



## BOSTON PUBLIC HEALTH COMMISSION

### ADDENDUM #3 TO RFP # 15-004: FINANCIAL AUDIT SERVICES

MAY 14, 2015

A. This Addendum shall be considered part of the bid documents for the above mentioned services as though it had been issued at the same time and shall be incorporated integrally therewith. Where provisions of the following supplementary data differ from those of the original bid documents, this Addendum shall govern and take precedence.

B. Bidders are hereby notified that they shall make any necessary adjustments in their pricing as a result of this addendum. It will be construed that each bidder's proposal is submitted with full knowledge of all modifications and supplemental data specified herein.

C. Please include a signed copy of this addendum with your bid submittal. FAILURE TO DO SO MAY SUBJECT BIDDER TO DISQUALIFICATION.

#### **MODIFICATION**

##### **Section: 1.05 Contract Time**

Replace language with: Contract Term shall be three (3) years. Services are expected to be performed by the Service Provider from July 1, 2015 to June 30, 2018.

#### **QUESTIONS FROM POTENTIAL BIDDERS**

1. Is the Commission or Independent Auditor responsible for preparation of the financial statements?

*The Commission's Management is responsible for the preparation of the financial statements.*

2. Approximately how many audit adjustments (proposed by KPMG) were required as part of the fiscal year 2014 audit?

*One*

3. Are there any significant changes anticipated in the Commission's operations and/or programs and services?

*The Commission does not currently contemplate any significant changes to operations and/or programs or services during FY 2016.*

4. Regarding the 2 blended component units, are separate financial statements required (or audited by other auditors) or is the activity simply audited as part of the Commission's financial statements?

*The two listed component units are the BPHC Mattapan Development Corporation, Inc and the Northampton Development Corporation, Inc does not have separate financial statements and are audited as part of BPHC financials.*

5. In 2014, the Commission had 6 major federal programs that were required to be audited. How many major federal programs are anticipated for 2015? In addition, do you anticipate any significant changes in federal funding in future years?

*The major programs will be determined once the fiscal year is completed; however, based on the current transactions there may be 6 - 8 major programs in FY2016.*

6. Has the Commission been successful with its search for a permanent Controller?

*The Commission is still currently hiring for the position of Controller.*

7. What is the approximate earliest date fieldwork may commence?

*Fieldwork may start August 17, 2015.*

8. Approximately how many weeks has your audit fieldwork consisted of and how many audit personnel are onsite during that timeframe?

*Audit fieldwork should take approximately six weeks for each audit. Audit personnel have usually consisted of two auditors for the financial audit and two auditors for the A-133*

9. What were the audit fees for the 2012, 2013 and 2014 audits (including the reports required by Government Auditing Standards and OMB A-133)?

*The contracted fees for FY2012 - FY2014 are as follows:*

*FY 2012 - \$225,000*

*FY 2013 - \$255,000*

*FY 2014 - \$240,000*

10. What is the date that the F/Y 2015 audited financial statements need to be issued?

*October 9, 2015*

11. In F/Y 2014, what date did the interim work start?

*There was no interim work for the FY2014 audit and no interim work is contemplated for FY2015 audit.*

12. In F/Y 2014, what date did the year-end work start?

*June 27, 2014*

13. How many weeks of work were required for the interim work?

*See response to question 11.*

14. How many weeks of work were required for the year-end work?

*For FY2014 two weeks of work were required for the financial audit and two weeks of work for the A-133 audit.*

15. How many people worked on-site during the interim audit work?

*See response to question 11.*

16. How many people worked on-site during the year-end audit work?

*See response to question 8.*

17. Is there an internal audit department? If yes, what assistance, if any, do they provide to the external auditors?

*There is no internal audit department.*

18. Are the year-end financial statements and footnotes prepared by management or the external auditors?

*Financial statements and footnotes are prepared by Management.*

19. How many major grants will there be for the F/Y 2015 year-end audit?

*See response to question 5.*

20. Were there any significant new transactions during F/Y 2015, such as new leases, new debt, acquisitions, etc.?

*See response to question 44.*

21. Please provide copies of the management letters issued in connection with the F/Y 2014 external audit.

*See attached.*

22. Is there an Audit Committee and if yes, how many times during each year do the external auditors meet with the audit committee?

