



St. Johns River Water Management District

Michael A. Register, P.E., Executive Director

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March 13, 2023

Prospective Respondents

RE: Addendum #1 to Request for Proposals 38510 – Annual Independent Financial Auditing Services

Dear Prospective Respondents:

As a result of the Non-Mandatory Pre-Proposal Meeting held March 7, 2023, the following questions and corresponding response to each are included below. A copy of the sign-in sheet/list of attendees for the Pre-Proposal Meeting is attached for your reference.

1. **Question:** Regarding the contract term for this solicitation, if the term is five years, corrections need to be made on pages 21 and 23 to correct the contract term.

Response: Refer to the following revisions made to the contract regarding the contract term:

- Paragraph 1. TERM, (c) Completion Date (Page 21): Delete the first sentence and replace with the following sentence:

“The Completion Date of this Agreement is September 30, 2028, unless extended by mutual written agreement of the parties.”

- Paragraph 6. FUNDING OF AGREEMENT (Page 23): Delete the first sentence in the first paragraph and replace with the following sentence:

“For satisfactory performance of the Work, the District agrees to pay Auditor \$ _____ (the “Total Compensation”).”

2. **Question:** Besides the procedure to submit a response to this solicitation by mailing or hand-delivering a thumb or jump drive, is there another electronic submission option?

Response: Yes. Another option for Respondents to submit their response in an electronic format, in addition to submitting it in a sealed envelope, is uploading the response to Demandstar. I have updated the option on the Demandstar posting. And, as a result of this revision, please see the additional language to be added to Paragraph 3. WHERE TO DELIVER PROPOSAL (Page 4).

- The first sentence under Paragraph 3. WHERE TO DELIVER PROPOSAL shall be:

“Bids may be uploaded directly to www.demandstar.com”.

3. When will the District be ready to begin the audit and when will the final report be due?

Response: Please see the Statement of Work, Part III, TIME REQUIREMENTS. (Pages 40 and 41)

4. Question: Besides preparing and completing the audit during the specified period, will there be any additional assistance needed from the selected auditor?

Response: No, not at this time.

5. Question: How much was paid to the audit firm in the prior year for audit and any additional services?

Response: The audit firm for the fiscal year ending 9/30/21 was paid \$74,531 for independent financial auditing services and an additional \$5,000 for additional GASB reporting fieldwork.

6. Question: The RFP issued last year for audit services was for a three-year engagement with additional optional years. What is the reason for reissuing the RFP before the initial three-year term?

Response: The RFP issued last year was not awarded.

7. Question: What were the current audit fees paid for fiscal year 2021 and 2022.

Response: Refer to the response for Question 5.

8. Question: Were any “out-of-scope” services performed by the auditor during fiscal year 2021 or 2022? If so, what were the services and related fees?

Response: Refer to the response for Question 5.

9. Question: For how many years has the District engaged the same auditor (current audit firm)?

Response: The last five years and in prior years.

10. Question: Page 4 of the RFP states sealed proposals are required but on page 5 section 5, it states “respondent must submit a digital proposal”. Please clarify. Is electronic submittal via DemandStar sufficient or is paper submittal required?

Response: This Addendum provides for the option of an electronic response through Demandstar; or, responses may be submitted on a thumb/jump drive and mailed in a sealed envelope with the required labeling specified in the solicitation that identifies it is for Request for Proposals 38510. Paper submittals should not be submitted.

11. Question: Page 5 and page 6 of the RFP makes reference to “subfolders.” Are “subfolders” proposal tabs?

Response: Yes.

12. Question: RFP page 22, states “Auditor shall submit written progress reports to the District’s Project Manager at the frequency requested in the form approved by the Project Manager at no additional cost to the District.” Please clarify and provide an example of what progress reports are expected.

Response: These are mostly email communications to keep the audit on the target completion date. Sometimes the progress reports and communications are via phone or Teams.

13. Question: RFP Page 23, section 6, states” first three-year term” but the table is for five (5) fiscal years. Please clarify the term of the contract

Response: This will be a five-year term, which is clarified in this Addendum.

