

ADDENDUM TO RFP DOCUMENTS
WESTERN CONTRA COSTA TRANSIT AUTHORITY
REQUEST FOR PROPOSAL 2022-01
INDEPENDENT YEAR END AUDIT

ADDENDUM NO. 1 DATED MAY 26, 2022

To All Potential Bidders: This addendum is issued to modify the previously issued bid documents and/or given for informational purposes, and is hereby made a part of the bid documents. Please attach this addendum to the documents in your possession. Per the RFP, the proposer shall acknowledge receipt of any and all addenda, if any, listing the Addenda by number(s) and date(s) in their Proposal.

Questions (in black) and Answers (in red)

1. How long have the current auditors been performing the audit for the Authority?

The most recent contract was for two years beginning with FY 2014-15 and, 3 one-year extensions ending FY2021. This auditor had been auditing WCCTA for several years previous to the most recent contract.

2. Were there any disagreements with the current auditors?

No.

3. Why is the Authority looking for new auditors?

The previous auditor's contract expired, and the auditor is also now retired.

4. What were the prior audit fee(s)? Please provide breakdown by report. Did these fees include travel?

The prior audit fee was proposed in the previous auditor's contract extension for FY20/21 as \$20,000 for the audit and the preparation of the information returns. The actual audit fee for FY20/21 was \$20,000. No travel fees were billed.

5. Were there any difficulties encountered during the prior audits?

None that we are aware of. See response to question #6.

6. How many adjusting entries/journal entries were proposed by the auditors?

WCCTA's previous Bookkeeper resigned in October 2021, and WCCTA's contracted CPA retired in September 2021 after 37 years. After a thorough review, our Accounting Analyst didn't identify any adjusting entries/journal entries proposed by the auditor in FY20/21, so we are assuming that there may have been some discussion during the audit and it was either accepted as presented or they did not propose any AJE. There are always background discussions during the audit for clarification on specific items, but there was a thorough audit packet put together by our contract accountant, and it resulted in no concerns raised by the audit firm and ultimately, no adjusting entries.

7. Was a management letter issued by the prior auditors? If so, can we get a copy?

No separate management letter was issued by the prior auditor, and all documents issued are contained in the Independent Financial Audit from FY2021. A copy has been provided to the requestor and is also available onsite at the WCCTA Administrative Office.

i. For both interim and year-end, in a normal year, how many staff did the audit team consist of in the past and how many days did the auditors spend in the field and when did the auditors come on-site?

We had a single outside CPA onsite for both. Our outside accountant prepared an audit packet for the auditor, with help from our bookkeeper. The auditor would then consult with the team for any additional requests, before scheduling a site visit. Due to the pandemic, the auditor may have visited twice for a couple of hours each time between July/August, and conducted the rest of his work remotely. Our outside accountant worked remotely in FY20/21. Previous to FY20/21 our outside accountant would remain on site for a week working with staff. The auditor spent 2-3 days on-site prior to the pandemic.

ii. Did the auditors perform any components of the audits remotely? Yes.

iii. Are you open to a hybrid approach in which the audit team would only come to your offices if needed? Yes. See response #7. i. and #7. ii.

iv. Are you able to scan and upload source documents? Yes

8. Have there been changes in the accounting system or software since last year? We have gone from Peach Tree / Sage resident on our own shared system, to cloud based Sage accounting system for better security of our data.

9. Is the Authority planning a change if accounting system or software in the near future? No.

10. Will there be any significant events in FY2021/22 that could affect the scope of the audits? We did mention in our response to question #6 the staffing changes in our finance department that took place in early FY21/22, but this is not expected to affect the scope of the audits.

11. When will your TB be closed and available for audit?

Our fiscal Year end is June 30th, and as we are a new team, things are moving a little slower than usual, but we are expecting to close the year by mid to late July. As the award for auditing services is expected to take place at our July Board of Directors meeting, we expect to have our data ready for review following shortly after that meeting.

12. What was the auditors involvement in the GASB 68 entries?

Our outside accountant prepared the GASB liability, we don't have CalPERS health benefits for retirees, which simplifies matters a great deal. We do get an actuary report from CalPERS about different assumptions during the year, and our percentage of the pool. Those calculations were done primarily by the outside accountant and then reviewed and checked. There was also some discussion back and forth to make sure things were classified properly, but that was the extent of the accounting firm's involvement in it. We may be open to a different approach this time around. It has been fairly simple to follow the logic, given the information that we get from CalPERS so we do not expect a major amount of work necessary to update those for the audit year, but there may be nuances that a CPA firm would be familiar with that would be helpful to us in stating it accurately.