*There is no audit committee.*

23. Section 1.01 B. of the Request for Proposals mentions "one set of Specifications and Proposal application". Is this information and application included as a part of the Request for Proposals or is this a reference to other, additional documents that need to be obtained? If so, how can we obtain a set of "Specifications and Proposal application"?

*The specification is the scope of service beginning on page 8 of the RFP document. All submittal requirements can be found on page 14 of the RFP, the Proposal Checklist page.*

24. Please provide the audited financial statements for the year ended June 30, 2013.

*The audited financial statements can be found on <http://www.bphc.org> RFP's and Bids under additional documentation of RFP# 15-004: Financial Audit Services.*

25. What was the audit opinion date for the audited financial statements for the year ended June 30, 2013?

*November 15, 2014.*

26. Are there separate financial statements for BPHC Mattapan Development, Corp.? If yes, please provide a copy of the latest interim financials.

*The BPHC Mattapan Development Corp does not have separate financial statements.*

27. Are there separate financial statements for BPHC Northampton Development Corp.? If yes, please provide a copy of the latest interim financials.

*The BPHC Northampton Development Corp does not have separate financial statements.*

28. Section 1.05 of the RFP says the services are to commence for the period July 1, 2015 to June 30, 2016 as the initial term. Page 8 of the RFP scope of services says the period is for fiscal years ending June 30, 2016, 2017 and 2018. Is the initial term of the RFP for fiscal year 2015 or 2016?

*Correction: The contract period is 07/01/15 - 06/30/18. Page 8 of the RFP indicates fiscal years ending June 30, 2015, 2016 and 2017.*

29. When is the last time this was put to bid?

*The audit service has never been put out to bid.*

30. How long has KPMG served as your auditor?

*The financial audit has been conducted by KPMG since the Commission's inception in 1995. KPMG has done the A-133 audit since 2010.*

31. Is KPMG being asked to propose in this process?

*The RFP is part of a public bidding process open to all qualified firms.*

32. Are there any client service issues or other compelling reason to change auditors at this time?

*The Commission reserves the right to put any service out for competitive bid at the end of the contract period.*

33. What are your current fees for the services requested under this proposal?

*See response to question 9.*

34. Have there been material audit adjustments within the past 3 years? If so, what areas of the financial statements were involved?

*The only material change that has been made within the past 3 years is the reevaluation of the OPEB calculation. This affected both the state of net position and the statement of revenue, expenses and change in net position.*

35. Does the agency use any external service providers? Who are they and do they receive SSAE 16/SOC 1 reports from these providers?

*The Commission anticipates using 3 external service providers for FY 2106: McKesson - Emergency Medical Services billing provider; ADP - payroll services; RSM McGladery - Hosting service for financial systems and GE Centricity - A third party billing system. All external service providers provide SSAE 16/SOC1 reports.*

36. Does management prepare the financial statements and MD&A?

*Yes.*

37. Are those financial statements available for the auditor on the first day of final fieldwork?

*The financial statements are not available on the first day of field work.*

38. What has been the approximate composition of the engagement team during each phase of fieldwork?

*See response to question 8.*

39. Has there been any significant turnover in key positions within your finance, billing or IT functions?

*There has been turnover in the positions of Controller and Accounting Manager in the past year.*

40. Do you anticipate any significant system changes during the proposed term of this contract?

*Yes. The Commission is currently in the process of transitioning to a new EMS billing provider and intends to upgrade the finance systems to Microsoft Dynamics 15.0.*

41. Is there an internal audit function within BPHC? If so, to what extent if any is internal audit involved with the external auditors?

