

**Spokane Airport Board
Addendum 1
Responses to Questions**

- Per Exhibit A. Section 17. "Consultant shall make available to the Airport's auditor, or his fully authorized representative, all records created as a result of the Agreement including pertinent information which Consultant shall have kept in conjunction with this Agreement and which the Airport may be required by law to include or make part of its auditing procedures, or which may be required for the purpose of funding the service contracted for herein." Can you please confirm who "Airport Auditor" is intended to reference, is it referencing the Office of the Washington State Auditor?

RESPONSE: In Washington an external auditor must make all of their workpapers available to the Washington State Auditor's office for review. The State Auditor's does an on-site review of the auditor's workpapers every year.

- Will the incumbent auditor be allowed to participate in the RFP?

RESPONSE: Yes

- What were the fees paid, detailed by component (i.e. financial audit, single audit and PFC), for the last 2 years?

RESPONSE:

	2016	2015	2014
CAFR	46,700	45,350	44,000
Single Audit – Performed by State	19,966	19,724	17,913*
PFC Audit – Performed by State in 2014*	5,150	5,000	Included above

- Were there any additional billings and if so, what were those for?

RESPONSE: No

- How many individuals from the incumbent firm typically work on the engagement and for how long (provide for both interim and final fieldwork)?

RESPONSE: Interim - 2-4 for 1 week, Fieldwork – 2-4 for 1-2 weeks

- Does the Board anticipate any significant changes in its federal funding for the year ending December 31, 2017?

RESPONSE: No

- What have you liked most and least about the services currently being provided?

RESPONSE: Responsiveness of the auditor to questions and audit is completed on time and on budget; there are no complaints about the services currently being provided.

- Other than those outlined in the RFP, do you have any specific concerns?

RESPONSE: No

- What, if any, new regulations, standards, or issues may cause you concern for the upcoming year and beyond?

RESPONSE: New GASB on leases

- How many journal entries (if any) were posted subsequent to the commencement of fieldwork?

RESPONSE: None

11. How many audit adjustments and/or passed adjustments did the Board have as a result of the 2016 audit?
RESPONSE: None
12. Has there been any significant turnover in the accounting department?
RESPONSE: 2 staff retired and have been replaced
13. Can you please provide a copy of the December 31, 2016 management letter?
RESPONSE: See question 31.
14. Auditing standards and Washington State law requires the auditor maintain ownership of audit documentation / workpapers. This applies to all CPA firms. Therefore, we believe Exhibit A. Section 8 poses potential conflict with professional standards. Is the Spokane International Airport agreeable to adding wording in this section that excludes auditor's workpapers?
RESPONSE: The Airport would be open to amending the language as follows:
RETENTION OF DOCUMENTS AND ACCESS BY AIRPORT: All audit documentation prepared by Consultant under this Agreement may be retained by Consultant. Airport shall be entitled to access, review and copy such audit documentation as may be necessary, as determined in the sole discretion of Airport.
15. The AICPA Code of Professional Conduct specifies that an auditor cannot provide expert witness testimony on behalf of an attest client. Doing so creates the appearance that the auditor is advocating or promoting a client's position. Which would impair the auditor's independence. This applies to all CPA firms. Is the Spokane International Airport agreeable to changing Exhibit A. Section 14 to "fact" instead of "expert" in regards to the type of testimony the auditor may provide?
RESPONSE: The Airport would be open to amending the language as follows:
EXPERT LEGAL TESTIMONY: In the event of any legal or other controversy requiring the services of Consultant in providing expert or fact witness testimony or litigation consulting services, as may be allowed by law or applicable standards of professional conduct for Consultant, in connection with any project, except suits or claims by third parties against the Airport arising out of negligent errors or omissions of Consultant, the Airport shall pay Consultant for services rendered in regard to such legal or other controversy, including costs of preparation for controversy. Such payment to Consultant shall be at rates mutually agreed upon.
16. Why is the Airport Board putting the audit out to bid?
RESPONSE: 5 year contract is up
17. What were the audit fees for each of the last three fiscal years for the CAFR audit, single audit, and PFC audit?
RESPONSE: See question #3
18. Were these fees higher than, the same as, or lower than the agreed-upon contract price?
RESPONSE: The same as the agreed on price
19. Have there been any billings from the incumbent CAFR auditor for consulting or out-of-scope work during the last three years?
RESPONSE: Yes, on the implementation of GASB 68
20. What do you value the most about your relationship with your current audit firm?
RESPONSE: The pleasant and well trained staff that are sent out during field work. They are able to get the audit done in the timeframe that the Airport needs it to apply for GFOA certificate
21. If you could change one thing about your current audit firm, what would it be?
RESPONSE: Nothing

