

RFP – Audit Services: Question Responses

- Q. Auditing standards require the auditors to gain an understanding of the entity's internal controls in order to assess the operating effectiveness and efficiency of the controls over significant process cycles. Does the County have documentation of its processes and controls over significant process cycles such as payroll, cash disbursements, property tax cycle, nursing home, etc.?
- A. Yes
- Q. Approximately how many and what types of journal entries (adjusting journal entries and passed entries) were proposed by the auditors in the prior year? Were these entries typical? If not, are they anticipated to recur in FY22?
- A. For FY2021, there were a total of 7 journal entries (5 adjusting journal entries and 2 passed entries) proposed by the auditors. Two of the journal entries are for custodial fund activity for the fiscal year. The custodial funds are currently not on the County financial accounting system, so these are expected to be recurring entries for FY2022. With an upcoming change to BS&A financial accounting system, the County expects to incorporate the custodial funds in the new software. Two other adjusting entries were to record long-term debt activity. These are typical and more than likely will recur for FY2022. The County expects to prepare the long-term debt entries going forward after that. The other entries are not typical and the County does not anticipate them to recur in FY2022.
- Q. Does the County have any large bond issuances planned for FY22 or anticipate any in the next several years?
- A. No
- Q. Does the County intend to prepare the ACFR and other financial statements or will it be expected that the auditors prepare the reports?
- A. The County expects the auditing firm to prepare the ACFR and other financial statements.
- Q. Does the County typically provide the auditors with the statistical information that is not derived from the other sections of the Annual Comprehensive Financial Report? What other components, if any, of the ACFR are prepared by the County?
- A. The County will prepare the statistical section of the ACFR, outside of the tables that are derived from other sections of the ACFR. The County will also prepare the Letter of Transmittal and Management's Discussion and Analysis (MD&A).
- Q. How long has the prior auditor usually spent at the County for the various stages of fieldwork? How many people are typically on-site during these periods? Is the County amenable to a hybrid approach to fieldwork with a mix of on-site and remote work?
- A. The County usually schedules a week for the preliminary fieldwork and two weeks for final fieldwork. There is usually a mixture of 1-3 people on-site during fieldwork. The County is

willing to work with a mixture of on-site and remote work as long as doing so does not delay the timing of the final audit reports.

- Q. What has been the typical timing for the County's audits (interim fieldwork, final fieldwork, draft due dates, final issuance)? Is it anticipated that the County will expect a similar timeline for the 2022 audit?
- A. The County's audit has typically been scheduled for mid-January to final reports by the end of May. For 2022, the County would still like to try and stay on track with final reports completed by the end of May 2023.
- Q. Were any additional services provided during the FY21 audit requiring a change order? If so, has the underlying issue been addressed?
- A. No additional services requiring a change order were provided for FY2021.
- Q. If not precluded by a rotation policy, is it anticipated that your former auditor will be proposing again?
- A. The current policy allows for a change in partners, so it is possible that our current auditing firm will submit a proposal.
- Q. How much was paid to the prior auditors for the 2021 audit? Do these fees include additional non-audit services? If so, what services did the prior auditor provide and do you expect the need for similar services going forward?
- A. The County, Forest Preserve District, Public Building Commission, and E-911 Board paid a total of \$106,375.00 for audit services related to the FY2021 audit. All audit services expected by the County begin on page 4 of the RFP under 2.0 – Scope of Services.
- Q. Are there any major activities or changes to your operations or organization makeup since the date of your last ACFR that could have an impact on our audit? Is there anything that the County wants to change in its financial statements?
- A. The County is in the process of selling the Nursing Home to a private firm. The hope was that this would be finalized by year-end, but it more than likely will run into next year. No changes are expected at this time on the County's financial statements.
- Q. Has the County typically had all requested items ready for the auditors when they first arrive for final fieldwork? If not, what areas are more difficult for the County to prepare?
- A. The County typically has all requested items ready for final fieldwork. In times when that has not been the case, the areas that have extended past the first day of final fieldwork would typically be capital assets, long-term debt, grants, and nursing home reconciliation.
- Q. Are the operations of the Public Building Commission, Forest Preserve District, and E-911 Board administered in a centralized fashion by the County? Or are they decentralized and operated independent of other County operations?

