



**ADDENDUM #1  
Office of Financial Management  
Auditing Services  
RFP # 7148-20**

June 1, 2020

The attached addendum supersedes the original Information and Specifications regarding RFP # 7148-20 where it adds to, deletes from, clarifies or otherwise modifies. All other conditions and any previous addendums shall remain unchanged.

**Please note: Due to COVID-19, BIDS will only be accepted electronically by emailing [purchasing@bouldercounty.org](mailto:purchasing@bouldercounty.org).**

**Please Note: Appendix F has been revised and is attached. Additional cost information for PERA census audit services has been explicitly broken out. These services may not be needed every year, but please include a price proposal for those services if they are required.**

1. Question: Why are you going out to bid? Is it required or optional?

**ANSWER: The County has been bidding annual audits on a five year basis for some time as a matter of policy.**

2. Question: How many hours do the current auditors spend on the audit engagement?

**ANSWER: The County does not have knowledge of audit hours incurred by our external auditors.**

3. Question: How many auditor identified journal entries are typically recorded each year?

**ANSWER: Once final trial balances are presented to the auditors all entries are tracked by both the County and the auditors and any entries are mutually agreeable when booked. Please see the attached 2018 Governance Communication letter for a summary of corrected and uncorrected misstatements.**

4. Question: Do you expect to have any significant new federal grants?

**ANSWER: Potentially, this will depend on if we receive any new federal funding due to Covid-19 response efforts.**

5. Question: Do you expect to have any other significant new activity in 2020?

**ANSWER: Because of the pandemic the County has an ever increasing amount of activities being undertaken to serve the citizens of Boulder County.**

6. Question: What are your current audit fees?

**ANSWER: The fees for 2019, not counting special audits, are \$271,530.**

7. Question: Why is the County requesting audit proposals?

**ANSWER: The County has been bidding annual audits on a five year basis for some time as a matter of policy.**

8. Question: Were there any issues with the current auditor?

**ANSWER: The County enjoys a positive working relationship with its external auditors. There have been no issues or disagreements.**

9. Question: Were there any journal entries discovered by the auditors during the 2019 audit process?

**ANSWER: The 2019 annual audit is ongoing at this time. Once final trial balances are presented to the auditors all entries are tracked by both the County and the auditors and any entries are mutually agreeable when booked. 2018 adjustments are summarized in the attached Governance Communication letter.**

10. Question: How many auditors and how many days were the auditors in the field for interim and final fieldwork?

**ANSWER: The last two years the auditors have worked primarily from remote locations so the County does not know how they utilized their work force.**

11. Question: What is the County's preferred timing for the audit?

**ANSWER: The County would prefer internal control and interim testing in the late fall and/or during January with final field work beginning in late April or May with a delivery date prior to June 30.**

12. Question: Outside of the audit process, what does the County find/define value from its auditors?

**ANSWER: The County finds value in the external auditors keeping us informed as to changes in accounting from other sources such as GASB or new Colorado laws as well as tips and techniques for improvements to our practices.**

13. Question: Were there any major audit issues identified for 2019? Any anticipated ones for 2020?

**ANSWER: The County implemented a new accounting system in 2019, which has caused delays in conducting the 2019 audit. We will be improving and refining how our use of the system and its functionality and anticipate far fewer issues in the future.**

14. Question: What part of the audit process would the County like to improve over the past audits?

**ANSWER: The County continues to improve its timeliness.**

15. Question: What transition issues would the County be concerned about if the audit is awarded to new auditors?

**ANSWER: The County knows a first year audit is always a challenge for both the audit firm and the County so open and frequent communication is desired.**

16. Question: Have there been any significant changes in key staff in the past year that would affect the 2020 audit? Are there any anticipated changes/retirements in 2020 that we need to be aware of?

