



SCHOOL BOARD OF POLK COUNTY

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November 6, 2009

ADDENDUM #01

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To: All Vendors
From: Scott Clanton
Director of Purchasing and Warehousing
Subject: RFP FOR EXTERNAL INDEPENDENT AUDITING
SERVICES
#026-PSC-1110

This addendum is issued to provide official responses to timely received written questions and to provide additional information pertaining to the RFP.

The deadline for receipt of sealed proposals has been changed from November 12, 2009 at 3:00 pm to November 19, 2009 at 3:00 pm. Please note the changes to the Anticipated Schedule of Events and the Table of Contents on page 2 of this Addendum. All additions are in brackets ([]), **bold type** and **double underlined** for easy identification. All deletions are indicated by strikethrough (~~strikethrough~~).

NOTE:
ALL VENDORS SUBMITTING A PROPOSAL MUST SIGN AND RETURN THIS ADDENDUM. PLEASE SIGN AND RETURN THIS ADDENDUM WITH YOUR SEALED PROPOSAL PACKAGE.

VENDOR NAME

***** _____ *****
PRINT OR TYPE SIGNATURE AND TITLE

***** _____ *****
WRITTEN SIGNATURE

The Mission of Polk County Public Schools is to ensure rigorous, relevant learning experiences that result in high achievement for our students.

3.5 Anticipated Schedule of Events (Subject to change as conditions may dictate)

Activity	Date
Notice to Interested Proposers Mailed and On-Line Posting of RFP	October 13, 2009
Deadline for Questions – 5:00 pm Eastern Time	October 27, 2009
Release of Official Response to Questions	October 30, 2009
Proposals Due – 3:00 P.M. Eastern Time	November 12, 2009 [November 19, 2009]
Evaluation Process	
*Evaluation Committee Meeting - 10:00 am until completed; Finance Dept. Conference Room	November 16, 2009 [TBA]
*Finalist Oral Presentations (If necessary) - 10:00 am until completed; Finance Dept. Conference Room	Week of November 16, 2009 [TBA]
Posting of Award Recommendation (on or about)	November 19, 2009 [December 11, 2009]
Award Recommendation Submitted to School Board	December 8, 2009 [January 12, 2010]

All times stated are Eastern Time.

*Evaluation Committee Meeting(s) and Interviews (if necessary) will be posted as a public notice at

<http://www.polk-fl.net/community/doingbusinesswithus/purchasing/evaluationsandnotices.htm>

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INTERNAL ACCOUNTS [EXTERNAL INDEPENDENT] AUDITING SERVICES

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**THE SCHOOL BOARD OF POLK COUNTY
REQUEST FOR PROPOSAL (RFP)
**** EXTERNAL AUDITING SERVICES QUESTIONS & ANSWERS (Q & A)****
FOR RFP #026-PSC-1110
ADDENDUM #1**

Questions are written exactly as they were received.

Q1. Could you please provide the prior year's fee information.

A1. The District paid \$240,000 in total fees. The contract amount was for \$135,000 and \$105,000 in additional billings. The additional billings were a result of auditing standards changes that required more field work and the supporting schedules not prepared timely by the District.

Q2. The audit was not issued until May 2009 yet you indicate an end of November due date. What were the circumstances that resulted in the late issuance in the current year, and in past years has the audit been completed by the November 30 deadline? Are the audits of all of the Charter schools and the Foundation also completed and issued by November 30?

A2: The audits of the Charter schools are due to the School Board by September 30th of each year. The Polk Education audit is generally approved by their board in early October. The late issuance of prior audits was due to work assignment issues within the department. The department is undergoing several changes which we believe will produce financial reports and support schedules in a timely manner.

Q3 Do you expect to submit your CAFR for the Certificate for Achievement in Financial Reporting in the future?

A3: Yes

Q4. What software system does the School Board use and how long has the system been in place. What is the size of your internal IT Department and does the District Auditor ever perform internal audit procedures over the IT environment?

A4: The District uses SAP version ECC 6.0. The District has been on this system since 2000. The Internal Audit Department does not perform audit services over the IT functions and the IT Department has approximately 44 staff that maintains and writes programs to support the system.

Q5. You had three major federal programs for last year's Single Audit? How many major programs were there in 2007 and 2006? Is it typically three? Have audit services in the past for the Single Audit been on a per major program basis? Is there significant Stimulus money expected to be received that would result in another major program?