*There is no internal audit function with the Commission.*

42. What general ledger system do you use?

*The Commission's financial systems operate on Microsoft Great Plains 10.0.*

43. What systems do you use for third party billing and other contract/grant billing?

*McKesson – Emergency Medical Services billing provider; ADP – payroll services and RSM McGladery – Hosting service for financial systems and GE Centricity - A third party billing system. All external service providers provide SSAE 16/SOC1 reports.*

44. Are there any significant changes to BPHC's operations or finances that should be considered when assessing the scope of this engagement over the term proposed?

*In October 2015 the Commission closed its programs on Long Island and will have completed reopening the programs in new facilities in the Fall of 2015. As part of an ongoing project regarding the Commission property at Northampton Square, the Commission will complete the transfer of several properties and commence construction of another facility on the site in FY2016. At this time the Commission does not contemplate any significant changes to its finances for FY2016.*

45. Can you make available a copy of the prior year management letter, if there was one?

*See attached.*

46. What types of services does BPHC bill third parties for (in addition to EMS services)?

*In addition to ambulance services, the Commission bills for substance abuse services and other programmatic services.*

47. Does BPHC have an Audit Committee? If there is one, Can you provide a list of the committee members?

*See response to question 23*

48. Can you provide a list of the Board of Directors?

*A list of the Commission Board members is available on the Commission's website, [www.bphc.org](http://www.bphc.org) under Board of Health.*

49. Are there particular areas of emphasis that the Audit Committee/Board of Directors focuses upon in its review of the annual audit?

*See response to question 23.*

50. Are there schedules your current auditor normally prepares as part of their audit of the component financial statements?

*The current auditor does not prepare any schedules.*

51. Does the auditor present the financial statements to the Full Board? Does the auditor meet with the Audit Committee prior to the start of audit fieldwork to discuss risks (audit, financial and operations) and other matters that are relevant to the audit process?

*The auditor will present the final financial statements to the Commission's Executive Director. The Auditor will meet with the Director of Administration and finance prior to the start of fieldwork to discuss relevant audit processes and issues.*

52. Does the current auditor provide other services to BPHC? If yes, what services?

*The current auditor does not provide any other services.*

53. What's your control relative to compliance with various funding sources' requirements including Federal and state's laws and regulations?

*Each grant is assigned its own project number and the financial system has the ability to input grant demographics that identifies the funding source.*

54. Can you provide an organization chart for the Finance Department?

*See attached.*

### **END OF ADDENDUM #3 TO RFP # 15-004: FINANCIAL AUDIT SERVICES**

**\*Original RFP documents can be found by clicking here**  
[www.bphc.org/workingwithus/rfps-and-bids/Pages/RFPs-and-Bids.aspx](http://www.bphc.org/workingwithus/rfps-and-bids/Pages/RFPs-and-Bids.aspx)

The undersigned Bidder hereby acknowledges receipt of the following Addendum.

