

JUNE 26, 2013

ADDENDUM No. 1

REQUEST FOR PROPOSALS (RFP) FOR PROFESSIONAL AUDITING SERVICES

This Addendum serves as the City of La Canada Flintridge's ("City") response to questions submitted about the RFP since it was issued on June 14, 2013.

Question 1: How long has your current auditor been performing the audit?

Answer: 16+ years. (Note that the City's current firm, which is Macias, Gini & O'Connell, merged with the firm Moreland & Associates during the course of conducting the FY 2007-08 audit. Prior to the merger of the two firms, the City was audited by Moreland & Associates.)

Question 2: Is your current audit firm included or excluded from responding to the RFP?

Answer: All qualified audit firms are encouraged to submit to respond to the RFP.

Question 3: Why are you considering changing auditors at this time?

Answer: The City has not issued an RFP for auditing services in 16+ years, and members of the City Council and City management staff deemed it appropriate to issue an RFP at this time. There was no disagreement or conflict of any kind with the current audit firm that prompted the City to issue the RFP.

Question 4: Has the City experienced any significant changes in the finance function since last year's audit, and are any such changes anticipated in the future (e.g., with regard to staffing in the Finance Department, accounting software, key management staff)?

Answer: No.

Question 5: Are copies of the financial reports from previous years (e.g., CAFR, Single Audit) available?

Answer: Yes, previous financial reports are available on the City's website at:

<https://sites.google.com/a/lcf.ca.gov/city-of-la-canada-flintridge-site/comprehensive-annual-financial-report-cafr>

Question 6: Did the City receive a Management Letter or any findings in last year's audit?

Answer: The City did not receive a Management Letter in last year's (FY 2011-12) audit. (The auditor's proposed one adjusting entry.) The City did have a finding on a major program in the FY 2011-12 Single Audit, and that finding, as well as the City's response to that finding, are in the FY 2011-12 Single Audit report on the City's website. (In short, the City concurred with the finding and has taken the steps necessary to address it.)

Question 7: Does the City anticipate the scale and scope of the FY 2012-13 audit and those in the next 2-3 years to be similar to the previous audit?

Answer: Yes. The City anticipates, for example, that its Public Improvement Corporation (PIC) will remain inactive over the time period, and that the Single Audit will consist of just one or two major programs. Moreover, the City always works with the auditor with respect to scheduling interim and final fieldwork, the timing of the close of the general ledger, etc. Should, however, the required scale and/or scope of audit services change materially or in unforeseen ways over the life of the contract, the City would be willing to re-negotiate the terms of the contract as appropriate.