- A. The operations of the Public Building Commission and Forest Preserve District are administered centrally and part of the County's financial accounting system. The E-911 Board is not currently on the County's financial accounting system and is being handled by the Treasurer's Office.
- Q. Do the Public Building Commission, Forest Preserve District, and E-911 Board maintain separate financial account systems or are they incorporated into the County's centralized financial accounting system?
- A. The Public Building Commission and Forest Preserve District are part of the County's financial accounting system. The E-911 Board maintains their own financial system.
- Q. Are the County's custodial funds recorded in the County's financial accounting system or are they maintained "off book" from the system? If the latter, does the County have a process in place to obtain fund activity and balances from the various decentralized County offices/departments?
- A. Currently, the County's custodial funds are not maintained on the County's financial accounting system. The County plans on transitioning them onto the County's financial accounting system during the implementation of a new ERP system late in FY2023. The auditors have worked directly with the various departments in charge of those custodial funds to obtain fund activity.
- Q. Does the County anticipate any significant changes in the level and types of federal funding to be received in FY22 and in future years (excluding the impact of spending of ARPA funds)?
- A. Federal funding for the County should remain fairly consistent in FY2022 and future years, with the reduction of any federal funding that would have been received by the Nursing Home, due to its sale.
- Q. What systems does the Circuit Clerk use for case management and financial accounting?
- A. The County Circuit Clerk uses Jano Technologies for their case management and QuickBooks for their financial accounting. Their department is also incorporated into the County's financial accounting system.
- Q. Has the County evaluated the impact of GASB 87 on the County, including taking an inventory of existing leases and the financial impact? Does the County have a feel as to the level of assistance expected from the auditors with implementation?
- A. The County has reached out to all departments to put together a listing of existing leases. The County expectation of the audit firm would be to help guide and prepare the entries for the first year, with the County then incorporating that process into its annual audit preparation duties.
- Q. Has the County considered any potential impacts of the implementation of GASB 91 for conduit debt on the County's financial statements?
- A. No
- Q. Who has the County hired to prepare the OPEB actuary reports?
- A. The County currently uses Lauterbach & Amen to prepare the OPEB reports.

- Q. What, if any, have been the County's biggest pain points in preparing for the annual audit? Are there any additional services the County will expect the auditors to perform to support the County in preparing for the audit?
- A. Currently, several processes are manual and labor-intensive. There should be no additional services expected by the auditors.
- Q. Is there anything you wished you received (tangible or intangible) through the audit process that you are not getting right now?
- A. No
- Q. Should we be privileged to be awarded the audit, we would like the opportunity to discuss some of the terms and conditions included within the RFP. How would you like us to handle any exceptions or proposed changes to the terms in our proposal?
- A. Please note any proposed modifications from the original proposal under a separate heading.
- Q. Why is the County requesting proposals this year?
- A. The County Board passed Resolution R2021-53 on August 18, 2021, which implemented an audit rotation policy.
- Q. Is your current provider submitting a proposal?
- A. The current policy allows for a change in partners, so it is possible that our current auditing firm will submit a proposal.
- Q. Are there any service issues with the current provider?
- A. No
- Q. How many journal entries were there in 2021 as a result of the audit? Can you please provide a copy?
- A. For FY2021, there were a total of 7 journal entries (5 adjusting journal entries and 2 passed entries) proposed by the auditors. A copy of those has been attached to the end of these question responses.
- Q. Were there any management comments in 2021? If so, can you please provide a copy of the letter?
- A. Yes. A copy of the FY2021 Management Letter can be accessed via the County website: <https://dekalbcounty.org/departments/finance-office/audit-acfr/>
- Q. What were the prior year fees?
- A. The County, Forest Preserve District, Public Building Commission, and E-911 Board paid a total of \$106,375.00 for audit services related to the FY2021 audit.
- Q. Were there any additional billings by the predecessor audit firm for services beyond the scope of the audit?

