



November 6, 2019

ADDENDUM NO. 1

REQUEST FOR PROPOSALS (RFP) #MWJ1906-EXTERNAL AUDIT AND TAX SERVICES

**ONE (1) ORIGINAL SIGNATURE HARD COPY AND ONE (1) USB DRIVE OF THE RESPONSE TO BE SUBMITTED**

All responses shall be addressed and returned to:

City Colleges of Chicago  
Dawson Technical Institute  
Procurement Services  
3901 S. State Street, Room 102  
Chicago, IL 60609

Attn: Marietta Williams-Johnson, Buyer

***Responses must be received no later than 12:00 p.m. local Chicago time, on  
Wednesday, November 20, 2019***

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**Part I - Questions, Responses and Clarification of Information:**

- Q1 How should a proposer handle exceptions to the professional service agreement (PSA) language?  
**Response:** Exceptions should be included in your proposal submission on a separate sheet titled "Exceptions".
- Q2 Is this the first time the Form 990 was being requested?  
**Response:** No
- Q3 Is the 2019 audit completed? **Yes.** Is the single audit completed also? **Yes.** When will it be published?  
**Response:** Late November
- Q4 If there any exception to the RFP terms and sample contract, when should they be submitted.  
**Response:** See response to Q1
- Q5 Please describe changes to the nature/composition of the investment portfolio since FY2018, if any.  
**Response:** None

Q6 Were there any recorded or unrecorded audit adjustments as a result of your most recent audits?

Response: Two (2) recorded adjustments resulting in a decrease of \$200k net position.

Passed Adjustments

- 1 GASB Statement No. 68 requires the disclosure of a sensitivity analysis of the net pension liability, as well as deferred inflows and outflows of the plan. City Colleges omitted these disclosures in the notes to the financial statements for the State University Retirement System pension plan. Since the plan is a special funding situation, City Colleges' liability is \$0.
- 2 The worker's compensation liability at year end is classified as a current liability, when a portion should be a long-term liability. Additionally, the accrued property tax refund liability is classified as a long-term liability when a portion should be a current liability.
- 3 City Colleges uses the National Association of College and University Business Officers (NACUBO) guidance for calculating scholarship allowance and financial aid expenses, which is not authoritative in nature.
- 4 The OPEB actuarial valuation performed as of the beginning of the year contained an error of approximately \$2.5 million that was corrected during the current fiscal year. Beginning balances were not restated.

Q7 Were there any third-party audits or fraud/irregularities identified during the past three years?

Response: No

Q8 What are the key items/traits you are looking for in an auditor?

Response: Experience with community colleges and experienced staffing

Q9 What were the audit fees for FY2018 or FY2019?

Response: \$466,000 per FY

Q10 Do the auditors typically follow a controls based approach or a substantive approach? Are controls tested over routine processes (i.e. cash receipts, cash disbursements, and payroll)?

Response: Auditor judgment

Q11 Have previous auditors evaluated the IT general controls environment for the PeopleSoft application modules related to change management, logical access and security, and IT operations processes? Yes  
Are there known IT controls deficiencies and, if so, what remediation efforts have been taken?

Response: None

Q12 Are there multiple instances of the PeopleSoft application modules to support the various community colleges and satellite locations?

Response: One application

Q13 Does IT leverage any IT vendors/third-parties for hosting or administration of applications or infrastructure? **Yes**. If so, are service organization controls report(s) available (i.e., SOC 1 reports) and have the report(s) been sufficient for reliance on by your external auditors?

**Response: Yes**

Q14 Are the applications and supporting infrastructure hosted and administered centrally under a common set of policies and procedures (i.e., change management, security, and access administration) by the City Colleges of Chicago? Or are the IT processes/procedures decentralized and unique to each specific community college and satellite location?

**Response: The IT processes and procedures are not unique to each specific community college and/or satellite location. They all follow consistent processes defined centrally within the District Office (DO).**

Q15 Do you anticipate any significant IT events (i.e., conversions, upgrades, implementations, etc.) that will impact the PeopleSoft application modules and supporting infrastructure?

**Response: We perform technology and application upgrades once a year for the PeopleSoft modules (HR, Finance, Portal, and Campus Solutions). The next upgrade is scheduled for the summer of 2020.**

Q16 Do you anticipate significant changes in Federal expenditures or major programs since FY2018? No Which programs are you anticipating will be audited in FY2020?

