accounting will minimize any impact from the reduction in staff on preparations for the 2011 audit.

Is there an opportunity to utilize internal audit for our audit?

ANSWER: No - The internal audit staff is NOT available for the use of the external auditor.

Question Thirteen: Do you anticipate any borrowing in 2011 that would include the audited financial statements, and if so, how many?

ANSWER: Currently we anticipate doing a single Revenue Anticipation Note (borrowing) in 2011.

For borrowings conducted in the past, what level of comfort has typically been requested from the audit firm by the underwriter, if any?

ANSWER: Rating agencies' (S&P, Fitch and Moody's) ratings, amount in reserve fund, sales tax revenues, receipt of a high percentage (i.e., >97%) of assessed real property tax levies, and recognizing there have not been any significant changes in the County's financial position up to the time of the official statement.

Question Twelve: Are there any substantial known initiatives for 2011 that would be expected to have a significant impact on the scope of the audit?

ANSWER: Currently there are not any known substantial initiatives for 2011 that would be expected to have a significant impact on the scope of the audit.

Question Eleven: What software does the organization use for maintaining its general ledger?

ANSWER: Erie County uses SAP.

If you decide to issue a CAFR, what role would you envision for the auditor?

ANSWER: The County **will** issue a CAFR. Please include in your response an estimate to issue an opinion on the CAFR prepared by Erie County.

Question Ten: Other than the milestones listed in the RFP, are there any other key dates associated with the proposal and selection process?

a. When are you typically ready for interim and year end fieldwork?

ANSWER: We are typically ready for interim fieldwork in December of each year and ready for year-end fieldwork in April of each year.

b. How many people were in the field during your last audit and for how long?

ANSWER: We do not track this information.

c. When do you typically have the final reporting package available for review by the auditor?

ANSWER: We typically have the final reporting package available for review by the auditor in early to mid-June.

Question Nine: Please provide copies of both ACHF reports and both CFR's.

ANSWER: We have a hard copy of the ACHF and CFR's. They were not provided to us in electronic format. They are large documents. Both are in the Deputy Comptroller-Audit's office and are available for review anytime in normal business hours.

Question Eight: Please provide copies of most recently issued SAS 114 communications including the following;

a. Please provide copies of most recently issued management letters, including communication of control deficiencies, significant deficiencies, and material weakness, if any; and a listing of any audit adjustments recorded in the last audit;

ANSWER: See Exhibit C.

b. Please provide a summary of unrecorded audit differences existing from prior audits, if any.

ANSWER: None as per page 8 of Exhibit C.

Question Seven: Please provide Copies of the 2009 A-133 audit.

ANSWER: See Exhibit B.

Question Six: Can I see your accounting records and/or meet with the Deputy Comptroller – Audit/Deputy Comptroller – Accounting/County Comptroller before I submit a bid?

Answer: Yes. You can make an appointment through the Deputy Comptroller - Audit at 858-8430 on weekdays.

Question Five: How many years has the current auditor served in that role?

Answer: Twelve years. The previous contract (years 1999 through 2004) was also Deloitte. In 2005, Deloitte was the only firm that bid on the 2005 to 2010 County Audit contract. Before Deloitte, the County external auditor was KPMG.

Question Four: Is the current service provider prohibited from bidding on this RFP?

Answer: No. Our current auditor is Deloitte & Touche, LLP.

Question Three: Please provide the hours, timing and level of personnel staffing the audit engagement.

Answer: Erie County does not track this information.

Question Two: Were any additional services provided by your current audit firm? If so, please describe the service and approximate fees.

Answer:

<u>Year</u>	<u>Additional Billings</u>	<u>Reason</u>
2008	\$93,378	County Disaster Grants and some additional audit work.
2009	\$14,850	Additional work on the Single Audit
2010	\$46,446	Single Audit and Representation Letter
2010	\$7,867	Additional billings for Bond Offering
2011	Unknown at this time	

Question One: Please provide the current contract fees by year paid to your current audit firm.

Answer: Exhibit A is attached.