**ANSWER: The County had major staff changes during 2019 within the Office of Financial Management. The County also created the position of County Administrator at the beginning of 2020 by promoting a department director. Two new County Commissioners will be elected in 2020 due to term limitations.**

17. Question: Are there any significant changes in federal funding anticipated for 2020?

**ANSWER: Potentially, this will depend on if we receive any new federal funding due to Covid-19 response efforts.**

18. Question: Assuming each bidder's proposed fees are equal, what is the next most important thing to the County?

**ANSWER: The knowledge and experience of the firm and the audit team with county governments, as well as the stability of the firm's audit team.**

19. Question: We understand that you previously early implemented GASB 84, *Fiduciary Activities*; Do you tend to take this approach (early implementation) with most standards, and if so, what is your plan for future standards such as GASB 87?

**ANSWER: The County has started the process to implement GASB 87 on the leasee side but anticipates not doing an early implementation.**

20. Question: Briefly discuss the estimated impact of COVID-19 on the County and the current anticipated planned response.

**ANSWER:**

- **To date the county has expensed \$5.4M in response to the Pandemic. Expenses include significant PPE and related material expenses, aid to local non-profits, grants to small businesses, IT expenses to support tele-work and personnel expenses which is the most significant expenditure. The State has announced that it will now share federal funding received through the CARES Act; as such the county is hopeful to recoup much of this amount as well as receive funding going forward. Expenses to date have been made out of the Housing and Human Services Fund, the Public Health Fund and the General Fund. The county has not yet determined if it will apply for a FEMA grant.**
- **The county has not furloughed or laid off any personnel to date. The immediate economic impact is on our sales tax revenues which are for dedicated voter approved purposes and comprise 14% of our budget. We currently are forecasting a \$13M decrease in sales/use revenues in 2020. Our bigger concern is the long term effects on our property tax which comprises 44% of our revenue budget. Due to the State’s Gallagher Amendment, unless repealed, the residential assessment rate (RAR) is anticipated to drop to 5.88% down from over 7%. If realized the county would see a \$22M drop in revenue in 2022. In preparation, the county is currently analyzing proposed operating cuts to take effect in both 2020 and 2021.**

21. Question: What were the fees for the prior year audits for the County?

**ANSWER:**

	2015	2016	2017	2018	2019
Boulder County Financial Statements	\$ 110,875	\$ 114,200	\$ 117,600	\$ 121,100	\$ 124,700
Public Health Financial Statements	23,150	23,800	24,500	25,200	26,000
County-wide Single Audit	79,000	81,400	83,800	86,300	88,900
Other Services 1	5,275	5,400	5,600	5,800	6,000
Other Services 2	-	-	-	-	25,930
<b>Total annual cost</b>	<b>\$ 218,300</b>	<b>\$ 224,800</b>	<b>\$ 231,500</b>	<b>\$ 238,400</b>	<b>\$ 271,530</b>

22. Question: Is there a process for posting follow-up questions after receipt and review of the County’s inquiry response addendum?

**ANSWER: There is not a process for additional follow-up questions.**

23. Question: For this RFP, who will comprise the Audit Evaluation Committee?

**ANSWER:**

**Tentatively, the committee will consist of:**

- Ramona Farineau, Chief Financial Officer
- Jeremy Creamean, CPA, Reporting & Compliance Comptroller
- Emily Beam, Financial Systems Comptroller
- Alan Smith, Accounting Officer
- Jim Harmon, CGMA, Senior Financial Analyst and Reporting Lead
- Will Kugel, Finance Director at Boulder County Department of Housing and Human Services
- Megan Hatten, Director of Administrative Services, Boulder County Public Health
- Brian Ball, Technology Manager, Oracle Program Office

24. Question: Has the County had any significant changes within its leadership or accounting staff in the last year?

**ANSWER:**

- In May of 2019 the finance director retired and the board took the opportunity to restructure in that area. The Finance Director and staff worked for the Administrative Services Director and the Budget Director and staff worked directly for the Commissioners. At that time the Budget Director who has 27 years of experience with the county and has worked in both offices was appointed Chief Financial Officer to oversee both functions with the new Office of Financial Management reporting directly to the board. The CFO position is new to the county.
- In January 2020 the board announced a county re-organization which included the creation of a county administrator. The current Administrative Services Director with over 20 years of experience with the county was appointed to that position. All department heads previously reporting directly to the board with the exception of the CFO, the County Attorney and the Sustainability Director now report to the Administrator. A new Public Works Department and a Central Permitting Office were also created. These changes were made to allow the Commissioners to focus more on county-wide initiatives and outward facing duties and less time on administrative work. The new departments were created to better serve our public through “one stop shopping”.