**Response: CFDA Program Numbers 84.063, 84.033, 84.007 and 87.268**

Q17 Have findings identified in the FY2018 Uniform Guidance audit been remediated?

**Response: Only one repeat finding**

Q18 Do you anticipate any internal control or compliance findings related to the financial statement or Uniform Guidance audit for 2019? **Yes** If so, please describe.

**Response:**

**2019-001 Short Term Programs at Postsecondary Vocational Institutions (Internal Control Significant Deficiency and Compliance Finding)**

**2019-002 Return of Title IV Funds - Post-withdrawal disbursements (Compliance Finding)**

**2019-003 Return of Title IV Funds - Enrollment Reporting (Compliance Finding and Internal Control Deficiency)**

**2019-004 Return of Title IV Funds - Reporting Disbursement to COD (Compliance Finding)**

**2019-005 Return of Title IV Funds - Return of Funds (Compliance Finding)**

**2019-006 Direct Loan Quality Assurance System (Compliance Finding)**

**2019-007 Exit Counseling (Compliance Finding)**

Q19 Are copies of the following 2019 (or most recently issued) reports available:

- a. Single Audit Report
- b. CCC Foundation
- c. Management letter for City Colleges (if applicable)
- d. Management letter for CCC Foundation (if applicable)
- e. Examination of "Schedule of Enrollment Data and Other Bases on Which Claims are Filed"

**Response: Late November**

Q20 Were there any audit adjustments proposed by the auditors in the June 30, 2019 financial statements? If so, can you describe what the adjustments were for?

Response: See response to Q6

Q21 Approximately how many audit hours were incurred for the 2019 financial statement audit? **Total audit hours including financial statement audit is 3,500.** What were the 2019 fees for all components of the audit as identified in the RFP?

Response: See response to Q9

Q22 The RFP indicates that proposers should expect support from internal audit. Can you clarify the number of hours and levels of individuals available for external audit assistance? Further, can you provide information about internal audit personnel to be made available (i.e. CPA or other designations, City Colleges employees or co-sourced personnel, etc.)?

Response: Internal Audit will not support the audit.

Q23 Has internal audit had a peer review completed? If so, will you provide proposers a copy of the report?

Response: See response to Q22

Q24 Section 2b of the Professional Service Agreement included as Attachment C to the RFP requires the auditor to “at all times act in the best interests of the Institution” and agree “to be held to the standard of care and diligence of a fiduciary.” This section also requires “All deliverables must be prepared in a form, content and schedule satisfactory to the Institution.” This language may be a conflict with AICPA professional standards regarding independence and reporting which are required to be followed in performing external audits. Is City Colleges willing to discuss deleting or modifying contract language which may be in conflict with professional standards?

Response: Yes. You will have the opportunity to review the agreement and add/change any terms which will then be reviewed by our General Counsel’s Office to see if they are acceptable by CCC.

Q25 Is City Colleges willing to sign an engagement letter?

Response: Yes

Q26 Have there been any significant changes in staff affecting the processes and internal controls over financial reporting or compliance?

Response: New Financial Aid Director

Q27 Have the auditors evaluated the general and application level controls over the electronic data processing systems as a part of the audit? Have the auditors placed reliance on those systems in their audit?

Response: Auditor judgment

Q28 Have there been significant delays in the receipt of funding from the State? **No.** What impact has this had on operations or compliance?

Response: None

Q29 Have there been substantial changes in the amount of federal funding since the fiscal year ended June 30, 2019 and if so, what is the nature of the additional funding? **No**. Were there any non-compliance matters or internal control deficiencies identified in the 2019 single audit?

**Response:** See answer #6 & #18

Q30 How many Type A programs were audited in fiscal year 2019 single audit? Is a draft schedule of expenditures of federal awards available for 2020?

