



**CHINO BASIN WATER CONSERVATION DISTRICT  
4594 SAN BERNARDINO ST  
MONTCLAIR, CA 91763**

**ADDENDUM NO. 1  
RFP NO. 2025-1 – PROFESSIONAL AUDITING SERVICES  
February 7, 2025**

**NOTE: This Addendum forms a part of the Request for Proposals (RFP) Documents and/or supersedes or amends the corresponding information included in the original RFP documents. Respondent shall take this Addendum into consideration when preparing and submitting its Proposal. Please acknowledge receipt of the Addendum by submitting Appendix H.**

**All other terms and conditions remain unchanged.**

**ADDENDUM NO. 1 CONTENTS**

**I. QUESTIONS AND ANSWERS**

**QUESTIONS AND ANSWERS:**

- 1. Q: In your experience, what were the most challenging aspects of the audit process during the previous engagement?**  
*A: There were no challenging aspects.*
- 2. Q: What were the annual audit fees for the previous year? Please provide a breakdown by report including audit, single-audit, and State Controller Special District Financial Transaction report.**  
*A: Audit - \$16,640; FTR - \$625; No single audit.*
- 3. Q: Can you provide the reason for the District going out for RFP?**  
*A: Best Practice is every 5-7 years; to obtain competitive pricing.*
- 4. Q: Were there any disagreements or disputes with the prior auditor that we should be aware of?**  
*A: No.*
- 5. Q: Is the scope of the services requested the same as last year? Are any new services requested in this RFP not covered in the previous year's audit fee?**  
*A: Scope of services hasn't changed.*

6. **Q: What are the CBWCD's expectations with on-site versus remote work? Is the CBWCD open to working with auditors on a fully remote basis?**  
*A: Yes, it's preferable that much of the work be completed remotely. However, one on-site visit during the final phase is welcome, but not required. The Board likes to have someone present on-site when the financial statements are submitted for approval.*
7. **Q: Is there anything specific you are looking for in the successor auditors?**  
*A: The District is overall pleased with prior work, however, it is crucial to obtain competitive pricing. However, there has been a request for an executive summary with charts and graphs to better assist the Board and the general public in understanding the audit results.*
8. **Q: How many staff did the audit team consist of for both interim and year-end, and how many weeks did the auditor spend in the field?**  
*A: The audit agreement paid a set fee. The proposal indicated approximately 5 staff members and 150 audit hours.*
9. **Q: How many audit hours and staff personnel did your current auditors propose under your existing contract? How many weeks did the prior audit firm have working on the audits of the financial statements?**  
*A: The audit agreement paid a set fee. The proposal indicated approximately 5 staff members and 150 audit hours.*
10. **Q: Are there any significant changes in operations expected for FY 2024-25? Could any other significant changes in the Current Fiscal Year impact the Authority's operations?**  
*A: No.*
11. **Q: Were there any significant events in FY 2024? Will there be any significant events or new debts in FY 2025?**  
*A: No.*
12. **Q: Have there been any changes in your accounting system since last year or any planned changes in the future?**  
*A: No.*
13. **Q: Were there any new bond issues in the current year or any planned bond issuances in the coming years?**  
*A: No.*
14. **Q: How many leases and subscription arrangements does the District have?**  
*A: There is currently one lease subject to GASB 87 and no subscription agreements subject to GASB 96.*
15. **Q: How many journal-entries were proposed by the auditor on an annual basis? How many journal entries were recommended by the auditors, and were there any findings?**

*A: The auditors have historically prepared the GASB 68 entries and there have been 0-1 adjusting entries per year. There were no findings.*

16. **Q: Is there any litigation not disclosed in the Prior Year's Financial Statements?**

*A: No.*

17. **Q: Did the District have any layoffs, retirements, or replacements of key employees in the finance department?**

*A: No.*

18. **Q: Do you currently have vacant or frozen positions within finance?**

*A: No.*

19. **Q: Is the Incumbent Auditor allowed to bid on the RFP or is this a Mandatory Rotation?**

*A: The incumbent auditor is encouraged to bid; a new auditor partner/manager within the same firm is acceptable.*

20. **Q: How long have the current auditors served the District? When did their contract start?**

*A: The current auditors have served the District since 2016. A new professional services agreement was approved in June of 2022.*

21. **Q: Were there any management letters issued in prior years' audits? If so, could you please provide an example?**

*A: No*

22. **Q: Has there been any turnover in District Management since 6/30/24?**

*A: No.*

23. **Q: Has there been any turnover in District Accounting Staff since 6/30/24?**

*A: No.*

24. **Q: What were the things you LIKED about your audit process over the prior years?**

*A: Clear timeline and communication. The auditor asked good questions, listened to the answers, and understood the whole context. The auditors worked hard to ensure that all financial filings were done appropriately and on time, especially working with District staff on elements only the District could complete. The auditors were good about explaining instances of fraud they had seen elsewhere to educate executives about issues to watch out for in the future, with particular emphasis on current trends among scammers.*

25. **Q: What are the target timelines for:**

- **Interim Audit**
- **Year-End Audit**
- **Draft Reports**
- **Final Reports**

A: Please refer to RFP timeline.

26. **Q: How many dedicated Finance Staff are employed at the District?**

A: The Administrative Services Manager oversees Finance, with assistance from two administrative assistants; the District contracts with Eide Bailly LLP for accounting and financial support, including audit preparation.

27. **Q: Who prepares and keeps the District's MD&A?**

A: Auditors.

28. **Q: Who prepares and keeps the District's recordkeeping for its Capital Assets (Additions & Deletions) as well as Depreciation Expense?**

A: Eide Bailly LLP.