14. Question: RFP page 11, Section 16, states “Submittal of a Proposal binds the Successful Respondent to perform the Work upon acceptance of the Proposal and execution of the Agreement by the District.”. There are several issues with the sample agreement which is available on Page 21. For example, the wording for the indemnification clause (Section 9, pg. 24) is not appropriate. Any CPA firm that executes the sample contract as is will not be considered to be independent under the AICPA standards and will not be allowed to issue an independent auditors report. Be mindful that auditors cannot agree to indemnify the client for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client’s acts. Such criteria is dictated in “Indemnification of an Attest Client” interpretation (ET sec. 1.228.020) of the “Engagement Contractual Terms” subtopic (ET sec. 1.228) under the “Independence Rule” of the AICPA Code of Professional Conduct (AICPA, Professional Standards). The wording in the sample contract would need to slightly change. Please confirm that the sample contract can be subject to change in order to ensure Independence is not impaired. Other examples stipulated in the RFP that will impair independence are as follows:

- a. Ownership of records —Auditors are not allowed to release and are required to protect the privacy of their audit strategy, such as materiality calculations, risk assessments and testing thresholds during an open audit.
- b. Approvals of work products. This contract includes language that would require the auditor under contract to pay another contractor (auditor) to re-perform the work if the auditor’s work product is not accepted by the government. This clause will create an undue influence threat to independence in that the engaging government is put in a position to direct and supervise the auditor’s work. An undue influence threat is defined in the “Conceptual Framework for Independence” interpretation (ET sec. 1.210.18) of the “Conceptual Framework Approach” subtopic (ET sec 1.210) under the “Independence Rule” of the AICPA Code of Professional Conduct (AICPA, Professional Standards). This type of language throughout the contract and RFP will impair independence.

Response: The Agreement included in the solicitation is our standard services agreement. After the evaluation process and the District’s Governing Board approves the ranking and authorizes negotiations to proceed, final details of the Agreement will be negotiated. Revisions to the Agreement at this time will not be considered since some terms may be negotiable.

15. Question: Page 40 of the RFP, Part III, section 6, states the draft reports are due by the Auditor on December 29th. This will not be feasible as on page 41, section C, it states the District will provide the auditor a draft on or before January 31st. The auditor will not be able to provide all recommendations and revisions to the document before reviewing the draft. Please clarify.

Response: These are target dates to complete the audit and submit to the March Governing Board for approval. The December 29 date is for the auditor to report all recommendations, revisions and or suggestions for improvement from what they have audited to date from our trial balance, general ledgers, payroll, grants, fixed assets, financial systems and documentation provided. These recommendations, revisions and or suggestions for improvement will be incorporated into the Draft ACFR, which will be targeted to be provided to the auditors on or before January 31.

16. Considering the above are material items which will have a significant influence on our ability to respond to the RFP, we kindly request the District consider the extending the RFP Due Date.

Response: The due date for the RFP will not be extended.

NOTE: The response due date for this solicitation remains as 2:00 pm, Tuesday, March 21, 2023.

Please acknowledge receipt of this Addendum on the PROPOSAL FORM provided in the Request for Proposals document.

If you have any questions, please contact me at wcox@sjrwmd.com or at (386) 329-4118 or Kendall Matott at kmatott@sjrwmd.com or at (386) 312-2324.

Request for Proposals 38510 – Annual Independent Financial Auditing Services
Non-Mandatory Pre-Proposal Meeting
March 7, 2023, 10:00 am (via Microsoft Teams / Conference Room 147)

Sign-In Sheet

Refer to the following page

Request for Proposals 38510—
Annual Independent Financial Auditing Services
Non-Mandatory Pre-Proposal Meeting
via Microsoft Teams
March 7, 2023, 10:00 am

Sign-in Sheet

District Attendees:

Wendy Cox, Procurement Director	Via Microsoft Teams/In-Person
Kendall Matott, Sr. Proc. Specialist	Via Microsoft Teams/In-Person
Sam Gardner, District Project Manager	Via Microsoft Teams
Greg Rockwell, Accounting Director	Via Microsoft Teams
Vicki Kroger, OFS Director	Via Microsoft Teams
Trina Vielhauer, Deputy Chief of Staff	Via Microsoft Teams

Public Attendees:

(print name and company name)

(signature)

Jeff Zeichner - Cherry Bekaert	In-Person
Wade Sansbury - Mauldin & Jenkins	Microsoft Teams
James Halleran - James Moore & Co.	Microsoft Teams
Barbara Boyd - Purvis Gray	Microsoft Teams
Frank Mason - Carr Riggs & Ingram	Microsoft Teams
Amy Miller - Carr Riggs & Ingram	Microsoft Teams