

May 20, 2024

POLK COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA

ADDENDUM #2

RFP 24-402, Annual Financial Auditing Services

This addendum is issued to clarify, add to, revise and/or delete items of the RFP Documents for this work. This Addendum is a part of the RFP Documents and acknowledgment of its receipt should be noted on the Addendum.

Contained within this addendum: questions and answers, attachments added, new receiving date, and revised cost sheet.

The RFP Receiving Date has been extended one (1) week. The revised RFP Receiving Date is Wednesday, May 29, 2024, prior to 2:00 p.m.

To obtain a copy of the Addendum 2 – Attachment A, Addendum 2 – Attachment B, Addendum 2 – Attachment C, and Addendum 2 – Attachment D please go the following FTP site: <https://ftp3.polk-county.net>, you will be prompted for a User ID and Password. The User ID is **procurevendor** and the password is **solicitation**. After you have logged in to the FTP site, double click on the file folder “**RFP 24-402, Annual Financial Auditing Services.zip**”, select “Open” or “Save As” to download the attachments. If you need assistance accessing this website due to ADA or any other reason, please email Ken Brush at kenbrush@polk-county.net.

Ken Brush

Procurement Contracts Manager

Procurement Division

This Addendum sheet should be signed and returned with your submittal. This is the only acknowledgment required.

Signature: _____

Printed Name: _____

Title: _____

Company: _____

RFP 24-402, Annual Financial Auditing Services Addendum #2(Continued)

Question 1: What were the audit fees for each of the last three fiscal years?

Answer 1: In fiscal years ended September 30, 2021, 2022, 2023 the audit fees were \$291,420, \$296,252 and \$301,167, respectively. The other offices were not costed separately in the previous contract as this RFP is requesting. The Tax Collector audit was not included in this contract and paid approximately \$20,000 each of the past three years for the audit.

Question 2: Are the current auditors allowed to respond to the RFP?

Answer 2. Yes

Question 3: Does the current auditor prepare the ACFR?

Answer 3: Yes

Question 4: How long has the current auditor been performing this audit?

Answer 4: The current contract has been in place since 2016 as the successful vendor through a previous RFP at that time.

Question 5: For your most recent audit, were there any additional services provided by the current auditors? If so, what were they and what were the fees?

Answer 5: All of the services performed that were necessary to issue the financials discussed in the RFP were included in the audit contract rate. If a special project was needed, then it was paid on an hourly basis by staff member based on the hourly rates per staffing level included in the contract or a separate contract was prepared for that engagement. There were no additional services for the most recent audit. Non audit services outside the scope of this RFP are listed below in questions 53 & 54.

Question 6: Are there any points awarded in the Evaluation Criteria for any of the following: Local business preference (and if so, in what areas), MWBE or SBE certification (and if so, what certifications does the County accept?)

Answer 6: There are no points awarded for WMBE or SBE certification for this RFP.

Question 7: Does the County expect to meet the requirements for a Federal Single Audit?

Answer 7: Yes

Question 8: Does the County expect to meet the requirements for a Florida Single Audit?

Answer 8: Yes

Question 9: Are there any material current events that will affect the County during the first fiscal year of the contract (lawsuits, debt issuances, changing software, new programs, loss/gain of major funding source)?

Answer 9: The County is considering a utility debt issue during the current fiscal year. No other financially material event is known currently.

Question 10: Who will be the members of the audit selection committee?

Answer 10: Bill Braswell, Chairman Board of County Commissioner, Dee Dee Beaver, Clerk's Office, Andria McDonald, Sheriff's Office, Stephen Zarycki, Tax Collector's Office, Myra Valdez, Property Appraiser's Office and Linda Lacourse, Supervisor of Elections Office.

Question 11: Who is on the selection committee?

Answer 11: See Question 10.

Question 12: Are there any areas within the audit or the County's operations that impact the audit that is of special concern to management or County Commissioners?

Answer 12: No.

Question 13. Except for timely issuance of the Annual Comprehensive Financial Report, in what ways can your auditor provide value to the County?

Answer 13: Nothing additional is being requested in this RFP but special projects do come up from time to time.

