



## **CITY OF KINGMAN**

Request for Proposal – Professional Auditing Services

### **AMENDMENT #1**

Dated: December 31, 2015

#### **CONTACT PERSON**

Tina D. Moline, Financial Services Director  
(928) 753-8120  
[tmoline@cityofkingman.gov](mailto:tmoline@cityofkingman.gov)

The Amendment to the solicitation referenced above provides answers to questions solicited by proposers. Answers to questions stating “current fiscal year” are based on FY2015, unless otherwise indicated.

**Question 1. How long have the current auditors been performing the audit for the entity?**

Answer 1. The current auditors had performed the City of Kingman's for at least 13 years. They were almost complete with their final field work for the FY2015 audit when they were terminated. They had completed the Magistrate Court's triennial review for FY2015.

**Question 2. How many auditors and how many weeks were the auditors on site for both interim and year-end field work?**

Answer 2. There were typically 3-4 auditors on-site for one week during preliminary field work and about 3-4 days during final field work.

**Question 3. Any concerns or issues with prior auditors?**

Answer 3. There were no concerns until this fiscal year when it was brought to the City of Kingman's attention that the prior auditors did not test certain activities, accounts, and controls over a period of time that we as the City felt should have been tested.

**Question 4. When were the interim and year-end field work scheduled?**

Answer 4. Preliminary year-end field work was typically scheduled in September and final year-end field work was scheduled in mid- to late November.

**Question 5. What were the prior audit fees by deliverable(s)?**

Answer 5. The deliverables were not broken down in the engagement letter or invoices. The City of Kingman's audit for FY2014 which included delivery of a CAFR, Single Audit Reporting Package, Annual Expenditure Limitation Report, SAS 114, and an Agreed-Upon Procedures Report for HURF cost \$59,000. The Magistrate Court triennial review was performed for FY2015 and cost \$4,250.

**Question 6. Are there any new services requested in this RFP that were not included in the prior year audit fee?**

Answer 6. No.

**Question 7. How many journal entries were proposed by the auditors?**

Answer 7. In reviewing the last several audits, there have been anywhere between 5 and 10.

**Question 8. Were there any findings or items reported in a separate letter to management?**

Answer 8. Not that I am aware of.

**Question 9. Were there any material adjustments made by the auditors in connection with the examination of the prior year Financial Statements?**

Answer 9. Not that I am aware of.

**Question 10. What is the total expenditure budget (approximately) for the year to be audited?**

Answer 10. This information can be found in the FY 2014-2015 Adopted Budget located on the City of Kingman's website at <http://www.cityofkingman.gov/Departments/Finance/FinanceReports.aspx>.

**Question 11. Has the City maintained the required census data for the retirement plans under GASB 68?**

Answer 11. Yes.

**Question 12. Has the City elected Home Rule for the AELR reporting?**

Answer 12. Yes.

**Question 13. Has the entity 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?**

Answer 13. The City of Kingman began several water and sewer projects in FY2015 that were not reflected in the FY2014 financial statements.

**Question 14. Any new debt issuances in the current fiscal year?**

Answer 14. No.

**Question 15. Is the entity involved in any significant litigation not included in the prior year financial statements?**

Answer 15. Yes. There are three (3) pending litigations that developed during FY2015.

**Question 16. Any other major changes in the current fiscal year that would affect the operations of the entity?**

Answer 16. The City of Kingman terminated its Budget Analyst on November 18, 2015. It was brought to the City of Kingman's attention by the Arizona Attorney General that the Budget Analyst had been embezzling money from the City for several years. The Finance Department conducted an internal review of the activities and determined she embezzled more than \$1.1 million since July 2007. Although this event took place in FY2016, it is a major event overall and should be disclosed to the proposers.

**Question 17. How did you measure the quality of the audit performed?**

Answer 17. Prior to the recent developments that occurred at the City, the Finance Department would have measured the quality of the audit as above satisfactory. Post the recent developments, the quality of the audit would be measured as unsatisfactory.

**Attached are the FY2014 CAFR and Single Audit Reporting Package.**

Proposer hereby acknowledges receipt of the above amendment.

Signature \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Name of Company