A5. Generally the Single Audit involves the Title I program, IDEA program, and Child Nutrition Cluster (National School Lunch, School Breakfast and Summer Food Service programs). This is typical for each of the years in questions but in 2007, the Reading First program and Improving Teacher Quality programs were also selected. The dollar threshold for Type A programs has been approximately \$2.5 million each year. Audit services in the past have been inclusive of the Single Audit requirements and not on a per major program basis. The District is expected to receive approximately \$74 million in stimulus funding in current fiscal year.

Q6. You require the auditor to provide two days of CPE for internal staff involved with the audit. Typically in the past, how has that requirement been satisfied? How many staff would be receiving the training?

A6. In the past, training has been offered at a regional location with invitations provided to District personnel. The training has not been exclusive to the Polk County School Board employees but in conjunction with training provided by the firm. We could have up to 15 or 20 staff that would need this training. Typically we would have 10 to 12 attend each training.

Q7. We understand the auditor would keep you informed of new GASB's etc. that would impact the financial statements of the School Board. Do Finance Department personnel take responsibility for the adoption of all new GASB's or is it expected that the Auditor would provide additional assistance in the implementation which would be billed separately from the audit?

A7. The Finance Department would take the responsibility for adoption of new GASB's.

Q8. How many adjustments were proposed by the auditors as a part of the fiscal 2008 financial statement audit?

A8. Another addendum will be issued with an answer pertaining to this question.

Q9. What were the total fees for fiscal 2008 and if possible broken down by the financial statement audit, the single audit, and any special billings for unusual circumstances such as those that resulted in a material weakness over financial reporting. Also, what were the total fees for fiscal 2007 and 2006?

A9. See A1.

Q10. What have the audit fees been for the last 3 years?

A10. See A1.

Q11. Has there been any additional consulting services performed by the auditor over the past 3 years and if so what was the nature of the services and the related fees?

A11. No.

Q12. What is the accounting software used by the District?

A12. See A4.

Q13. Is the District considering a software change in the next few years?

A13. There are no plans to replace the current software but enhancements or additional functionality is possible.

Q14. Is the District considering applying for the Certificate of Achievement for Excellence in Financial Reporting for its CAFR presented by the GFOA in the near future?

A14. Yes.

Q15. What were the past three year's audit fees?

A15. See A1.

Q16. Do you anticipate any changes in the scope of the engagement in comparison to prior audits?

A16. Nothing is anticipated.

Q17. Can you provide a summary of audit journal entries proposed by the auditor to the general ledger as originally presented?

A17. Another addendum will be issued with an answer pertaining to this question.

Q18. We have been told by our insurance agent that a \$5,000,000 professional liability insurance limit combined with a \$25,000 maximum deductible is unusual. Previous RFP's for Polk County School Board audit engagements have required \$1,000,000 of professional liability insurance coverage. Would you please confirm the coverage required for this engagement?

A18. The coverage limits included in this RFP are similar to past RFP's for the same services.

Q19. Item 2.2 .D.2.c. regarding Fieldwork timing, is it accurate that fieldwork start after presentation of the CAFR, or rather is this the SAFR; is this presentation typically done the end of August?

A19. Preliminary fieldwork can begin in May. The Annual Financial Report will be approved by the School Board by September 11th of each year. Fieldwork can commence following the approval of the report.

Q20. Item 2.2.D.2.e regarding Reporting deadlines, is this reporting deadline for both the CAFR and the Single Audit opinions?

A20. Yes.

Q21. Item 2.2 G, last paragraph regarding reliance on internal audit, can you be more specific as to the payroll tests that are relied upon and whether these tests are performed on an annual basis?

A21. Internal Audit performs payroll tests at our schools to verify employees when paychecks are issued.

Employees are required to present two forms of identification in order to receive their paychecks.

Q22. Item 2.4, regarding student activity funds, in referring to the "District's audits", are these audits performed by the Internal Audit department?

A22. Yes

Q23. Section 3.6 - Conflict of interest, for what period of time should such prior contractual relationships be disclosed (i.e. last five years?, etc.)

A23. The District would like any proposer to disclose relationships that the firm has or had with the District.

Q24. Section 4.4 - Compliance requirements, requests providing a bank reference; I'm uncertain as to whether this can be provided; if unable to provide is there other acceptable information that we can provide to document our financial stability?

A24. The District wants to have a reference from a bank.

Q25. Section 4 - Preparation of Proposals and Required Content, Tab 4: Cost of Services; should these fees include estimates for the adoption of future GASB Statements, or can these be billed separately in the year of adoption based on actual level of effort required?

A25. The proposals should be based on GASB statements already adopted. Future adoptions can be discussed with the District once levels of effort are determined.

Q26. What type of financial accounting system is utilized by the District? Is it a fully integrated system or are there other systems utilized to create/prepare financial information (i.e. payroll, procurement, cash receipting, etc)?