Question 14: What were the most significant challenges faced during the FY2023 audit, if any?

Answer 14: The most significant challenge was getting the required financial reports completed on time to submit to GFOA.

Question 15: Is the transition to a new auditor a concern of KEYS'? If so, what are those concerns?

Answer 15: The concerns are getting the ACFR and PAFR completed on time and accurately which is the top priority. The second would be working as a team with staff to accomplish priority number 1.

Question 16: Has the Inspector General been involved with the external audit process historically, and if so, in what capacity?

Answer 16: The Inspector General (IG) does provide some assistance with the external audit process historically to assist the external auditors. The tasks vary from year to year, but the IG consistently audits investments, gets internal control questionnaires updated and performs some walkthroughs. Each year the tasks are agreed upon between the Clerk's Office and the auditors.

Question 17: What was the nature and magnitude of any audit adjustments for the 2023 audit?

Answer 17: Polk County had no audit adjustments, in the sense of correcting entries related to audit findings, in FY23. The auditors did provide entries for the Net Pension Liability and OPEB in FY23.

Question 18: Could you provide copies of the elected constitutional office's financial statements for 2023 (Clerk and Comptroller, Sherrif, Tax Collector, Property Appraiser, and Supervisor of Elections)?

Answer 18: Yes, please see Addendum 2 - Attachment A.

Question 19: Could you provide copies of the Statement of Landfill Closure and Long-Term Escrow Accounts and Additional Landfill Funds and the Statement of County Funded Court-Related Functions, Section 29.0085, Florida Statutes for 2023?

Answer 19: Yes, please see Addendum 2 - Attachment B and Addendum 2 - Attachment C.

Question 20: What were the audit engagement fees for FY2023 and FY2022 for the County, CRA, Clerk and Comptroller, Sherrif, Tax Collector, Property Appraiser, and Supervisor of Elections? Did those fees include any additional out-of-scope billings?

Answer 20: See question #1 and #5 above.

Question 21: Do you anticipate the level of federal and state funding in 2024 to be consistent in 2023?

Answer 21: Yes. However, it should be noted that the county is still spending the Federal State and Local Recovery Funds due to much of it being allocated to construction type projects where much of the project money is spent at the end of construction.

Question 22: Do you anticipate any significant changes to their systems during the term of this engagement?

Answer 22: None anticipated for the Board, Clerk or Supervisor of Elections or Property Appraiser. The Tax Collector is expecting to go live with Tyler Munis 10/1/2024.

Question 23: Did the County use a software system for the implementation of GASB 87 and/or GASB 96? If so, does management plan to maintain leases and SBITAs within that system?

Answer 23: The Comptroller's Office does use a software system for GASB 87 and 96 for the Board, Clerk and Supervisor of Elections and plans to maintain leases and SBITAs within that system. The Sheriff's and Tax Collector's Office used Excel spreadsheets.

Question 24: Non audit Scope of Services denotes tax consulting and assistance. Could you please elaborate on the nature and scope of potential tax consulting and assistance?

Answer 24: Usually this is just consulting or providing clarity to the office on unusual transactions such as payroll issue or an IRS correspondence.

Question 25: As the auditor is to prepare the financial statements, please expand on how County provides the auditor the information for preparation of the financial statements. Does the agency prepare the rolled-up funds, or would the auditor obtain a trial balance to develop the funds?

Answer 25: The County provides a detail trial balance (original budget, final budget, actual) including all account combinations and containing codes and descriptions for parent fund, child fund, cost center, account, government-wide and fund level groupings. The Sheriff's, Property Appraiser's and Tax Collector's Offices provide their Trial Balances and other schedules needed by the auditors to prepare the financials.

Question 26: Who are the individuals to oversee the preparation of the financial statements? What are their levels of experience and knowledge?

Answer 26: The Comptroller Division of the Polk County Clerk and Comptroller will oversee the preparation of the Board, Supervisor of Elections and the entity-wide financial statements. This division has over 30 years of Florida governmental accounting experience. The Clerk, Tax Collector and Sheriff's each have their own experienced Florida government accountants to oversee the financial statements of those offices.

Question 27: What were the prior year fees by each required component?

Answer 27: See question #1 and #5 above.