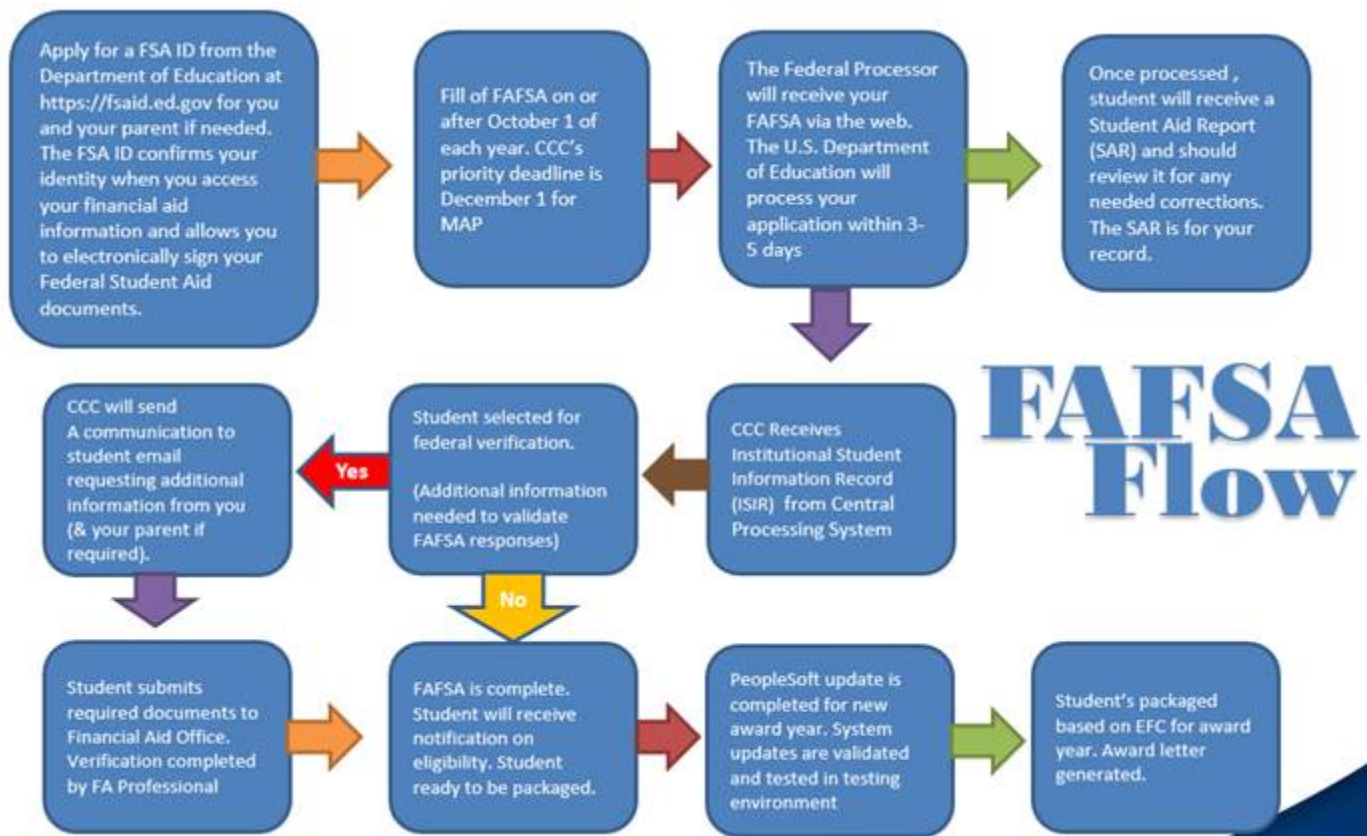
**Response:** CFDA Program Numbers 84.063, 84.033, 84.007 and 87.268. FY20 draft schedule not available at this time.

Q31 Are student financial aid files kept electronically or in paper format?

**Response:** Both: Prior to ProEd coming onboard, financial aid verification files were kept in a file format in each campus file room. Due to some ineffectiveness on ProEd getting verification files completed within the 48 hrs. timeframe, campuses still complete verification files on campus and store the files. ProEd has some of our files in an electronic format which is stored on their servers. These would be the only electronic files. Everything else is in a file format. Additionally, the only files we collect for FA are verification files. If a student completes a FAFSA and doesn't get selected for verification, we simply bring in their FAFSA electronically from DOE.

Q32 Can the District please briefly explain the processing of Student Financial Aid, is the process centralized or does each campus process all of their own students? Are any aspects of managing student financial aid performed centrally or is everything performed at the campus level?

