



Jefferson County Finance Department

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ADDENDUM #1

Date: June 26, 2024

Jefferson County thanks you for your interest in bidding for audit services. We have consolidated our responses where questions were similar in nature, so please read the questions and answers carefully. They are in no particular order.

1. On page 4 of the proposal document, it states that proposal responses are due on July 25, 2024. Other places in the document have a due date of July 15. Can you confirm which is correct?
 - a. We apologize for this oversight. **The correct date is July 15.**
2. Why has the County issued a Request for Proposal? Is the incumbent auditor invited to bid?
 - a. The County's Purchasing Ordinance requires us to bid this service every five years. The incumbent auditor is invited to bid. Jefferson County is entering this process with no bias and seeks to contract with a firm that can deliver a high-quality product on time.
3. Has the County had any accounting disagreements or fee disputes with the current auditor?
 - a. There have been no disputes with the current auditor.
4. Please describe the size of the accounting staff of the County.
 - a. The Finance Department has a staff of 5 accountants, Finance Director, Assistant Finance Director, Accounting Specialist III, Accounting Specialist II, and Budget Analyst I. The Clerk of Courts office has 1 Financial Chief Deputy. The Health Department has one Accountant II. The Highway Department has an Accounting Manager, Accounting Specialist I, and Accounting Specialist II. The Human Services Department has 11 accountant positions. The Sheriff's Department has one Accounting Specialist II position.
More information on the County's staff can be found on page 122 of the annual budget: <https://cms4files.revize.com/jeffersoncountynew/Budget/2024%20Adopted%20Budget.pdf>
5. Was a management letter issued for the County's December 31, 2023 audit? May we receive a copy?

- a. There was no management letter issued with the 2023 audit. We will include a copy of the governance letter with this addendum.
6. How many journal entries were proposed as part of the December 31, 2023 audit? If any, may we receive a listing?
- a. There were no material audit adjustments proposed for 2023. In the past seven years, Jefferson County has received 1 material audit adjustment related to valuation of investments.
 - b. There were 3 uncorrected misstatements disclosed by our auditors related to GASB S-87. There were no uncorrected misstatements disclosed related to GASB S-96.
7. Is reporting for grants centralized or managed by individual departments? If decentralized, please indicate how the information is gathered to prepare the Schedule of Expenditures of Federal Awards.
- a. The filing of grant reports is decentralized. The preparation of the SEFA/SESA is done by the Finance Department. Almost all of our grant funding comes through the State of Wisconsin. The Finance Department reconciles the state payment register to our trial balance before the start of each year's audit as a procedure to determine that our SEFA/SESA is complete. We also monitor our intergovernmental revenue accounts, which are segregated by source, to ensure completeness.
 - b. In almost all cases, Jefferson County segregates its grant activity in the general ledger using either organization codes or project codes.
8. Please provide the fees for the previous three fiscal years in the same format as requested in Attachment D. Have there been any additional fees charged for services not identified in the RFP?
- a. Before I disclose fees, I would like to stress that the most important attribute we are interested in from our audit team is the ability to meet our deadlines timely and accurately. While cost is a consideration, the quality and timeliness of the work has significant value to the County.
 - b. A schedule of fees, including out of scope services, is included in this addendum.
 - c. A breakdown of the proposed hours from the prior successful bidder is included in this addendum.
9. How is the County tracking information related to GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*? Does the County maintain its own depreciation, lease and SBITA schedules?
- a. Jefferson County reads all GASB statements upon issuance to determine its response. If it is evident that the County will need to respond to a pronouncement, a formal action plan is drafted and reviewed with auditors prior to commencing any work. In the case of S-87 and S-96, the Finance Department did a series of inquiries and investigative audit procedures to determine the scope of transactions that may qualify as meeting the criteria of these standards. These procedures included, but were not limited to, keyword searches in our Enterprise ERP system, contract searches, and targeted inquiries. We scheduled all transactions that required further analysis on an Excel

spreadsheet. We then acquired all contracts related to these transactions and analyzed further to determine the potential entry. In the end, both statements were immaterial to the financial statements of the County, and in our opinion, the work required to implement the standards exceed the benefit provided to the end user, so we did not adopt.

