

ADDENDUM #2

RFP #2122-20, RFP for Audit Services

This Addendum forms a part of the RFP Documents and modifies the original RFP Documents.

I. CLARIFICATION:

The following responses are provided to the inquiries received in accordance with the RFP specifications.

Q: What is the expected timing of the audits, with respect to the desired timing of any interim procedures, and year-end procedures?

A: We expect planning/interim fieldwork to occur between May and July, based on a mutually agreed-upon schedule. We expect final fieldwork to occur between mid-September and mid-October.

Q: When do you require final drafts for your review and when is your target issuance deadline?

A: We expect to receive report drafts by early November. We expect the audit report to be presented to the Board of Trustee on the second Tuesday in December.

Q: Are your audits being conducted remotely? Do you desire auditors on-site or are you flexible to some (or all) audit procedures being conducted virtually?

A: Our audits have historically been conducted on-site. We would desire to have auditors on-site, especially if they are requesting physical files or documents. However, during the pandemic, we have been flexible on this. It is possible that flexibility for audit work to be conducted virtually would be considered and could be made on a department-by-department basis dependent on their processes.

Q: How many weeks historically have your auditors spent on-site?

A: We typically have the auditors on-site for 2-4 days at interim and at year end for each area of testing (e.g., financial aid, admissions and records, bursars, district fiscal/human resources, etc.). Thus, the on-site work is usually scheduled over 2-3 weeks at interim and at year end. Some information may be provided in advance and subsequent to time on-site. As all firms differ, the District's CCFS-311 and prior year's annual audit report were provided as referenced materials in the original RFP in order to assist firms in developing an appropriate schedule with their firm's practices.

Q: In the RFP, can you clarify the meaning of section 4.1 "Foundations that support the colleges and the District and Proposition 39 Performance and Financial Audits will be included in the RFP but will require a separate proposal from each firm." Is the District just looking for a separate price for the District, Bond, and the Foundation audits or a separate proposal document?

A:

	2017-2018	2018-2019	2019-2020
District Audit	\$ 97,600	\$ 98,500	\$ 99,400
District Foundation	2,800	2,800	2,800
Cypress Foundation	8,200	8,200	8,400

	2017-2018	2018-2019	2019-2020
Prop 39 Audits			
• Measure X	6,000	6,000	
• Measure J	6,000	6,000	9,000
Fullerton College Foundation (this is the foundation that is being dissolved)	8,000	8,000	11,300

Q: Does the District staff prepare the conversion entries necessary to produce full accrual financial statements in accordance with GASB 35 for the auditor to audit or is the District expecting the Auditors to perform this nonaudit service on their behalf?

A: These entries are for financial statement reporting purposes and are not posted in our accounting system. We expect the selected auditor to include this as part of the services provided.

Q: Does the District prepare the necessary calculations and entries for GASB 68 Pension and GASB 75 OPEB or is the District anticipating the selected auditor to perform this nonaudit service on their behalf?

A: These entries are for financial statement reporting purposes and are not posted in our accounting system. We expect the selected auditor to include this as part of the services provided.

Q: Is the current audit firm invited to bid in the RFP or are you requiring rotation?

A: Yes, they are invited.

Q: Will the District require assistance with implementation of GASB 87? How many leases are in place at the District?

A: The District anticipates being prepared to implement GASB 87. We have 5 leases where the District or one of its Colleges is the lessor. We expect 2 additional leases to be added prior to the current fiscal year end. We also have 7 leased copiers.

Q: Was a June 30, 2020, audit completed for Fullerton College Foundation? If so can you please provide a copy?

A: The audit report for the fiscal year ended June 30, 2020, is not available at this time. The report for the fiscal year ended June 30, 2019, is included in the additional materials with the original RFP.

Q: Were assets transferred from Fullerton College Foundation to Friends of Fullerton Foundation during FY June 30, 2021?

A: Yes, ~\$87,000 was transferred to Friends of Fullerton College to cover scholarships to be issued.

Q: Regarding your relationship with your current tax services provider:

What is your current process for providing information for your Forms 990 to your tax preparer? Specifically:

- What are the roles and responsibilities of each internal individual involved in the tax process?

A: The Cypress College Foundation and the Friends of Fullerton College Foundation have outsourced the accounting for their foundations. For Cypress College Foundation, the Executive Director and their assistant will coordinate with that organization for information needed for the Forms 990. For Fullerton College, the college's fiscal staff will assist the Executive Director in coordinating the needed information. The NOCCCD Foundation information is provided by the fiscal officers of NOCE and the District.

- What software(s) are utilized internally?

A: Both College Foundations will be using Sage INTACCT accounting software. The NOCCCD Foundation has minimal activity and is currently maintained in Excel.

- What is the typical timeline for tax preparation and filing?

A: The timeline for filing has been typically completed by the IRS' extended due date.

- Are there any pain points in your current process?

A: None identified at this time.

Q: What is the current process for reviewing new revenue streams for unrelated business income tax implications?

A: The Foundations' staff in conjunction with their finance committees would review any new revenue streams. The District fiscal office would assess the impact of any legislation that would result in reportable unrelated business income tax.

Q: Are complete copies of the June 30, 2020, tax filings available to share, if so can you please provide?

A: The Foundations' returns are attached.

Q: Was Fullerton College Foundation dissolved before 06/30/2021? If not, should this return be included in the scope for preparation of tax returns until dissolution is complete?

A: The Fullerton College Foundation was not dissolved before 6/30/2021. Services for this foundation are not included in the scope of this RFP.

Q: Do you anticipate your budgeted revenue for NOCCCDF to be greater than \$50,000 on a go forward basis?

A: The NOCCCD Foundation does not have a dedicated fundraiser. The District's new Chancellor will determine what direction the NOCCCD Foundation fundraising efforts will take. The Foundation's activities may reach the \$50,000 threshold level for reporting.

II. ATTACHMENTS:

Fullerton College Foundation 990 – Tax year 2020 Filing

Cypress College Foundation 990 – Tax year 2020 Filing

The Community College Foundation 990 – Tax year 2020 Filing

END OF ADDENDUM #2