25. Question: Does the County expect any significant changes within its leadership or accounting staff in the next year?

**ANSWER:** The County’s long time Housing and Human Services Director has accepted a national position. The County will be conducting a nationwide search to fill this important position. Two or our three county commissioners are currently in their last terms. New commissioners will be elected in November and sworn in during January 2021.

26. Question: What challenges and/or significant changes does the County expect to face over the next five years?

**ANSWER: The County will be responding to the current pandemic and cannot predict what that will look like today. We do know our 2021 budget will look different than our adopted 2020 budget to some extent.**

27. Question: In the RFP, section II.C.5., it discusses official statements prepared in connection with the sale of debt securities. Should the fees associated with any necessary consent and/or comfort letters be separately identified in the fee proposal?

**ANSWER: Prior contracts have not attached a fee to the consent requirement. Yes, if a fee is associated with the consent and/or comfort letters it should be identified separately.**

28. Question: Are there any new bond issuances that have occurred or are anticipated to be completed during the year end 2020?

**ANSWER:**

- **Yes, in March of 2020 the County issued \$30.0M in Open Space Bonds at a premium that generated an additional \$4.8M. The true interest cost (TIC) is 1.8% and the term is 15 years. The debt was approved by voters in the November 2016 election. An extended Open Space Sales Tax that became effective 1/1/2020 is pledged to support debt payments; the bonds also have the backing of the general fund. The bonds are rated AAA by Standard & Poor's. At the time of issuance S&P also raised its rating on all county general fund backed obligations from AA+ to AAA based upon the county's economy, management, budgetary performance, flexibility, liquidity, debt profile and institutional framework.**
- **The county anticipates issuing a privately placed Certificate of Participation (COP) in June of 2020 for \$34.0M. At the time of this response, the county is awaiting results of an RFP circulated to banking institutions. The COP will reimburse the county \$12.7M for a Human Services building purchased in the Eastern county as outlined in a reimbursement resolution, fund the building's finish for \$9.2M, fund a compost processing facility on previously purchased property for \$7.0M, modernize the Commissioners hearing room for \$1.6M, and provide fiber line automation at the county recycling center for \$2.9M. The COP will be backed by our general fund with partial future reimbursements to the general fund coming from the county's new Sustainability Tax and current recycling fees.**

29. Question: Why is the County going out to bid and how often does the County go out to bid? Does the County require firm rotation, or can the current auditors propose on the audit?

**ANSWER: The County has been bidding annual audits on a five year basis for some time as a matter of policy. The County does not currently require firm rotation of auditing firms.**

30. Question: On average, when does the County complete its financial records and close out the fiscal year? When are the trial balances and supporting schedules available for the auditors?

**ANSWER: The County's goal is to have the prior year closed and trial balances along with most prepared by client workpapers completed by the end of April.**

31. Question: Per the RFP, the final report is expected to be delivered by June 21, 2021 to meet the GFOA deadline. In reviewing the 2017 and 2018 CAFRs, the auditor report dates were in September. Does the County expect similar delays will not be present for the 2019 and 2020 audits?

**ANSWER: The 2019 audit is ongoing due to our financial system conversion. The County's goal is to have the prior year closed and trial balances along with most prepared by client workpapers completed by the end of April.**

32. Question: When has the fieldwork (both interim and final) been completed? Are there any expected changes to the preferred timing of the fieldwork?

**ANSWER: The County's goal is to have the prior year closed and trial balances along with most prepared by client workpapers completed by the end of April. Timeframes have varied over the last few years but the desired completion date remains prior to June 30.**

33. Question: Are there anticipated significant changes in federal funding that would impact the major program under the Uniform Guidance determination in 2020 or future years?

**ANSWER: Potentially, this will depend on if we receive any new federal funding due to Covid-19 response efforts.**

34. Question: Other than COVID-19, have there been any major events/transactions That have occurred during 2020 that would impact the financial statement audit (i.e. major debt issuances or capital improvements or changes to major funds.)?

