



ADDENDUM # 2

FINANCE DEPARTMENT

ELLEN SANBORN
Finance Director

COLLEEN C. SELBERG
Purchasing Agent

Bid #30-22

ANNUAL FINANCIAL AUDIT SERVICES

Please note the following clarifications to the above stated bid due to be opened Tuesday, March 22 at 12:00 noon. The following questions were received prior to the deadline but were inadvertently missed.

Questions related to finances and financial systems

- 1) What is the total number of federal programs expected in FY 2021-22, and please provide an estimate of federal program expenditures for each? Does the city expect to continue qualifying as a low-risk auditee for Uniform Guidance audit requirements?

I do not expect that the City will be low risk in 2022 or 2023 due to a federal compliance finding in 2021.

I would expect us to have 24 federal programs on our SEFA in 2021-22. I would also expect that federal expenditures will be relatively similar to 2020-2021 at \$11.9M. The major difference will be that the school will have less CRF funding and the City will have new ARPA funding.

- 2) Has a plan for the implementation of GASB's new leasing standard been developed, and are analysis of all leases in process at this time?

Plan has been established. We are working through this now. We have a spreadsheet that was created to assist with developing the new reporting elements.

Questions related to Internal Control and Financial Reporting

- 1) Are internal controls and operating procedures documented in written form, communicated to all required parties, and are key controls identified?

We have control walkthroughs formally documented. All controls are communicated to responsible employees.

- 2) To what extent are the auditors involved in drafting of the basic financial statements?

The City Drafts entire ACFR including notes and schedules. We do expect that the auditors share final work papers if those workpapers can assist in footnote or RSI preparation such as pension and OPEB.

- 3) Who prepares the schedules included in the notes to the financial statements, supplementary information and ACFR Statistical Section?

See above.

- 4) Is there any internal audit function carried out and if so, to what extent?

We do not currently have internal audit.

- 5) Are IT and Cybersecurity Risks actively managed and monitored on a formal basis? Has the City experienced any cybersecurity incidents recently?

We have a formal IT department that monitors and manages cyber security risks. The City has not experienced any recent incidents.

Requests for additional information and other questions

- 1) Please provide copies of FY 2020-21 reports on internal controls and compliance required by Government Auditing Standards and the Single Audit Act/Uniform Guidance. If there were any findings reported, please also provide your corrective action plan and current status of resolution.

Attached.

- 2) Please indicate any significant involvement of external management experts (actuaries, engineers, consultants, fiscal agents, etc.) with roles in the internal control or financial reporting functions. Have there been any delays in prior audits due to coordination between the management experts and your independent auditor?
The City's Pension and OPEB plan administrators hire actuaries for pension and OPEB liability development. We receive these reports in August of each year and there has been no delay receiving them in the past.
- 3) Please indicate the extent of audit adjustments being proposed by your independent auditor and accepted by management for recognition in the financial statements.
In FY 2021 the School Department accepted and posted 3 audit adjustments. The City did not post any adjustments as a result of the 2021 audit as all proposed adjustments were immaterial and passed on.
- 4) Have there been any disagreements between management and your independent auditor during the prior three engagements?
No.
- 5) Please provide the fees paid for audit services for each of the past three years, and indicate if there were any billings above contracted amounts for out-of-scope or additional services not contemplated at contract award.
*We have not been billed anything beyond contracted amounts for the past three years. Those amounts were:
FY 2021 - \$60,000
FY 2020 - \$55,000
FY 2019 - \$54,000*

Colleen C. Selberg
Purchasing Agent

Please sign and return with your proposal.

Receipt of Addendum #2 to the City of South Portland Bid #30-22 is hereby acknowledged.

Signed: _____

(Corporation, Firm or Company)

By: _____

(Officer, Authorized Individual or Owner)

Title: _____

Mailing Address: _____

Zip Code: _____ Date: _____

Telephone: _____ Fax: _____

Email: _____

NOTE: Bids must bear the handwritten signature of a duly authorized member or employee of the organization making the bid.