- A. Yes. We requested auditing services from our audit firm for a required grant audit of our transportation grant program, including 5311 grant, DOAP grant, and 5311 CARES grant for State Fiscal Year-Ending June 30, 2021.
- Q. What is the typical prelim and fieldwork duration? How many auditors are normally in the field?
- A. The County usually schedules a week for the preliminary fieldwork and two weeks for final fieldwork. There is usually a mixture of 1-3 people on-site during fieldwork.
- Q. Has the audit been conducted remotely, or on site? What is the County's preference?
- A. The audit has typically been conducted on-site. The County is willing to work with a mixture of on-site and remote work as long as doing so does not delay the timing of the final audit reports.
- Q. Will the County provide the auditor with read only remote access to the financial system?
- A. The County will not provide the auditor with remote access to its current financial system. It is the intent of the County, that with the implementation of the BS&A financial system in late 2023 (early 2024), that read-only remote access will be provide to the auditors.
- Q. What role does the auditor play in the preparation of the various audit reports?
- A. The audit firm is the lead role in the preparation of all audit reports, including all final reports.
- Q. Do the current external auditors utilize any subcontractors as part of the audit process?
- A. The County is not aware of any utilization of external auditors as subcontractors in the audit process.
- Q. When will the final adjusted trial balances be provided to the auditor for testing each year?
- A. Our previous audit schedules have had the County upload the final adjusted trial balances to the audit firm's web portal approximately the end of the third week in March.
- Q. What type of assistance does the County need from the auditors with writing the financial statements?
- A. The County expects the auditing firm to prepare the ACFR and other financial statements. The County will prepare the statistical section of the ACFR, outside of the tables that are derived from other sections of the ACFR. The County will also prepare the Letter of Transmittal and Management's Discussion and Analysis (MD&A).
- Q. What assistance does the County expect will be needed from the auditors for implementation of new GASB standards?
- A. Please refer to page 6 of the RFP under 2.6 – Other Services Item #8, "The Auditor will be required to inform and assist the County in implementing future accounting pronouncements issued by the Governmental Accounting Standards Board that might impact the County. Such assistance shall be included as part of the proposed fee for that year."
- Q. Where does the County stand with implementation of GASB 87, Leases?

- A. The County has reached out to all departments to put together a listing of existing leases. The County expectation of the audit firm would be to help guide and prepare the entries for the first year, with the County then incorporating that process into its annual audit preparation duties.
- Q. Are all programs – i.e. payroll processing, fixed asset management programs, etc. – integrated with the general ledger?
- A. Accounts payable are entered into an MS Access database by the individual departments and reviewed/uploaded into the County financial accounting system. Payroll is processed by a mixture of hand-keyed timesheets into the financial accounting system by finance staff and time entered by departments into a timekeeping system and uploaded into the financial accounting system for review and processing. Fixed asset management is entered into the financial accounting system by finance staff. All asset transactions are entered into the accounting system via journal entry. Cash receipts is not currently integrated with the financial accounting system. The Treasurer's Office enters receipts into a separate system and finance staff enters those receipts on a daily basis into the financial accounting system and reconciles to the Treasurer's Office. The lack of integration is one of the reasons the County issued an RFP for a new ERP system. The expectation of the new BS&A system implementation is that all department employees will have access to the financial accounting system and that all program modules will be integrated to reduce duplicate entry and processing errors.
- Q. Does the County maintain documentation of its processes and controls over significant transaction cycles such as payroll, cash disbursements, billings, etc.?
- A. Yes
- Q. How does the County track capital assets?
- A. A review of the monthly claims list is done by finance staff to identify potential capital assets. A review of ordinances and resolutions is also done by finance staff throughout the year. Any assets identified as capital assets are entered into the financial accounting system.
- Q. Are there any new bond issues in FY 2022?
- A. No
- Q. What third party service providers does the County use (insurance claims, etc.)?
- A. The County is a member of the Intergovernmental Personnel Benefit Cooperative for its health insurance benefits. The County is self-insured for worker's compensation and liability claims; however, the County does use IPMG as their TPA for worker's compensation claims. The County does have property insurance on all county-owned property through Erie Insurance. The County also has catastrophic coverage on all of its Highway Department vehicles through Erie Insurance as well.
- Q. Does the County prepare all work papers related to the audit?
- A. The County does prepare many workpapers related to the audit.
- Q. What financial software is utilized by the County?