**ANSWER: The board adopted a baseline budget for 2020 in anticipation of a projected recession which has helped us now during this economic downturn. Only ongoing capital projects were budgeted and operation budgets were held level. Debt issuance was not part of the original adopted budget, however the board amended the budget and approved an Open Space Bonding with prior approved debt capacity due to historically low interest rates in March. The county is also in the process of issuing a COP. Please see question 3 above for additional details.**

35. Question: Is the County implementing GASB Statement No. 95 which allows the postponement of implementation of GASB Statements No. 83 – 94, or is the County planning to implement any of these standards for the December 31, 2019 CAFR?

**ANSWER: The County is not planning any additional implementations of GASB statements prior to their extended implementation dates.**

36. Question: Are there any major events/transactions anticipated for fiscal years 2020

through 2024 that are known at this time?

**ANSWER:** Please see question 28 above related to debt transactions being processed in 2020. The county also continues to economically recover from the 2013 Flood. Prior to the flood the county's unassigned fund balance stood at \$60+M. Currently our estimated unaudited 2019 unassigned fund balance is \$35M with the board setting a goal of a \$40M balance by 2023. The Road and Bridge fund is estimated to end the 2019 year with a negative \$48M fund balance due to flood work and the lagging FEMA reimbursements. When reimbursements stop flowing the General Fund will be required to make the Road and Bridge Fund whole. The county has budgeted a \$10M transfer from the general fund in 2020 to proactively attack the deficit due to FEMA unknowns.

37. Question: Are you willing to share your thoughts on how, or if, the process for completing the audit could be improved? What is most important to you in working with your auditors?

**ANSWER:** Open and frequent communication, which we have today, is the key to smooth and timely completion of annual audits.

38. Question: Were there any known instances of fraud or illegal acts during the fiscal year?

**ANSWER:** No

39. Question: Does the County utilize outside service providers for any significant functions (i.e. payroll services)?

**ANSWER:** The County hires many service providers. Payroll is handled in house.

40. Question: Is the County willing to share historic audit fees for the County's financial audit?

**ANSWER:**

Boulder County Proposal for Audit Services	Schedule of Fees and Expenses for Audit Services for the year ended December 31, 2015 and the subsequent 4 years.				
	2015	2016	2017	2018	2019
Boulder County Financial Statements	\$ 110,875	\$ 114,200	\$ 117,600	\$ 121,100	\$ 124,700
Public Health Financial Statements	23,150	23,800	24,500	25,200	26,000
County-wide Single Audit	79,000	81,400	83,800	86,300	88,900
Other Services 1	5,275	5,400	5,600	5,800	6,000
Other Services 2	-	-	-	-	25,930
<b>Total annual cost</b>	<b>\$ 218,300</b>	<b>\$ 224,800</b>	<b>\$ 231,500</b>	<b>\$ 238,400</b>	<b>\$ 271,530</b>

41. Question: Is the County willing to share historical audit hours, or if not known, how many auditors were generally at the County during interim and final fieldwork and how long was fieldwork generally scheduled?

**ANSWER:** The County has no knowledge of auditor hours and currently all work is being done remotely.



42. Question: Please provide the following, if applicable, relating to the fiscal year 2017 and 2018 for the County?

Audit Adjusting Journal Entries

Passed Adjusting Journal Entries (not posted);

Management Letter (internal control deficiency communication, or SAS 115);

Final letter to the Board of County Commissioners and/or Audit Committee (SAS 114);

*Certificate of Achievement for Excellence in Financial Reporting* detailed listing of comments and suggestions for improvements from the GFOA.

**ANSWER: Items for 2018 are attached. 2017 information is not available at this time.**

43. Question: What are the things that are most important to the County and its staff with respect to the audit engagement?

**ANSWER: Open and frequent communication, which we have today, is the key to smooth and timely completion of annual audits.**

44. Question: Have there been or are there planned changes in key management and accounting staff of the County?

**ANSWER: Please see questions 24 and 25 above.**

45. Question: With the issuance of GASB 95, what is the planned implementation dates by the County for future GASB Standards that have yet to be implemented (GASB 87 and so on)?

