

QUESTIONS AND ANSWERS - April 15, 2019
TO THE REQUEST FOR PROPOSAL DOCUMENTS FOR FINANCIAL AUDIT ISSUE DATE: April 8, 2019.

The attached document provides a list of the City's response to questions for clarifications as set forth in the solicitation documents which are hereby incorporated into the Request for Proposal (RFP) documents.

1. Has there been any turnover in management during the past year?
Administrative Services Director – Retired August 2018
New Finance Manager – August 2018
City Manager – Retired December 2018
New City Manager – January 2019
2. Has there been any turnover in accounting staff during the past year?
Accounting Technician – Separated July 2018
New Accountant – June 2018
New Accountant – October 2018
3. How many journal entries were proposed by the auditor in the prior year?
Two entries were proposed by the auditors.
4. Any management letter comments outstanding from the prior year?
None.
5. May we receive a copy of last year's management letter?
Yes – Attachment A
6. Any known or suspected fraud?
None.
7. Are financial records available electronically?
Yes.
8. Were there any significant transactions (e.g., bond issuance, leases) during the year?
Financing of the Newark Civic Center (Newark 2019 COP) is schedule to close August 21, 2019.
9. Significant changes to operations or funding sources?
None.
10. Significant construction or capital projects?
Construction of a new Civic Center. Groundbreaking in Summer of 2019.
11. Any audits or inspections by regulatory agencies?
None in recent fiscal years.
12. Any changes to the governance structure of the organization?
No changes other than the normal rotation of the Mayor and Vice Mayor.
13. Is the incumbent auditor invited to bid?
No, because of the 5 years best practice rotation rule.

14. What were the audit fees for the prior year?
 Approximately \$78,500/fiscal year and includes travel fees.

City audit & related reports	\$ 53,552
Single audit & related reports	2,922
Successor agency & related reports	2,652
Transportation & Development Act (TDA)	1,591
Measure B/BB	4,166
Management letter	1,591
Utility Users Tax	2,732
Vehicle registration fee (VRF)	2,732
Appropriations limit review report	530
Newark Betterment Corp. (NBC)	4,370
Print all reports	1,591
Total	\$ 78,429

15. What is the reason you are considering changing the auditor?
 Adhering to the best practice 5 years rotation rule.
16. Have there been any changes in your accounting system or software since last year?
 No. We are currently in the selection stage of a new ERP system.
17. Have there been any major changes in staff turnaround in the past year?
 Refer to response #2.
18. Do you expect to have any retirement or replacement of key employees?
 No.
19. Please list the staff members in finance and their years of experience with the organization at that position.
 Finance Manager – 8 months
 Accountant (GL) – 10 months
 Accountant (Payroll) – 6 months
 Accountant (Vacant) – Vacant
 Payroll Technician – 3 years
 Accounts Payable Technician – 3 years
 Accounts Receivable & Collections Specialist – 19 years
 Cashier – 2 years
20. How many adjusting entries did you did you have last year?
 Thirty adjusting entries.
21. Is the City Planning to issue any new debt?
 Yes. Refer to response #8.
22. About how much time did the prior year auditors spend onsite to conduct their audit?
 Interim (1-2 weeks) and Year-end (1-2 weeks).
23. What are the things you liked and didn't like about your current auditors?
 We appreciate that the auditors were really knowledgeable with the new GASB pronouncements and CalPER publications and even educated staff during their review of the CAFR.

24. What were the prior year fees? Break down by deliverables. Did these fees include travel?
Refer to response #14.
25. Are there any new services in this RFP that were not included in the prior year?
- Annual Report of Financial Transactions (State Controller's Office)
 - Audit Measure GG ½ cents Sales Tax.
26. How did you hear about us?
CSMFO
27. How long have the current auditors been performing the audit for the City?
Five years.
28. How many auditors and how many weeks were the auditors on site for both interim and year end field work?
A minimum of two auditors for both interim and year-end audit. Interim (1-2 weeks) and Year-end (1-2 weeks).
29. If required, who does the State Controller's Financial Transaction Report preparation and submission? If the auditors, how much was the last year's fees?
Currently the Accountant prepares the report. This is a new service requested in this RFP.
30. How many major programs were tested each year for the Single Audit? If applicable, please provide the most recent copy of the report.
Single audit was not applicable to the City in FY 2017/18.
31. How many journal entries were proposed by the auditors? Were there any findings?
Refer to response #3.
32. Were there any material adjustments made by the auditors in connection with the examination of the prior year Financial Statements?
No.
33. Has the City entered into any Major Contracts, Studies and/or Started any Projects in the Current Fiscal Year that would not be reflected in the Prior Year Financial Statements?
The City recently signed a contract with a design/build team to start the New Civic Center Capital Project.
34. Any New Debt Issuances in the Current Fiscal Year?
Refer to response #8.
35. Is the City involved in any litigation not included in the Prior Year Financial Statements?
No.
36. Any other Major Changes in the Current Fiscal Year that would affect the operations of the City?
No.
37. How did you measure the quality of the audit performed?
Exceptional.
38. What audit areas, in your opinion, were cumbersome?
Making sure the grouping/mapping of the categories were the same between the City and the auditors' financials.

39. What efficiencies would you like to see in the audit of the City's financials?
Efficiencies in categorizing the grouping/mapping of the revenue/expenditures.
40. How can we obtain a copy of your prior year financial statements?
City of Newark website: <http://www.newark.org/>
41. Is the scope of the service requested the same as last year?
We are looking to add two new audit services. Refer to response #26.
42. Have there been any changes in your accounting system or software since last year?
No.
43. Do you expect to have any retirement or replacement of key employees in Finance?
No.
44. Is there anything specific that you are looking for with the successor auditors?
Educating staff on new GASB pronouncements and would like to leverage auditors to help other departments understand the importance of internal control.
45. Were there any material weaknesses or significant deficiencies in the prior year?
Yes. As a result of the turnover experienced by the City, there were delays in the financial closing and reporting process. The City recognizes the challenges of staff turnover and since August 2018 has continued to improve cross training between AP, AR and payroll. The City has created a year-end checklist, updated procedure manuals, hired on two new accountants and currently has backup for all key positions.
46. How much were the total federal expenditures in prior years and can you provide a copy of your last single audit if you had one?
Total federal expenditures = \$215,648.
47. How many major programs are usually tested each year for the single audit?
MTC Caltrans Grant, CDBG, DOJ, JAG. The City has not reached the single audit threshold in the past four fiscal years
48. Any litigation not included in the 2018 Financial Statements?
No.
49. Will there be any significant events in FY 2019-20?
Starting the vendor selection phase of a new ERP system.
50. Are there any significant changes in operations expected for FY 2019-20?
No.
51. Provide copies of the following:
CAFR - City of Newark website: <http://www.newark.org>
Measure GG Financial statements – New service requested in this RFP.
Utility User Tax financial statements – Awaiting a final copy from current auditors.
Single Audit Reports – No Single Audit. Did not meet the threshold.