- A. The County is currently using Central Square FinancePLUS as its financial accounting system. The County also issued an RFP in February of 2022 for a new ERP system and BS&A was selected. Implementation is tentative for late 2023 to early 2024.
- Q. How centralized is the financial reporting system? Do each of the departments use the same system?
- A. The County's current financial accounting system is mostly accessible to only the finance department staff as we have a license limitation.
- Q. When does the County provide the auditors with a complete SEFA?
- A. The County provides a draft SEFA to the auditors during fieldwork. The auditors review and audit the SEFA for completeness before filing it with the Federal Audit Clearinghouse.
- Q. Are there any significant funding changes anticipated in 2022?
- A. Federal funding for the County should remain fairly consistent in FY2022 and future years, with the reduction of any federal funding that would have been received by the Nursing Home, due to its sale.
- Q. Have there been any monitoring reports received from oversight agencies?
- A. No

DeKalb County

Year End: December 31, 2021

Adjusting Journal Entries

Date: 1/1/2021 To 12/31/2021

Account No: AJE-01 To AJE-07

Number	Date	Name	Account No	Debit	Credit
AJE-01	12/31/2021	CASH & INVESTMENTS	9005-1000.1 D-9005	607,389.00	
AJE-01	12/31/2021	FUND BALANCE	9005-1000.5 D-9005		-599,601.00
AJE-01	12/31/2021	CASH & INVESTMENTS	9006-1000.1 D-9006	27,397.44	
AJE-01	12/31/2021	FUND BALANCE	9006-1000.5 D-9006		-16,302.44
AJE-01	12/31/2021	ADDITIONS	9005-1000.10 D-9005		-7,788.00
AJE-01	12/31/2021	ADDITIONS	9006-1000.10 D-9006		-14,385.00
AJE-01	12/31/2021	DEDUCTIONS	9006-1000.20 D-9006	3,290.00	