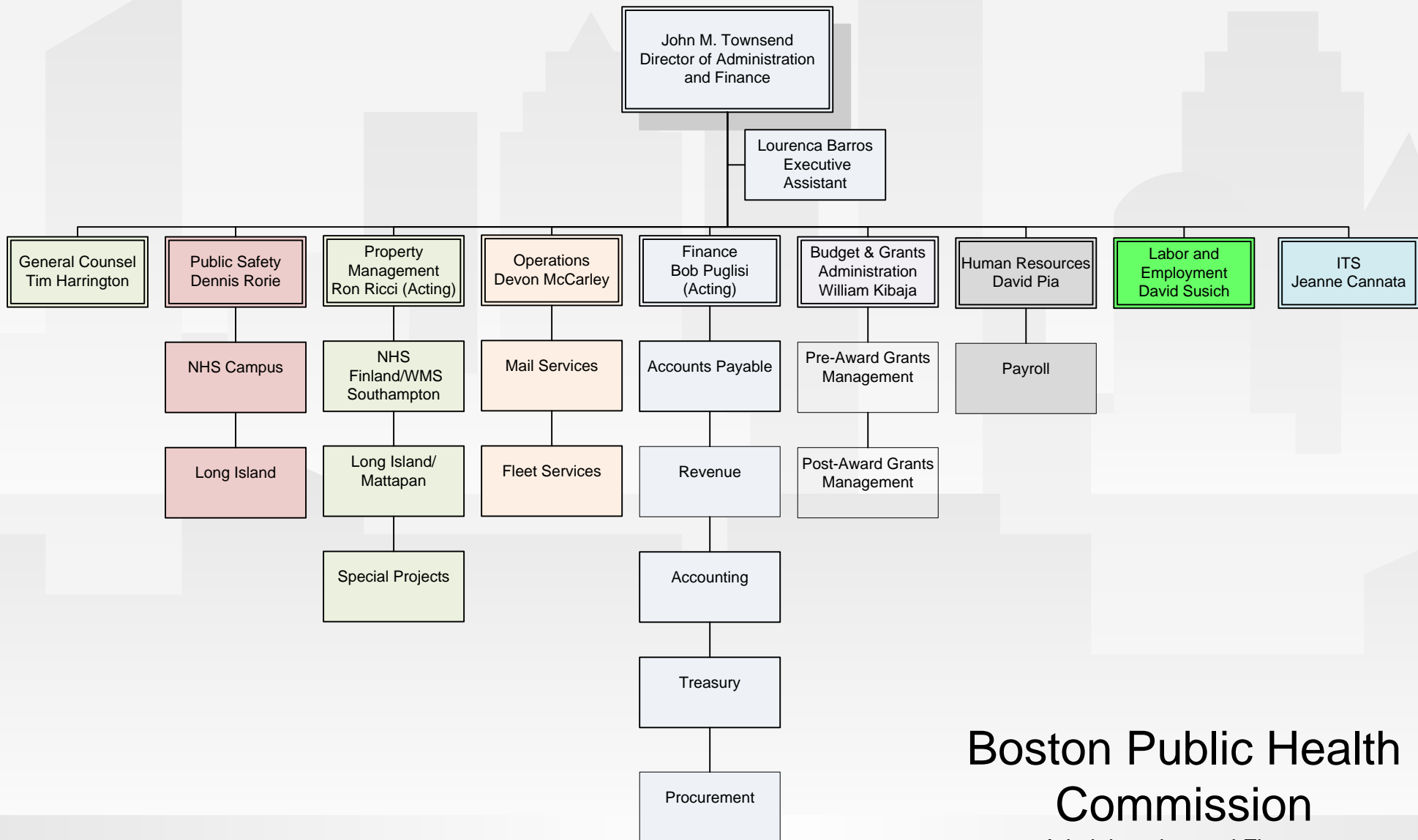
Acknowledged for: \_\_\_\_\_  
(Name of Company)

By: \_\_\_\_\_  
(Signature of Authorized Representative)

Name: \_\_\_\_\_  
(Print or Type)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

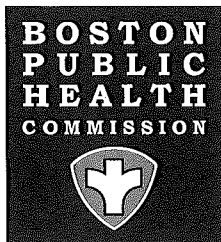


# Boston Public Health Commission

Administration and Finance

May 2015





Building a Healthy Boston

March 10, 2015

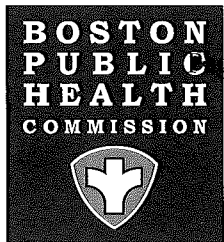
KPMG LLP  
Two Financial Center  
60 South Street  
Boston, Massachusetts 02111

Ladies and Gentlemen:

We are providing this letter to confirm our understanding that the purpose of your testing of transactions and records relating to the Boston Public Health Commission's (the Commission) federal programs (A-133 audit) was to obtain reasonable assurance that the Commission had complied, in all material respects, with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. We reaffirm the representations made to you in our letter dated December 19, 2014.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of March 10, 2015, the following representations made to you during your A-133 audit:

1. We are responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are administered in compliance with laws, regulations, and the provisions of contracts or grant agreements.
2. We are responsible for understanding and complying with the requirements of laws and regulations and the provisions of contracts and grant agreements related to each of the Commission's federal programs.
3. We are responsible for taking corrective action on audit findings of the compliance audit.
4. We are responsible for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:
  - a. Management, including management involved in the administration of federal programs.
  - b. Employees who have significant roles in internal control over the administration of federal programs.
  - c. Others where the fraud could have a material effect on compliance with laws and regulations, and provisions of contract and grant agreements related to its federal programs.

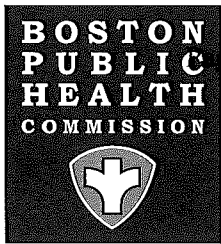


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5. We are responsible for the presentation of the schedule of expenditures of federal awards (SEFA) in accordance with OMB Circular A-133 and
  - a. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period or, if the methods of measurement or presentation have changed, the reasons for such changes.
  - b. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.

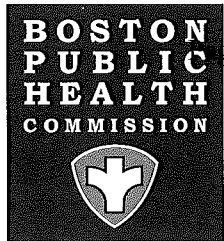
Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of March 10, 2015, the following representations made to you during your A-133 audit:

6. The Commission is responsible for complying, and has complied, with the requirements of OMB Circular A-133.
7. The Commission has prepared the SEFA in accordance with the requirements of OMB Circular A-133 and :
  - a. Has included all expenditures made during the year ended June 30, 2014 for all awards provided by federal agencies in the form of grants, American Recovery and Reinvestment Act (ARRA) awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
  - b. Appropriately identified and separated all ARRA awards, if any, within the SEFA.
8. The Commission has complied with requirements of laws and regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
9. We have disclosed to you any interpretations of any compliance requirements that have varying interpretations.
10. The Commission has established and maintained effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are administered in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on a federal program.
11. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance that we have identified, which could adversely affect the Commission's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, and the provisions of contracts and grant agreements. Under standards established by the American Institute of Certified Public Accountants, a deficiency in internal control over compliance exists when



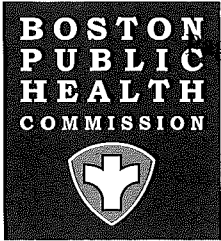
the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct on a timely basis, noncompliance with a type of compliance requirement of a federal program. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis. A "significant deficiency" is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

12. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
13. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities related to major federal programs.
14. We have made available all documentation related to the compliance requirements, including information related to federal financial reports and claims for advances and reimbursements for major federal programs.
15. We have identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.
16. We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
17. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
18. The Commission is in compliance with documentation requirements contained in OMB Circular A-87, "Cost Principles for State, Local and Tribal Governments" for all costs charged to federal awards, including both direct costs and indirect costs charged through cost allocation plans or indirect cost proposals. Costs charged to federal awards are considered allowable under the applicable cost principles contained in OMB Circular A-87.
19. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.



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20. The copies of federal financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
21. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133. If applicable, the Commission has issued management decisions on a timely basis after receipt of subrecipient audit reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and has ensured that subrecipients have taken appropriate and timely corrective action on such findings.
22. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to the Commission accounting records.
23. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133.
24. If applicable, we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
25. The Commission has accurately completed Part I of the data collection form.
26. We have advised you of all contracts or other agreements with service organizations.
27. If applicable, we have disclosed to you all communications from its service organizations relating to noncompliance at the service organizations.
28. We have disclosed any known noncompliance occurring subsequent to the period for which compliance is audited.
29. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent to the date as to which compliance is audited.
30. We have disclosed to you all known legal proceedings that have been initiated against the Commission for any violation of any loan agreements or any failure to pay creditors.



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Very truly yours,

Boston Public Health Commission

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John Townsend

*Director of Administration and Finance*