- b. The County maintains its own depreciation schedules. Lease and SBITA schedules are also maintained by the County, but the County relies on the auditors to calculate the associated receivable/liabilities. We provide the base information for the calculation.
10. We staff our engagements utilizing associates in other regions of our firm that may not be located in Wisconsin. Is that an issue?
- a. Typically, this is not an issue for staff. However, the senior level representatives need to be familiar with the unique processes and reporting requirements of the State of Wisconsin.
11. Does the County have a preference on how fieldwork is performed (on-site, remote, hybrid)?
- a. The County uses Tyler Enterprise ERP and has established a read-only access username and password for the auditors. Auditors are free to query the system at will and are encouraged to use the system for pulling source documents. However, we do not allow the machine we have for auditors to leave the premises for security purposes, and we will not install access to our VPN on any machines not owned by the County. Auditors can work remotely to the extent that they do not need access to the Enterprise ERP system. Our experience with audit teams suggests that on site time seems to be more productive and we have a tight deadline, so our preference is onsite. However, if the successful bidder can demonstrate an ability to meet deadlines while working remotely then that is also acceptable.
 - b. Jefferson County prepares all supporting workpapers for the financial statement disclosures as well as the ACFR itself, and the SEFA/SESA.
12. Do you expect any major changes to occur in the years you are requesting bids for (major construction projects, refunding of debt, new debt, new grants, retirement of key staff, changes in subscription technology, etc.). If so, what are they?
- a. The rate of change occurring within Jefferson County is definitely increasing as growth pressures are pushing in from both east and west. It is an exciting time. It is impossible to predict exactly how this will impact the audit process but we expect the environment to only become more complex over time.
 - b. Jefferson County will participate in an IGA with Fond du Lac County for an additional guarantee of debt related to a PPP for broadband expansion with Bug Tussel, in the amount of \$5 million, similar to an existing agreement.
 - c. We do not expect that any current known personnel retirements would affect the audit process
 - d. At this time there are no formal plans to issue any debt. The County does not routinely issue debt, but the use of debt instruments to finance certain initiatives is discussed almost weekly.
 - e. We do not expect to carry forward any ARPA funding beyond 2024

- f. We will continue to apply for grants that could expand our interurban trail system, most recently these have been Knowles-Nelson stewardship and TAP grants. If there are funds available from the Bipartisan Infrastructure Legislation for this purpose, we will likely apply for those.
 - g. We do not expect any major changes in leases or subscription technology
- 13. Attachment I – The Hold Harmless paragraph as constituted would violate independence under the AICPA Code of Professional Conduct – does the County desire this to be listed as an exception within our proposal?
 - a. Please list this as an exception in the proposal. This specific exception will not impact the selection process.
- 14. Does the County have any pain points when it comes to the audit process?
 - a. The state does not issue its allocations of state/federal funding for our Health/Human Services grants until late April, which affects the SEFA/SESA amounts. This tends to make the turnaround for the Single Audit a bit tricky. We know this and have most of the SEFA/SESA prepared prior to the release of the state/federal allocations, but it does typically delay the major program selections.
 - b. We prefer that the partner review the preliminary analytics prior to the beginning of fieldwork, instead of at the end of the process, so that there are no surprises when we are trying to issue the financials.
- 15. Are you able to provide the financial report Form A?
 - a. Yes, we will include that as a part of the Addendum.
- 16. Are we able to schedule a call with management to discuss the RFP outside of the question submission?
 - a. We can entertain a group interview if that is acceptable to everyone, but one on one discussions are disallowed by the RFP.
- 17. We noted in the RFP that fieldwork must be completed by the 2nd week of May, when is the County ready for fieldwork to begin?
 - a. Our books are closed on a modified accrual basis by the first week of March, then we begin preparing the ACFR. Final fieldwork usually starts on the 3rd week of April. We have the basic financial statements (footnotes included) prepared by that time. The fully adjusted (full accrual) and grouped trial balance is available at least one week prior to this, so technically fieldwork could begin sooner although I would think you'd want to do preliminary analytics prior to starting final fieldwork. That said, we could probably start the 2nd week of April, barring any major new GASB pronouncements.
- 18. Do the forms require wet signatures or will electronic suffice?
 - a. Electronic signatures are acceptable.

