

Addendum: Questions, Comments & Clarifications

(03/18/2016)

PROFESSIONAL AUDIT SERVICES

(RFP 15-16-001)

Please provide a copy of the June 30, 2015 financial statement, single audit and management letter\audit communication letter.

Response: Attached are the audited financial statements and management letter. The audit can be obtained by visiting our website www.lctabus.com in the "about us" section.

How many audit adjusting journal entries were posted for the year ended June 30, 2015? If available, please provide a copy.

Response: Currently, LCTA retains an independent Fee Accountant that prepares adjusting entries before the Independent Auditor begins their work. This past year, LCTA had 60 adjusting entries made by the Fee Accountant, however there is currently new staff in place whom are actively trying to cut down on the number of these entries. Entries pertain to GASB 68 implementation, uncompensated absences, grant funding adjustments, payroll accruals. Copy is unavailable.

When is the Authority ready for audit fieldwork?

Response: LCTA will be ready for inventory audit on 6/30/16. Field work for audit should be promptly after Fee Accountant has prepared financials. We are currently working with the Fee Accountant to begin work sooner, so audit fieldwork could follow.

Who maintains the depreciation reports, the authority or the auditor?

Response: LCTA has recently brought this function back in-house from the Fee Accountant.

What was the audit fee for the year ended June 30, 2015?

Response: \$28,300

Have there been any changes\turn over in fiscal department staff since the prior audit?

Response: Finance Dept. changes occurred half way through last fiscal year (FY 14/15).

Is the accounting department fully staffed?

Response: We currently have a Full Time Director of Finance, Full Time Accounting Manager, and Full Time Grant Administrator. There is currently an opening for a Part Time Accounting Assistant.

How many bank accounts does the Authority have? Are the accounts reconciled monthly?

Response: We currently reconcile 5 bank accounts monthly.

How does the Authority track capital grant expenditures and the related federal, state and local funding?

Response: Director of Finance and Grant Coordinator track all grant expenditures through excel spreadsheets. Each project is tracked separately.

What accounting software is used?

Response: Sage Mas 90

When would you like final financial statements delivered and presented to the board?

Financial Statements are due to PennDOT December 31. We do not anticipate any difficulties meeting this deadline. Financials will be presented to the Board of Directors end of January.

1. May we have a copy of the most recent audit? The most recent audit posted online is the 2013 audit. Response: YE 6/30/14 and 6/30/15 audits have now been posted to the website.

2. How many audit adjustments were made last year and to what did they relate? Response: Currently, LCTA retains an independent Fee Accountant that prepares adjusting entries before the Independent Auditor begins their work. This past year, LCTA had 60 adjusting entries made by the Fee Accountant, however there is currently new staff in place whom are actively trying to cut down on the number of these entries. Entries pertain to GASB 68 implementation, uncompensated absences, grant funding adjustments, payroll accruals

3. Can you disclose the previous year's audit fee? Response: \$28,300

4. How long (and how many) were the auditors in your offices last year (as best you can remember)? Response: At varied times throughout the audit, there were as many as 5 auditors here for about a three week period.

5. What is your required and preferred timing for audit? The RFP states the engagement will take 4 months. Is there a set deadline for when the reports should be submitted to the LCTA? Response: PennDOT requires audits to be submitted by December 31. We are in the process of having Fee Accountant start their work earlier so Independent Auditors could start their work earlier. Our goal is to start the Audit process as early as possible this year.

6. Is the scope of services requested in this RFP consistent with the services now being provided by your current audit firm? Response: Yes

7. Were there any problems or disagreements with the prior auditors? **Response: No**
8. Have there been any significant operational changes since the prior year's audit? **Response: No**
9. Has there been any material fraud noted over the past 5 years?
Response: Within the past year, our former Executive Director has pleaded guilty to charges relating to the inflation of ridership numbers. In a related matter, similar charges are also pending against a senior manager.
10. Who is your payroll provider?
Response: Currently payroll is performed in house, however this service will be outsourced to One Source.
11. What are the numbers of employees? **Response: Approx. 175**
12. Are there any contingencies or legal issues that could have an impact on future financials? **Response: No**
13. At what physical location would you anticipate the bulk of the audit work to be performed?
Response: LCTA has two locations. The primary location is 315 Northampton St., Kingston, PA 18704...Secondary location is 2009 Wyoming Ave. Forty Fort, PA 18704
13. Can you clarify the page limit on the proposal? The RFP states the proposal should be no more than 30 sheets (60 pages). We assume this means 30 pages in total (including all attachments) for duplex printing and 60 pages in total (including all attachments) for single sided printing. Is our assumption correct?
Response: Correct
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1. Were there any disagreements with your prior auditors? If so, explain. **Response: No**

2. How many weeks did the prior auditors spend in the field (interim/final)? **Response: Approx. 3 weeks**
3. Any significant changes in funding streams for the current year (single audit)? **Response: No**
4. Can you provide us with the questions and answers from other firms? **Response: As noted on this Addendum**
5. The RFP under section 2.3.3 indicates that the Authority will prepare draft financial statements, notes to the financial statements, and required supplementary information.
 - a. When do you anticipate these draft statements will be available?
 - b. Historically when have these draft statements been provided to the Auditors?
 - c. Did the auditors' have any material adjustments to the 6/30/15 draft financial statements?

Response: Currently, LCTA retains an independent Fee Accountant that prepares adjusting entries before the Independent Auditor begins their work. This past year, LCTA had 60 adjusting entries made by the Fee Accountant, however there is currently new staff in place whom are actively trying to cut down on the number of these entries. Entries pertain to GASS 68 implementation, uncompensated absences, grant funding adjustments, payroll accruals. Historically, financial statements were prepared by the end of November however we are currently working with the Fee Accountant to begin work earlier, to allow the audit to be performed earlier.

6. Can you provide the audit fees for the previous three years broken out by initial contracted audit fees and any additional fees charged by the audit firm for work performed above and beyond the initial scope of the audit?

Response: FY 12/13 \$26,500 FY 13/14 \$27,500 FY 14/15 \$28,300 no breakdowns are available