**Response:** Below is a flow chart of how student financial aid works when a student initiates it. Since each campus has its' own school code, financial aid is not centralized to just the district. The vast majority of financial aid as it relates to student facing is performed at each campus. DO handles all the behind the scenes functions such as federal compliance, back end processes, reconciliation of all campuses, title IV program reviews with campus, PeopleSoft testing and award year setup, title IV regulatory training and updates, FISAP Submission with campuses, ECAR & PPA Updates and mass packaging.



Q33 Have there been any recent audits performed by federal or pass-through entities? If so, were there any compliance findings?

**Response:** None

Q34 Does the College have any third party servicers? **Yes**. If so, is a Servicer Organization Controls Report available for each servicer? **Yes**.

Q35 Is it permissible to include additional labor categories (i.e. subject matter professionals for IT, actuaries, etc.) in the pricing template?

**Response:** No

Q36 Please describe the College's use of actuarial firms in support of the preparation of the financial statements.

**Response:** Actuary hired for FY19 OPEB, Early Retirement Sick Pay Plan, IBNR and Worker's Compensation

Q37 Can you describe the annual audit process from planning through the completion and presentation of all the audit reports?

**Response:** Auditor judgment

- Q38 What expenses are included in your audit fund?  
**Response: Audit related fees**
- Q39 Are there, or have there been, any debt issuances planned or closed during fiscal year 2020?  
**Response: No**
- Q40 Are records maintained at one site or multiple locations? **Multiple Sites** If multiple sites, which records/work is completed at each individual site? (Ex: A-133 testing, individual community college records, etc.)  
**Response: Financial records at Dawson and Student Financial records at each campus**
- Q41 Can you provide a summary of the audit hours by the various audits/aup's?  
**Response: See answer Q21**
- Q42 Does CCC prepare the financial statements and footnotes? **Yes**. If so, for which reports?  
**Response: CCC prepared the complete CAFR**
- Q43 Can you describe the staffing for your internal audit department – number of staff, role, etc.?  
**Response: See response to Q22**
- Q44 Does the auditor have control over determining which portions of the audits are completed by the MBE/WBE firm? **Yes**. How have these arrangements been structured in the past? **Structured by auditor**. Does CCC have a preference with regard to the structure – i.e. do you prefer that MBW/WBE firm work only under the primary firm supervision or can they work substantially on their own on specific portions of the engagement. For example, can they take full responsibility for the state grate audits?  
**Response: No**
- Q45 What areas have the internal auditors helped with in the past? If so, what were the estimated hours?  
**Response: See response to Q22**
- Q46 Please describe the extent of the College's use of third party service providers and the receipt of the service provider's SSAE 16 reports.  
**Response: See response to Q34**
- Q47 Please provide a copy of the most recent management letter available and describe the current status of any changes implemented in response to the comments, if any.  
**Response: None issued**
- Q48 What, if any, audit differences have been proposed in the year-end audit process over the past few years?  
**Response: See responses to answer Q6 and Q18**



- Q49 Do you anticipate any significant new transactions or change in operations for the year ending 6/30/2020?  
Response: No
- Q50 What are your two or three top concerns with transitioning the audit to a new lead client service partner?  
Response: Experience with community colleges and experienced staffing
- Q51 What would your ideal service team do to distinguish itself?  
Response: On time and under budget
- Q52 What difficulties does the College foresee as a result of adopting the new GASB's?  
Response: None
- Q53 Outside of the actual audit fieldwork, how often does the auditor present at meetings and presentations?  
Response: 2-3 times a year
- Q54 Federal Programs  
A. Do you have any new federal programs with expected expenditures over \$750,000 for FY 2020?  
Response: Unknown at this time  
  
B. What federal programs does the College anticipate will need to be audited for FYE 2020?  
Response: CFDA Program Numbers 84.063, 84.033, 84.007 and 87.268.
- Q55 What has your total audit costs been for the 6/30/17, 6/30/18 and 6/30/19 audits?  
Response: See response to Q9
- Q56 Does CCC prepare their own Schedule of Federal and State Awards or do the current auditors prepare them for them?  
Response: CCC
- Q57 Is all of the financial data housed at 3901 S. State Street or are there other locations that will need to be visited (Financial and Single Audit)?  
Response: See response to Q40
- Q58 How many audit entries have the current auditors given to the district as a result of the audit work during each of the last 3 audits?  
Response: None
- Q59 Are there any major capital projects planned in the next 5 years?  
Response: See FY20 Budget