13. What was the firm that previously prepared the financial statement as an outside accountant? Carathimas and Associates

14. What is the historical timeline for the audit fieldwork? And have you typically had an interim fieldwork as well, or just a year-end fieldwork?

See question #7. i. for historical timeline. We have not typically had interim fieldwork, just year-end.

15. What were the actual fees billed for the FY21 audit services?

See question #4 for response.

16. May we provide proposed changes to the standard contract as part of our proposal?

Yes, you can suggest changes.

17. We typically required our audit clients to also sign an annual engagement letter in addition to the contract, to outline our responsibilities and managements responsibilities under the auditing standards. Is that acceptable to WestCAT?

We are open to this suggestion.

18. What was the name of the previous accounting firm that did WCCTA's books?

Patricia A. Raedy, CPA

19. Clarification of APPENDIX C -Price Proposal Form:

We do have federal funding, and we do sometimes trigger the single audit requirement. So, we are asking proposing firms to state the base value of the audit assuming no single audit work and then a separate price for each of the proposal years should there be a requirement to do the single audit. We wanted to make clear that they are two separate additive prices. They are no fees to be deducted in the years that a single audit is not required. We have also included a line item for capturing any work that might be appropriate for an auditing firm to do to assist us with certain accounting functions that we can use some technical assistance with and that is just stated as an hourly rate.

20. Were there any significant transactions (e.g., bond issuance, leases) during the year?

No, there were none. Just to add a little bit of background on our agency, we've only issued debt once in our history. That was when we took over responsibility for the BART Express services that BART formally operated. That required financing for rolling stock and expansion of our facility. That debt was retired in full so there is no additional outstanding debt and there are no current plans to issue any in the period covered by this proposal, including the option years.

21. Significant changes to operations or funding sources?

With the pandemic, we've reduced services, and we are in a period of restoring those as funding permits and as demand warrants. The funding landscape has changed, but none of the funding sources have changed except the COVID relief funds that we have been receiving to supplement our operations so that is not a change from last year, but is a change from historic methods of supplementing our services. We don't know how long that is going to continue. Essentially, no funding sources have dropped out, and no new sources of funding have been added to the extent that we were receiving some small portion of our operating budget through some federal fund sources in the past, but that doesn't represent a material change, just a quantity of funding change.

There are several potential grant funds on the horizon now through the State and federal sources and legislation, but until those take shape we have nothing concrete for our access to those funds.

22. Significant construction or capital projects?

Over the audit period, there may be capital projects associated with transitioning to a zero-emissions fleet and installing infrastructure to accomplish that. At this point, there is a State mandate in State law to start procuring zero-emission vehicles by 2025. We have not settled on a fuel source yet, so the scope of the project isn't really clear at present. It could be battery-electric, or it could be hydrogen and those have different implications for the capital infrastructure required. There will likely be capital projects. We do have ongoing capital projects for the replacement of the rolling stock, but that's a fairly standard and well-understood process for us. There is a little bit of uncertainty in the audit period.

We are completing a bus wash project. We expect to have it wrapped up by mid-July. This has been an ongoing project for several years now, obviously delayed by pandemic and supply chain issues, but it's wrapping up and there are no real issues associated with it. No funding issues, or any irregularities about that. It is pretty straightforward. It is something that was not federally funded, which simplifies matters a great deal, and we are pleased with that.

23. Any audits or inspections by regulatory agencies?

We do have regular inspections that are just the normal course of business. They are not extraordinary inspections that are required out of the ordinary. But, we do have funding through bridge tolls that do trigger an annual audit under the auspices of MTC. That is a separate financial audit of those transactions. We also have a triennial inspection by MTC because of our use of Transportation Development Act funds. That was completed last year and is not scheduled for another couple of years.

24. Are you expecting to be required to have a single audit for this FY21/22?

Yes, we are, because of the Federal COVID relief funds (CARES Act and ARP funds) that we have received. It is unclear if that level of funding will continue. Although we may have a significant vehicle replacement project in the second year of the contract, but we are not sure that it will trigger a single audit.