29. **Q: Who prepares and keeps the District's recordkeeping for its Compensated Absences?**

A: Eide Bailly LLP.

30. **Q: Who prepares and keeps the District's recordkeeping for its Long-Term Debt?**

A: Eide Bailly LLP.

31. **Q: Who will be responsible to prepare the following entries for the District?**

- GASB 68 – Pension entries
- GASB 75 – OPEB entries
- GASB 87 – Lease/Contract – Revenue and Expense entries
- GASB 96 – Subscription-Based Information Technology Arrangements

A: Eide Bailly LLP can prepare all entries.

32. **Q: Who will be responsible for preparing the Annual Financial Statements?**

A: Auditors.

33. **Q: Any Federal Funding so far or anticipated in FY 2025?**

A: No.

34. **Q: Have there been any legal judgements rendered upon the District in FY 2025?**

A: No

35. **Q: Who handles the State Controller's Financial Transaction Report preparation and submission if necessary? If it's the auditors, what were the fees for the last year?**

A: Auditors; 2024: \$625

36. **Q: What criteria were used to assess the quality of the audit conducted?**

A: The final audit report, communication, requests, and responses during the audit

37. **Q: Will there be a Single Audit? Please include the most recent report copy with your response.**

A: No.

38. **Q: Did the auditors make any significant adjustments during the examination of the previous year's Financial Statements?**  
A: *No.*
39. **Q: Has the Authority entered into any significant contracts, studies or initiated any projects in the Current Fiscal Year that are not reflected in the Prior Year's Financial Statements?**  
A: *Yes, the District will be initiating the construction of a natural exploration area in the park that it owns and will be initiating the construction of a roof over an existing amphitheater. While it is possible that there will be more studies or projects on the horizon, it is impossible to detail in this document what they will be and what the dollar value will be.*
40. **Q: What improvements or efficiencies would you like to see in the financial audit process compared to previous years?**  
A: *Questions should come during scheduled fieldwork and/or be communicated in a concise communication and not via daily emails.*
41. **Q: The proposal mentions the FY 25/26 as the first year of the audit. Can you clarify if that should instead say FY 24/25 (for the year ending June 30, 2025)?**  
A: *Correction – the first year should be FY 24/25.*
42. **Q: When are the books closed and ready for the final audit to begin?**  
A: *Approximately September 15th.*
43. **Q: How many adjusting journal entries were recorded after the trial balance was provided to the auditor last year?**  
A: *1 for GASB 68 prepared by the auditors and 1 for a missed accrued item.*
44. **Q: The Professional Services Agreement Section 3.3.5 has a Prevailing Wage clause. Since this contract would not be subject to Prevailing Wages, can it be removed from the PSA?**  
A: *We will review and edit accordingly.*
45. **Q: Does the District intend to implement a new ERP system during the next 5 years?**  
A: *No.*
46. **Q: Were there any uncorrected misstatements in prior years' audits?**  
A: *No.*
47. **Q: During the years in which the District does receive more than \$750,000 in federal grant reimbursements, how many programs are typically audited as part of the Single Audit?**  
A: *\$0; the language is in the proposal in the event future grants are received.*
48. **Q: Is there a current year budget for auditing services?**  
A: *The FY 24/25 audit will affect the FY 26 budget and that budget has not been set.*

49. **Q: Is it acceptable to mark any content in the proposal as Confidential, particularly information that may include trade secrets or other sensitive business details? If so, are there specific guidelines or requirements for designating such content?**  
A: *Yes.*
50. **Q: Page 1, first paragraph (last sentence) states that emailed proposals are not acceptable, while the third paragraph (second sentence) mentions submission via email. Additionally, Page 4, Section 4, states that submission via email is required. Please confirm whether email submission is acceptable.**  
A: *That was an error on Page 1, emailed proposals are acceptable. Please refer to Section 4. "SUBMITTAL OF PROPOSAL", to view submittal requirements.*
51. **Q: Page 7, Section 14, states that the proposal should not exceed a 25-page limit, excluding Appendices. Please clarify whether the Cover Page, Table of Contents, Section Divider Pages, and Resumes are included in the 25-page limit or excluded.**  
A: *Please refer to Section 14, it states only appendices are excluded from page limit. Please refer to Section 14.5, it states resumes are to be included in this section and there is no page limit to this section. Dividers are not typically counted in the 25-page limit.*
52. **Q: Page 9, Section 15, states that Appendices must be completed and submitted with the proposal. Please confirm whether Appendices A and B need to be included as well, or only Appendices C through H.**  
A: *Appendix A does not need to be included as it's for reference only but keep the scope of work in its entirety when drafting your proposal. Appendix B is only a sample for your reference, no need to include. Only C through H are to be included. Please refer to Sections 14.5 & 14.6, which states resumes are to be included in this section.*
53. **Q: If we have any exceptions or modifications to the Sample Agreement (Appendix B), may we submit them with the proposal for the District to review?**  
A: *Please refer to Section 7, "GENERAL TERMS AND CONDITIONS", per the RFP you were able to suggest changes during the written questions period of the RFP process. If the selected firm has suggested changes, we may discuss them at that point in time.*
54. **Q: Please clarify or confirm if you prefer that all required Appendices be included in Section 5, except for the Fee Schedule (Appendix C), which should be included in Section 6.**  
A: *Please refer to Section 14, where it outlines where appendices and fee schedule should be included as described in Sections 14.5 (appendices D-H in 14.5 & appendix C in 14.6).*

**\*\*\* END OF ADDENDUM NO. 1 \*\*\***