Question 28: What are some things you would like to see improved in the financial audit process compared to previous years?

Answer 28: None noted.

Question 29: When does the County expect fieldwork to take place?

Answer 29: Audit fieldwork begins in November.

Question 30: Would the County be open to having the majority of the audit being performed remotely?

Answer 30: No.

Question 31: Are the accounting records needed for the audit centrally located within finance (for all reports)?

Answer 31: The accounting records are maintained separately for each office.

Question 32: Are the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files?

Answer 32: Yes.

Question 33: What type of documentation does the County have related to internal controls by segment and by assertion?

Answer 33: The Inspector General's Office maintains extensive internal control documentation which is reviewed and updated as necessary. The Sheriff's Office has Fiscal Internal Control Memos and division directives.

Question 34: What ERP system does the County use?

Answer 34: The County and Clerk's Office uses Oracle Fusion. Each of the other constitutional offices has their stand-alone accounting systems. The Sheriff's and Property Appraiser's Office uses American Data Group (ADG). The Tax Collector currently uses Egov.

Question 35: Does the County expect any significant changes in the accounting system or software during the contract term?

Answer 35: No significant changes expected except the Tax Collector anticipates going live with Tyler Munis 10/1/2024.

Question 36: Does the County have electronic workflows implemented for critical transactions (e.g. payroll, cash disbursements), where approvals and documents are managed through the accounting system (no physical documents, no wet signatures)? If so, what transaction types are managed through the system?

Answer 36: Accounts Payable, Revenue and Payroll are primarily managed electronically.

Question 37: Are IT controls and oversight managed centrally?

Answer 37: No, each constitutional office is responsible for their own IT controls.

Question 38: Does the County use service organizations? If so, approximately how many and for which transaction cycles?

Answer 38: The Polk County Tax Collector (the "Tax Collector") processes mailed-in utility check payments on behalf of the County and generates a file to be deposited through the County's bank. Through this process, the County deposits approximately 8,100 checks per month. Polk County uses software as a service for the ERP system, testing as a service for the ERP system, third party medical bill collecting, many third-party credit card processing platforms, third party payroll tax processor, investment custody, third party health insurance administrator, third party inmate medical care provider, just to name a few.

Question 39: Are there any significant changes in operations expected for the contract term?

Answer 39: No financial materially significant changes in operations are expected at this time.

Question 40: Do you expect to have any retirement or replacement of key employees in Finance?

Answer 40: Yes, but experienced replacements are being recruited well in advance.

Question 41: How many major programs does the County expect to have for its federal and state assistance compliance audits in FY2024 and FY2025?

Answer 41: Estimate is no more than 4.

Question 42: The RPF requires a copy of the key personnel's CPA license. Is a printout or screenshot from the Board of Accountancy website sufficient?

Answer 42: Copies of the active Florida CPA licenses would be sufficient evidence.

Question 43: The RPF requires 2-5 engagements that demonstrate the firm's experience with similar size Florida governmental agencies performing financial auditing services within the past 3 years. Will the County consider non-governmental agencies or governmental agencies outside of Florida?

Answer 43: No.

Question 44: Please clarify if the audit of the financial statements as required by Chapter 10.550 for the 5 elected offices refer to the compliance examinations as shown in the prior year reports attached to the RFP. If not, please provide copies of the prior year reports.

Answer 44: The requirements of chapter 10.550 is part of the reports attached to the RFP 24-402 Attachment A.

Question 45: The scope also includes audits of the Statement of Landfill Closure and Long-Term Escrow Accounts and Additional Landfill Funds and the Statement of County Funded Court-Related Functions. Should fees be presented in the cost sheet?

Answer 45: The fees for this audit and report should be included with the fees for Polk County (Board).

Question 46: Please clarify how the five entities listed in the cost sheet relates to the individual reports listed in the scope of service.

Answer 46: Please see below, RFP 24-402 Addendum 2 – Revised Cost Sheet.

Question 47: Please clarify if the one double-sided page limit applies to entire introduction letter or only to evidence of the firm's licensure in Florida.

Answer 47: The one double-sided page limit is for everything up to the evidence that the Proposer is a licensed CPA Firm within the State of Florida.