A26. See A4. Another addendum will be issued with additional information pertaining to the second question above.

Q27. What were the audit fees paid to the external auditors for the fiscal year 2008 audit, segregated between financial statement audit fee, single audit fee and additional billings (if any)?

A27. See A1.

Q28. How many major programs have historically been audited as major in a given fiscal year?

A28. See A5.

Q29. Was the District considered a low risk auditee for fiscal 2009?

A29. No.

Q30. What type of stimulus funding has been expended by the district? Was it subject to audit during the fiscal 2009 audit?

A30. No stimulus funds were spent during the fiscal year ending June 30, 2009.

Q31. What type of audit adjustments have been identified by the auditor (for 2008 and 2009, if known)?

A31. Another addendum will be issued with an answer pertaining to this question.

Q32. How many hours were incurred by the external auditors for the fiscal 2008 audit, segregated between financial statement and single audit, if possible.

A32. See A1. Hours are not broken down on invoices between financial statements and single audit.

Q33. Have there been any contentious issues (disagreements) between the auditors and the District?

A33. No.

Q34. As your fiscal 2009 audit is not yet complete, is the District aware of any material weaknesses, significant deficiencies, single audit findings, or adjustments?

A34. The District has not received any notifications of these findings at this time.

Q35. Does the District have any current plans for material changes impacting the financial reporting process, which should be considered for purposes of preparing the annual cost information (i.e. major system changes or upgrades, state/federal regulatory requirements, etc.)

A35. The District will be making internal operational changes that will enhance the financial reporting process but doesn't expect any major system changes or upgrades at this time. Some system changes will occur

to enhance the productivity and efficiency within the department.

Q36. Does the third party administrator for the self insurance programs have a SAS 70 report? If so, is it a Type I or II?

A36. Another addendum will be issued with an answer pertaining to this question.

Q37. Are the self insurance loss reserves calculated/reviewed by an external actuary on an annual basis?

A37. Yes.

Q38. Why is the District requesting proposals for audit services at this time?

A38. The District generally bids services every 5 years. The contract with our external auditor has concluded and the District feels a bid is appropriate.

Q39. How long have your previous auditors audited the District?

A39. Ten years.

Q40. Are there any significant changes anticipated, in either the operation or the financial situation over the next 3-5 years?

A40. See A35.

Q41. What were the audit fees for the last three fiscal years?

A41. See A1.

Q42. How many audit adjustments are typically made as a result of the audit process?

A42. Another addendum will be issued with an answer pertaining to this question.

Q43. Can we obtain the prior year contract between Polk County Schools and the prior year auditor?

A43. Yes.

Q44. Please provide the prior year fees

A44. See A1.

Q45. Please provide the prior year financial report

A45. The June 30, 2008 Audited Financial Report is available from the Polk County School Board website.

Q46. Please provide the total hours it took to complete last year's audit.

A46. The total hours are not provided on previous invoices.

Q47. What were the total fees paid for the 2007 and 2008 audits and what were the total hours billed by the previous firm?

A47. See A1 for total costs. Hours are not provided on any previous invoices.

Q48. What is the budget for the 6/30/2010 audit fee?

A48. The District has no budget developed for the June 30, 2010 audit at this time.

Q49. For the 2008 audit for Federal Single audit purposes there were 3 major Federal programs. How many major programs are there as part of the 2009 Auditor General Audit and how many major programs does the PCSB expect for 2010? How much in ARRA funds projects does the District expect to spend in FYE 2010?

A49. See A5.

Q50. What is the accounting software that the PCSB is currently utilizing and are there any software conversions planned?

A50. See A4. No conversions are planned.

Q51. Are all the accounting functions centralized?

A51. No.

Q52. Are there significant changes in the structure of internal controls in FYE 2010?

A52. No.

Q53. How many audit adjustments were made as part of the 2008 and 2009 audits?

A53. Another addendum will be issued with this answer.

Q54. What is the anticipated timing of the completion of the FYE 2010 CAFR and the presentation and approval by the School Board and the possible commencement of fieldwork?

A54. See A19.

Q55. Does the School Board Staff also prepare the Schedule of Expenditures of Federal Awards?

A55. Yes.

Q56. What is the status of the FYE June 30, 2009 audit report and has it been issued yet?

A56. The State of Florida Auditor General's Office is currently conducting the June 30, 2009 audit. No date has been discussed for the issuance of this report.

Q57. What is the current status of the material weakness reported in the FYE June 30, 2008 audit report?

A57. Currently that weakness is the same.