To record activity of Tax Indemnity and
Sale in Error Special Revenue Funds

AJE-02	12/31/2021	CASH & INVESTMENTS	9000-1000.1 D-5001	3,354,847.28	
AJE-02	12/31/2021	FUND BALANCE	9000-1000.5 D-5001		-486,301.00
AJE-02	12/31/2021	CASH & INVESTMENTS	9001-1000.1 T-5002	447,435.00	
AJE-02	12/31/2021	FUND BALANCE	9001-1000.5 T-5002		-414,867.00
AJE-02	12/31/2021	CASH & INVESTMENTS	9003-1000.1 D-5003	570,395.00	
AJE-02	12/31/2021	FUND BALANCE	9003-1000.5 D-5003		-866,492.00
AJE-02	12/31/2021	CASH & INVESTMENTS	9004-1000.1 D-5004	55.00	
AJE-02	12/31/2021	FUND BALANCE	9004-1000.5 D-5004		-155.00
AJE-02	12/31/2021	CASH & INVESTMENTS	9009-1000.1 D-5009	48,520.83	
AJE-02	12/31/2021	FUND BALANCE	9009-1000.5 D-5009		-40,955.84
AJE-02	12/31/2021	CASH & INVESTMENTS	9010-1000.1 D-5010	59,593.90	
AJE-02	12/31/2021	FUND BALANCE	9010-1000.5 D-5010		-115,982.07
AJE-02	12/31/2021	ADDITIONS	9000-1000.10 D-5001		-216,996,313.62
AJE-02	12/31/2021	ADDITIONS	9000-1000.10 D-5004		-61,552.00
AJE-02	12/31/2021	DEDUCTIONS	9000-1000.20 D-5001	214,127,767.34	
AJE-02	12/31/2021	DEDUCTIONS	9000-1000.20 D-5004	61,975.00	
AJE-02	12/31/2021	DEDUCTIONS	9000-1000.20 D-5004		-323.00
AJE-02	12/31/2021	ADDITIONS	9001-1000.10 T-5002		-111,712.00
AJE-02	12/31/2021	DEDUCTIONS	9001-1000.20 T-5002	342.00	
AJE-02	12/31/2021	DEDUCTIONS	9001-1000.20 T-5002	78,802.00	
AJE-02	12/31/2021	ADDITIONS	9003-1000.10 D-5003		-1,304,999.00
AJE-02	12/31/2021	DEDUCTIONS	9003-1000.20 D-5003	363.00	
AJE-02	12/31/2021	DEDUCTIONS	9003-1000.20 D-5003	1,600,733.00	
AJE-02	12/31/2021	ADDITIONS	9009-1000.10 D-5009		-44,788.21
AJE-02	12/31/2021	DEDUCTIONS	9009-1000.20 D-5009	37,223.32	
AJE-02	12/31/2021	ADDITIONS	9010-1000.10 D-5010		-1,359,544.34
AJE-02	12/31/2021	DEDUCTIONS	9010-1000.20 D-5010	1,415,932.51	

To record activity of County Custodial Funds

Number	Date	Name	Account No	Debit	Credit
AJE-03	12/31/2021	BONDS PAYABLE	2503-1000.1133 D-2503	125,000.00	
AJE-03	12/31/2021	PREMIUM ON 2020 BONDS	2503-1000.1149 D-2503	52,244.00	
AJE-03	12/31/2021	PREMIUM ON BONDS	2503-3992.5728 D-2503		-52,244.00
AJE-03	12/31/2021	REHAB & NURSING DEBT SVC PRINCIPAL	2503-3992.7901 D-2503		-125,000.00
To record nursing home long-term debt activity.					
AJE-04	12/31/2021	PREPAID EXPENSES	1231-1000.750 D-1231	151,849.30	
AJE-04	12/31/2021	EQUIPMENT	4902-1000.930 D-4902		-151,849.30
AJE-04	12/31/2021	HIGHWAY CONSTRUCTION EQUIPMENT	1231-3510.7802 D-1231		-151,849.30
AJE-04	12/31/2021	F.A. HIGHWAY EXPENSES	4902-6540.7784 D-4902	151,849.30	
Move Backhoe to prepaid asset.					
AJE-05	12/31/2021	BONDS PAYABLE	4901-1000.1133 D-4901	1,070,000.00	
AJE-05	12/31/2021	INTEREST PAYABLE	4901-1000.1138 D-4901		-4,085.00
AJE-05	12/31/2021	PREMIUM ON 2017 BONDS	4901-1000.1146 D-4901	11,895.00	
AJE-05	12/31/2021	PREMIUM ON 2020 BONDS	4901-1000.1149 D-4901	148,149.00	
AJE-05	12/31/2021	LTD COMPENSATED ABSENCES PRINCIPAL	4901-6520.7901 D-4901		-1,070,000.00
AJE-05	12/31/2021	LTD COMPENSATED ABSENCES INTEREST E	4901-6520.7905 D-4901	4,085.00	
AJE-05	12/31/2021	LTD COMPENSATED ABSENCES AMORTIZATI	4901-6520.7923 D-4901		-11,895.00
AJE-05	12/31/2021	LTD COMPENSATED ABSENCES AMORTIZATI	4901-6520.7923 D-4901		-148,149.00
To record long-term debt activity.					