Question 48: What is the timeline for answers to be available?

Answer 48: Answers will be released with this addendum.

Question 49: What is the timeline for the award process, estimated date of the award notification?

Answer 49: Recommendation of award is anticipated to go to the Board for approval in July 2024. A fully executed contract is anticipated to be signed in August 2024.

Question 50: For how many years has the County engaged the previous auditor (audit firm who conducted the FY2023 Audit)?

Answer 50: The current contract has been in place since 2016 as the successful vendor through a previous RFP at that time.

Question 51: Please provide a breakdown of audit fees paid for fiscal year 2022 by the below segments:

- a) Polk County
- b) Clerk of the Circuit Courts
- c) Property Appraisers
- d) Sheriff's Office
- e) Supervisor of Elections
- f) Board of County Commissioners
- g) Tax Collector
- h) CRA
- i) Federal Single Audit
- j) State Single Audit

Answer 51: The fiscal year 2022 and 2023 audit Fees were not broken down separately, but the Tax Collector was not part of the total contracted fees. The Tax Collector paid approximately \$20,000. The CRA, Federal Single Audit and the State Single audit fees should be included in the fees for Polk County (Board).

Question 52: Please provide a breakdown of audit fees paid for fiscal year 2023 by the below segments:

- a) Polk County
- b) Clerk of the Circuit Courts
- c) Property Appraisers
- d) Sheriff's Office
- e) Supervisor of Elections
- f) Board of County Commissioners
- g) Tax Collector
- h) CRA
- i) Federal Single Audit
- j) State Single Audit

Answer 52: The fiscal year 2022 and 2023 audit Fees were not broken down separately, but the Tax Collector was not part of the total contracted fees. The Tax Collector paid approximately 20,000.

The CRA, Federal Single Audit and the State Single audit fees should be included in the fees for Polk County (Board).

Question 53: Did the auditor provide "out-of-scope services" during fiscal year 2022? If so, what were the associated services and fees?

Answer 53: For examples, consulting services were provided to implement GASB 87 for a contracted amount not to exceed \$30,000. \$8,378 was paid on this agreement. Cybersecurity Assessment and consulting services were provided to the Board for \$59,000 in fiscal year 2022.

Question 54: Did the auditor provide "out-of-scope services" during fiscal year 2023? If so, what were the associated services and fees?

Answer 54: For examples, consulting services were provided to implement GASB 96 for a contracted amount not to exceed \$30,000. \$4,182 was paid on this agreement. IT testing services were provided to the Clerk for \$12,000. Fees association with appealing the IRS for the Board were \$7,884. In the distant past we have used this category for audit firm to provide services such as auditing a selection of entities that received Tax Abatement Incentive, or a Impact Fee audit of selected municipalities that collect building impact fees, etc.

Question 55: On page 34 of the RFP, the Cost sheet does not seem to include the Tax Collector, Board of County Commissioners, and CRA segments. Should these be manually added as separate line items? If not, where should these related costs be reflected?

Answer 55: Please see below, RFP 24-402 Addendum 2 – Revised Cost Sheet.

Question 56: Please provide a copy of the 2022 or 2023 (if issued) "Required Communications Letter to Those Charged with Governance" issued by the external auditor to the City.

Answer 56: Please see Addendum 2 – Attachment D.

Question 57: Does the County or any of its audited counterparts undergoing any ERP implementation during the term of the contract? If yes, what fiscal years?

Answer 57: None currently being considered except the Tax Collector anticipates going live with Tyler Munis on 10/1/2024.

Question 58: Should the cost of the auditing the Harden / Parkway Community Redevelopment Agency be incorporated within the County total cost line item on page 34?

Answer 58: Yes, as well as the Federal and State Single Audits.

RFP 24-402 Addendum 2 – Revised Cost Sheet

(Please place behind Tab 4, Cost)

ENTITY	COST
Polk County, a political subdivision of the State of Florida	\$
Polk County, Clerk of the Circuit Courts	\$
Polk County Property Appraisers	\$
Polk County Sheriff's Office	\$
Polk County Supervisor of Elections	\$
Polk County Tax Collector	\$
Grand Total	\$