**City of Berlin**

**Questions Submitted by Auditing Firms regarding City of Berlin RFP for Professional Auditing Services**

# RFP questions

1. Has the City encountered any significant or unusual difficulties over the past three years with the financial or single audits (with the current auditors, financial records, compliance with laws and regulations, etc.)? The City of Berlin changed accounting software at the beginning of 2024 and has experienced difficulty transitioning from Banyon to Acccufund. Due to staff turnover and a lack of training resources available, the City has had to reach out to a third party to generate needed reports and move forward with day-to-day operations.
2. What is the main driver of going out for bid for these services (part of your normal business planning, wanting new auditors, etc) Per City policy, normal business planning.
3. Do you anticipate that the current audit firm will propose? If not, why? Yes.
4. Does the City expect any significant turnover in key accounting positions during the contract term (retirement, etc.)? Are there any significant accounting positions currently open that would impact the audit? If the answer is yes to either question, please describe. No. The current Deputy Clerk Treasurer position incumbents have been with the City for about 1.5 years and 1 month. The City Administrator has been with the City for 8 months.
5. What were the total audit fees for the last three reporting periods? 2021 - $28448.21

2022 - $28796.50

2023 - $33353.40

1. What were the total hours worked by the auditors for the last three reporting periods?

No set hours given.

1. Please provide the following items related to the fiscal year 2024 audit:
   1. Audited financial statements Not yet completed
   2. Management letter / report on internal control Not yet completed
   3. List of auditor adjusting entries Not yet completed
2. Is the City open to remote audit work and/or virtual meeting attendance? How is this currently being done? Yes, we are open to remote audit work, in person meeting attendance for presentation to the Council is preferred. In 2024 the auditors were onsite and then follow up was done via the phone/email.
3. Does the City use a portal to share work papers with its audit firm? If not, are you open to using such a tool? Yes
4. Does the City typically require assistance in adopting new GASB (Governmental Accounting Standards Board) standards? If so, please describe. Yes. Notification of changes, and recommendation of policy changes or method to adopt standard.

# RFP questions

What do you enjoy most about your current audit process? This is a difficult question to answer as this is my first audit with the City of Berlin and with a new software program it has not been an easy process getting the reports that the auditors are used to having. I anticipate next year’s audit to go much smoother.

* What would you like to see improved in regards to the audit process? Timeliness and improved communication.

What is the reason the City issued an audit RFP? Per City policy, normal business planning.

Do you anticipate any significant changes in personal in the next 3 to 5 years? No. The current Deputy Clerk Treasurer position incumbents have been with the City for about 1.5 years and 1 month. The City Administrator has been with the City for 8 months.

* Is there a separate set of financial statements prepared for the sewer utility? Yes.
* Is the City up to date on TID audits (30%, 100%, etc) If so, have you retained copies of these? YES
* When was interim and final fieldwork typically ran? Looking to complete audit process by late spring/early summer
* Are you open to a hybrid audit approach (1/2 remote, ½ onsite)? Yes
* Do you track capital assets for governmental activities and the water/sewer utility? Or do you rely on your auditor for this service? The City tracks this. For the DPW, PD, and Fire yes – Utility Staff tracks capital assets for the water/sewer utility
* Can you please send a copy of all 2024 issued financial statements and management letter? Not yet completed.
* Please send a copy of all adjusting journal entries provided by the auditor? Not yet completed.
* The RFP asks for hours broken our by segment for each year.  Do you current receive this from your current auditor?  This is rather difficult to provide as it depends largely each year based on activity. Not to my knowledge.
* Please provide the cost for the 2023 and 2024 audit services broken out by segment.
* 2021 – City - $28448.21 Utility - $11002.29
* 2022 – City - $28796.50 Utility - $13274.00
* 2023 – City - $33353.40 Utility - $14920.00

# RFP questions

On the bottom of page 5 under scope of audit the RFP has “It will be the responsibility of the Auditor to prepare and submit separate financial statements, schedules and associated notes for the City and the Sewer Utility”. Do you want 2 financial statements? One financial statement for the City and one financial statement with just the sewer. The City will require separate statements for the utility and City in order to fulfill the requirements of the PSC.

On the bottom of page 7 under assistance available to selected firm the RFP has “All reports, footnotes, and management’s discussion and analysis will also be provided to the auditors in an electronic format.”  Is the City preparing the financial statements or will the auditor be preparing the financial statements? The Auditor will be preparing the financial statements.

On the top of page 8 under insurance the RFP has “The City’s minimum requirement for errors and omissions coverage is $2,000,000.” Is a firm disqualified if they only have $1,000,000,of insurance? The firm will need to note the level of insurance provided and it will be a consideration when the City evaluates proposals.

On the top of page 8 under insurance the RFP has “furnish the City with a Certificate of Insurance listing the City as an additional insured.“  Does the City really want to be listed as additional insured on a firm’s insurance? Yes.

# RFP questions

1. With regard to the audit firm associated with the most recent audit, please answer the following:
   1. Have you had any disagreements with the auditors regarding accounting principles, audit scope, or any other significant matters? No
   2. Are the most recent auditors being asked to submit a proposal for the audit. Yes
2. We did not see a copy of the 2024 audit on the website, could you please provide this along with any management letter on internal controls or such findings communicated in *Governmental Auditing Standards* reports? Not yet completed.