- Q60 How many days and what amount of personnel were onsite for preliminary fieldwork for the previous auditors?  
Response: N/A
- Q61 How many days and what amount of personnel were onsite for final fieldwork for the previous auditors?  
Response: N/A
- Q62 Have you provided prior auditors with read-only access to the general ledger in the past?  
Response: Yes
- Q63 Are there any significant changes expected to the financial statements in FY20 (apart from the adoption of new accounting standards), such as changes in operations, component units, or debt offerings?  
Response: No
- Q64 FY19 started a new 5 year Capital Plan. Are there any plans for additional debt offerings to fund this?  
Response: No
- Q65 What is the most important thing you are looking for in selecting a firm?  
Response: See response to Q50
- Q66 GASB 87 is effective in FY21. What steps are City College taking to prepare for this? How many leases does the City Colleges estimate it will have under this new accounting standard?  
Response: Planning will start this year
- Q67 How will GASB 84 affect City Colleges? Will there be any new fiduciary funds required to be included and audited for the first time under this new standard?  
Response: Yes-analysis to start this year
- Q68 Have there been any audit challenges in the recent history?  
Response: No
- Q69 Were there any reported audit adjustments (passed or recorded) or internal control deficiencies, including findings from internal or external audit during FY 19?  
Response: See answer response to Q6 and Q18
- Q70 Do the current external auditors utilize Internal Audit in a direct reliance capacity? If so – how many hours? Is Internal Audit currently outsourced at City Colleges or is there an internal department?  
Response: See response to Q22
- Q71 Apart from the additional tax services, are there additional services you would like but aren't currently receiving from your current auditors?  
Response: No

- Q72 What is the current external auditors' team structure? Signing partner – 1 or 2? Managers – 1 or 2? Seniors – 1 or 2?  
Response: Auditors judgment
- Q73 How many audit committee meetings are held per year?  
Response: Four (4) Finance and Administrative Services Committee Meetings
- Q74 Are the Foundation financial statements available for us to view and when are they issued?  
Response: See CCC website
- Q75 Do the MBE and WBE firms currently sign any financial statements? If not – does the City Colleges have a view point on this or a preference on this going forward?  
Response: No
- Q76 How many major programs were tested as part of the A-133 audit in FY 2019? Is the same number expected for 2020?  
Response: See response to Q54
- Q77 Were there any material weaknesses or significant deficiencies identified in FY 19?  
Response: See answer response to Q6 and Q18
- Q78 When are the ICCB grant reports issued?  
Response: With the CAFR
- Q79 When do the current auditors perform preliminary fieldwork? Month of May. How many weeks?  
Response: Four (4)
- Q80 The RFP requests tax preparation services for Form 990-T and state filings.  
a. Please provide a copy of the most recently filed Form 990-T, state filings, and international filings (if any)  
Response: N/A  
b. Please provide the number of Schedules K-1 that CCC receives, if any.  
Response: None  
c. Please provide most recent unrelated business income workpapers.  
Response: N/A

## MWBE QUESTIONS

- Q81 Does the City Colleges have a preference on the MBE / WBE firms to be selected? No. Who are the current firms being utilized?  
Response: Prado & Renteria and Benford Brown and Associates.

**Part II – Modifications to the RFP document**

**ITEM NO. 1 – SECTION VI – EVALUATION CRITERIA (Page 16)**

**Delete the following statement from this Section:**

**(Points will be removed before issuing to Prospective Proposers)**

**ITEM NO. 2 – EXHIBIT I - SECTION VIII – FEE/COST PROPOSAL – DELETE THE ORIGINAL EXCEL FILE SPREADSHEET**

**REPLACE WITH:**      **Addendum No. 1 – Revised – Exhibit I - Section VIII – Fee/Cost Proposal, see separate Excel spreadsheet file. Proposers are required to complete and submit the revised form in their hard copy original signature proposal submission and on the USB in an Excel file version.**

**Please acknowledge receipt of all Addendums in your response submissions.**

**END OF ADDENDUM**