19. Are any non-attest services expected? Financial statement preparation, data collection form input, etc.
 - a. Typically the audit firm has input the data collection form.
 - b. Jefferson County will rely on the auditor to calculate the lease and SBITA receivable/liability amounts using data provided by the County. We will discuss our methodology for collecting the base data and come to an agreement on process so that the calculation is as simple and quick as possible. This amount has been determined to be immaterial so far and no significant changes are expected.
 - c. Jefferson County will seek advice from the audit firm occasionally throughout the year on significant audit related matters. Usually the way this works is that we identify an issue (such as an unusual transaction or upcoming accounting statement), we present the issue and proposed solution to the auditors, and the auditors provide input and may do some documentation. This kind of collaborative approach helps avoid delays during the final audit process.
 - d. Occasionally we will seek out of scope services from our audit firm. These are usually agreed upon procedures type engagements.

20. In regard to the insurance requirements, I have talked to our corporate counsel and they have indicated that the requirements are much too broad for our insurance company. Will that automatically disqualify our proposal or are those requirements negotiable upon award of the contract.
 - a. These terms can be negotiated after successful award of the contract.

21. Are there any outstanding issues or findings from funding or regulatory agencies?
 - a. No.

Attachment A – schedule of proposed hours

Personnel	Hours
Partners	40
Managers	80
Supervisory staff	160
Other (specify):	160

Attachment B – schedule of fees (presented in year paid, not year audited)

Auditing Services-2021

Business Unit	Bus Unit	Ledger Account	Budget 2021	Allocation Rate	Initial Invoice #2770311 3/8/2021	Second Billing #2892558 5/28/2021	Third Billing	Subtotal	Additional Services	Total
Finance	12201	521213	13,464	33.00%	2,104.99	10,152.45	1,232.50	13,489.94	-	13,489.94
Health	4101	521213	3,672	9.00%	574.09	2,768.85	336.14	3,679.08	-	3,679.08
Human Services	61169900	521213	16,320	40.00%	2,551.50	12,306.00	1,493.94	16,351.44	-	16,351.44
Highway	53111	521213	7,344	18.00%	1,148.18	5,537.70	672.27	7,358.15	-	7,358.15
Total			40,800	100.00%	6,378.75	30,765.00	3,734.85	40,878.60	-	40,878.60

Auditing Services-2022

Business Unit	Bus Unit	Ledger Account	Budget 2022	Allocation Rate	Initial Invoice	Second Billing	Third Billing	Fourth Billing	Subtotal	Additional Services	Total
Finance	12201	521213	13,728	33.00%	2,529.45	2,772.00	6,756.75	1,669.78	13,727.98	-	13,727.98
Health	4101	521213	3,744	9.00%	689.85	756.00	1,842.75	455.40	3,744.00	-	3,744.00
Human Services	61169900	521213	16,640	40.00%	3,066.00	3,360.00	8,190.00	2,023.98	16,639.98	-	16,639.98
Highway	53111	521213	7,488	18.00%	1,379.70	1,512.00	3,685.50	910.79	7,487.99	-	7,487.99
Total			41,600	100.00%	7,665.00	8,400.00	20,475.00	5,059.95	41,599.95	-	41,599.95

Auditing Services-2023

Business Unit	Bus Unit	Ledger Account	Budget 2023	Allocation Rate	Initial Invoice	Second Billing	Third Billing	Subtotal	Additional Services	Total
Finance	12201	521213	13,992	33.00%	1,767.15	9,528.75	3,908.52	15,204.42	2,425.50	17,629.92
Health	4101	521213	3,816	9.00%	481.95	2,598.75	1,065.96	4,146.66	661.50	4,808.16
Human Services	61169900	521213	16,960	40.00%	2,142.00	11,550.00	4,737.60	18,429.60	2,940.00	21,369.60
Highway	53111	521213	7,632	18.00%	963.90	5,197.50	2,131.92	8,293.32	1,323.00	9,616.32
Total			42,400	100.00%	5,355.00	28,875.00	11,844.00	46,074.00	7,350.00	53,424.00

*additional services relate to assistance with calculation of S-87 receivable and liability