**ANSWER: The County is not planning any additional implementations of GASB statements prior to their extended implementation dates.**

46. Question: What is the anticipated/projected budget impacts to the County for 2020 and thereafter related to the pandemic?

**ANSWER: Please see question 20 above.**

47. Question: Other than pandemic related budget impacts, what challenges or significant changes does the County expect to face over the next five years (i.e. GASB 87, Uniform Guidance, public private partnerships, accounting system conversion, etc...)? How can the auditor assist the County with these challenges, taking into consideration independence requirements?

**ANSWER: Open and frequent communication is the key to smooth and timely completion of annual audits and address other matters as they arise. We do not hesitate to consult with our auditors when we have questions or wish additional input on financial matters.**

48. Question: What general ledger software package is used for accounting? How many significant systems are utilized by the County and are they integrated?

**ANSWER: Oracle PBCS has an automated integration between ERP and PBCS. Tyler, Kronos, Accela, EnergyCap all are manual integrations (source systems generate a file, then a person has to grab that file and load it to Oracle).**

**Bank integrations are no touch as well, via standard functionality built into ERP.**

49. Question: Do we anticipate the final 2019 CAFR, Single Audit and related management letter and communication to governance to be available prior to deadline for submission of proposals?

**ANSWER: The County does not believe these items will be available for 2019 prior to submission of proposals.**

50. Question: We noted in the past the auditor may assisted with the preparation of the CAFR, does the County anticipate preparing all elements of the CAFR internally for the term of the contract?

**ANSWER: The County does anticipate preparing all element of the CAFR internally going forward, but, as has happened in the past, the County may request additional assistance from the external auditors if circumstances make this necessary.**

51. Question: Is the County able to anticipate the number of major federal programs considering any additional potential funding as a result of the pandemic?

**ANSWER: At this point the County will be receiving Federal CARES Act funding which will be shared from the State's allocation. We currently are exploring FEMA grants.**

52. Question: What is the County preferred timing with relation to delivery and presentation to the Board of County Commissioners?

**ANSWER: A delivery date prior to June 30, with presentation to follow as soon as practical.**

**Submittal Instructions:**

Submittals are due at the email box only, listed below, for time and date recording on or before **2:00 p.m. Mountain Time on June 8, 2020.**

**Please note that email responses are limited to a maximum of 50MB capacity. NO ZIP FILES ALLOWED. Electronic Submittals must be received in the email box listed below. Submittals sent to any other box will NOT be forwarded or accepted. This email box is only accessed on the due date of your questions or proposals. Please use the Delivery Receipt option to verify receipt of your email. It is the sole responsibility of the proposer to ensure their documents are received before the deadline specified above. Boulder County does not accept responsibility under any circumstance for delayed or failed email or mailed submittals.**

Email [purchasing@bouldercounty.org](mailto:purchasing@bouldercounty.org); identified as **RFP # 7148-20** in the subject line.

All proposals must be received and time and date recorded at the purchasing email by the above due date and time. Sole responsibility rests with the Offeror to see that their bid is received on time at the stated location(s). Any bid received after due date and time will be returned to the bidder. No exceptions will be made.

The Board of County Commissioners reserve the right to reject any and all bids, to waive any informalities or irregularities therein, and to accept the bid that, in the opinion of the Board, is in the best interest of the Board and of the County of Boulder, State of Colorado.



**RECEIPT OF LETTER  
ACKNOWLEDGMENT**

June 1, 2020

Dear Vendor:

This is an acknowledgment of receipt of Addendum #1 for RFP #7148-20, Auditing Services.

In an effort to keep you informed, we would appreciate your acknowledgment of receipt of the preceding addendum. Please sign this acknowledgment and email it back to [purchasing@bouldercounty.org](mailto:purchasing@bouldercounty.org) as soon as possible. If you have any questions, or problems with transmittal, please call us at 303-441-3525. This is also an acknowledgement that the vendor understands that **due to COVID-19, BIDS will only be accepted electronically by emailing [purchasing@bouldercounty.org](mailto:purchasing@bouldercounty.org).**

Thank you for your cooperation in this matter. This information is time and date sensitive; an immediate response is requested.

Sincerely,

Boulder County Purchasing

**Signed by:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name of Company** \_\_\_\_\_

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