22. Within the last year, how many requests has the Airport Board or airport management had for in-person, face-to-face interaction with the auditor outside of audit fieldwork?
RESPONSE: None
23. Do you anticipate any significant changes in operations, systems, personnel, or other matters during the next three year period?
RESPONSE: Implementation of new accounting software
24. Does the Airport Board have an audit committee?
RESPONSE: No
25. If so, how often do they meet and do the incumbent auditors attend the Board meetings?
RESPONSE: N/A, they do not attend the board meetings
26. Have there been any auditor-identified adjusting journal entries, significant deficiencies, material weaknesses, or noncompliance matters noted in any of the last three years? If so, how many?
RESPONSE: No, N/A
27. What general ledger software, payroll system, ERP, or other IT systems does the Airport Board utilize?
RESPONSE: Sage 100, GCR, Kronos, Skidata
28. Does the Airport Board have an internal audit function? If so, do they assist the auditors?
RESPONSE: No, N/A
29. Does management rely on the external auditors for education/assistance on new accounting standards or other technical matters?
RESPONSE: No
30. How many staff have the incumbent auditors had on-site during interim and year-end fieldwork, and for how long?
RESPONSE: See question #5
31. Can you please provide a copy of the required AU 260 letter, any other management letter issued, and the single audit report for the year ended December 31, 2016?
RESPONSE: Yes, please fill out a public request form. The Single Audit report is available on the Airport's website.
32. Why is the Airport going out for proposal?
RESPONSE: see question #16
33. Will you be providing interested proposers the opportunity for a pre-proposal on-site visit?
RESPONSE: The committee's finalist will be invited to come on-site and give a presentation
34. How soon after December 31, 2017 will the Airport have its books closed and ready for the auditors to begin final fieldwork?
RESPONSE: First or second week of April
35. Were there any journal entries discovered by the auditors during their audit process for 2016?
RESPONSE: No

36. How many auditors and how many days were the auditors in the field for interim and final fieldwork?
RESPONSE: See question #5
37. What audit schedule works the best for the Airport and for how long? Interim fieldwork Final fieldwork?
RESPONSE: 1 week for interim, 1-2 weeks for fieldwork
Interim - Late November early December
Final - Second week of April
38. What were the audit fees for the 2016 audit? 2015?
RESPONSE: see question #3
39. Outside of the audit process what other qualities does the Airport look for from its auditors?
RESPONSE: Airport Industry knowledge
40. Were there any major audit issues identified for 2016? Any anticipated ones for 2017?
RESPONSE: No, No
41. What part of the audit process would the Airport like to improve over the past audits?
RESPONSE: Nothing
42. What transition issues would the Airport be concerned about if the audit is awarded to new auditors?
RESPONSE: Ability to get the audit done in the time frame that is needed, Airport knowledge, the turnover of the auditor's staff working on-site from year to year
43. Have there been any significant changes in key staff in the past year that would affect the 2017 audit?
RESPONSE: No
44. Are there any significant CIP projects for the year ending December 31, 2017?
RESPONSE: As of 7/31/2017 the Airport had approximately 6.6 million dollars of CIP expenditures covering approximately 30 projects. The balance in the CIP accounts at 7/31/2017 was approximately 9.1 million dollars
45. Any new debt issuances for 2017?
RESPONSE: No
46. Regarding RFP Section VIII. Term of Contract; Would the Airport prefer to have discussions concerning exceptions to the sample contract, as presented in the RFP, prior to the proposal submission, or is there a section of the submitted proposal we should include these exceptions?
RESPONSE: Please submit your concerns with the proposal in the last section.