1. Would you be able to provide us a copy of all proposed audit journal entries for all funds for the last audit (2024)? Not yet completed.
2. What are some of the schedules and work papers that you prepare for the auditors? Please describe the areas of the audit for which this is done (i.e. reconciling the tax roll, scheduling out the debt service, updating capital assets internally, GASB 68 (WRS) calculations, listing accounts payable, calculating compensated absences). ALL OF THOSE ITEMS LISTED ABOVE, CASH & INVESTMENT BALANCES, W-3 FORMS, CITY JOURNAL ENTRIES, W&S JOURNAL ENTRIES, INSURANCE COVERAGE, AUDITOR VERIFICATION REPORT FOR AUDIT YEAR 2024
3. Do you anticipate the creation of any new funds in 2025-20297? No
4. Do you maintain and update the capital assets for all funds or is this something you are relying on the audit firm to do? The City will do this.
5. Do you have internal documentation on the City’s internal controls and significant processes (i.e. cash receipts, billing, payroll, disbursements, and debt management) for all funds? Yes
6. Would you be willing to disclose the fees were you charged for the most recent audit and any additional services such as Form C preparation, PSC report preparation? Not yet completed
7. Outside of the services requested within the RFP, are there additional services that are required?
   1. Common examples of additional services include assisting with year-end adjustments, assistance reconciling the tax roll and utility billings, year-end accounting work on reconciliations, GASB 68 and 75 calculations, leases and compensated absences. YEAR END ADJUSTMENTS, YEAR-END ACCOUNTING WORK ON RECONCILIATIONS
8. How many years of experience do you have in your role as City Administrator, and do you have a strong accounting background? Do you take continuing education through organizations such as the GFOA, WIGFOA, League of WI Municipalities or WMCA? I have been with the City since the beginning of 2025.
9. Are you aware of any pending litigation, claims or assessments against the City? The City is in litigation with WalMart over realestate tax assessments.
10. Are you aware of any instances or allegations of fraud occurring within the City that would have a material impact on the City’s financial reporting? No.
11. Do you anticipate any intergovernmental cost-sharing agreements (joint ventures) during 2025-2029? No
12. Do you anticipate any new TIDs during 2025-2029? No

# RFP questions

1. Typically, how many days are auditors onsite and how many staff work on the audit?

They are typically here about 4 days and there are 3 that come.

* 1. Does City staff have a preference between auditors working onsite versus remotely?

No preference

1. Are there any areas of the audit that have been difficult in the past? Please provide some detail.

This year has been difficult because we switched software’s and had to have several reports created for us that were near the same as our old software. Also, in the new software all of our account numbers changed so it has been a difficult task to complete, however it should be much simpler in 2026.

1. What were the past three years’ fees for the audit and for any other accounting and reporting assistance?
   1. 2024 audit, Form C, PSC annual report, TID annual reports done in 2025- Not completed
   2. 2023 audit, Form C, PSC annual report, TID annual reports done in 2024 - $33353.40
   3. 2022 audit, Form C, PSC annual report, TID annual reports done in 2023 - $28796.50
2. Were additional fees paid to the audit firm for work not included in the audit (depreciation schedule, lease schedule, PSC rate cases, budget support, accounting assistance)?

These fees were all included with the audit costs

1. Please provide journal entries provided by the auditor for the 2024 audit (done in 2025).

Not completed – however I have attached what has been so far.

1. Does the City use a third-party vendor for ambulance billing services? If so, does the vendor provide a Service Auditor’s Report? Additionally, have there been any issues related to ambulance billing or collections that the City is aware of?

The City uses Cvikota out of Eau Claire, WI. I have not seen an audit report from them. There have been no issues related to the billing or collections that we are aware of.

# RFP questions

1. Please provide a copy of the City’s most recent annual financial report and auditor communications issued. 2024 has not been issued. 2023 Financial Statements with Independent Auditors’ Report is attached.
2. Please provide a list of the auditor adjusting entries provided as part of the most recent audit process. Not completed – however I have attached what has been so far.
3. How many auditors were on site for the recent audit and for how many days? They are typically here about 4 days and there are 3 that come.
4. What was the fee that was charged for the recent audit for the same services being requested at this time? Please provide the fees for the past three years.
   1. 2024 audit, Form C, PSC annual report, TID annual reports done in 2025- Not completed
   2. 2023 audit, Form C, PSC annual report, TID annual reports done in 2024 - $33353.40
   3. 2022 audit, Form C, PSC annual report, TID annual reports done in 2023 - $28796.50
5. Were there any additional fees billed beyond the standard audit fee? Yes
6. Do you have any significant debt issuances or capital projects planned for the near future? Yes. The City is currently developing a CIP and the State will be doing road projects in the City in 2029 and 2030.
7. Do you have pension and other postemployment benefit plans outside of the City’s participation in WRS and/or the Local Retiree Health Insurance Fund? We have a deferred Comp plan and a Roth plan that employees can put money into if they choose.
8. Item number 4 on page 4 indicates the request for one original and two copies of the audit proposal. We will prepare an electronic PDF copy for these purposes. If that is provided to the city via e-mail by October 20, does the City still desire to receive paper copies of the proposal as indicated? Yes