

**MONTEREY PENINSULA AIRPORT DISTRICT
PROFESSIONAL AUDITING SERVICES
REQUEST FOR PROPOSAL 2019-01**

RESPONSES TO QUESTIONS

1. Q. Are your prior year auditors included or excluded from the current RFP process?
 - A. MGO decided not to extend their contract with MPAD due to changes in their client mix.

2. Q. What do you like about the service provided by your current auditing firm? What don't you like?
 - A. MGO was very familiar with MPAD's business model and the single audit requirements for both FAA grants and passenger facilities charges. This familiarity made the audit easier to coordinate and reduced fieldwork. MGO and MPAD also used an online SharePoint system to share both information and documents. Interim sample test work and controls testing were mostly completed via SharePoint. Audit field work mostly consisted of reviewing single audit grants and capital project documents.

Dislike only one-- the GASB 68 calculations for deferred inflows and outflows prepared internally never matches MGO's. Historical information from the 2015 implementation of GASB 68 calculations are not available in MPAD's records. Every year we were unable to match their calculations.

3. Q. Please provide a list of firms that have been sent an RFP.
 - A. The RFP was made available to all CPA firms in California with a history of auditing airports.

4. Q. Were there any major changes in the engagement requested in the RFP compared to last year's engagement?
 - A. No significant changes in the RFP or the engagement.

5. Q. How many hours did your previous auditors encounter for your last audit?
 - A. MGO never reported hours it was a fixed fee agreement plus travel expenses.

6. Q. What were your prior year's contract fees for each of the past three years?
 - A. FY 2014 \$39,460
FY 2015 \$40,650
FY 2016 \$41,870
FY 2017 \$43,950
FY 2018 \$46,200

7. Q. How many federal grant programs are audited each year?
- A. MPAD currently has five FAA grants in process but the numbers change based on FAA's grants issued.
8. Q. What type of accounting/bookkeeping system does the District use?
- A. In the RFP we mention that the primary ERP system is Sage 100. MPAD uses the standard GL, AR, AP and Job Cost modules, and the integrated credit card PCI compliant system link.
9. Q. Any major change of budgetary size or management turnover from previous year?
YES
- A. In FY 2019 MPAD closed its police station and contracted with the City of Del Rey to provide Police services.
- B. Other significant changes in FY 18 are the implementation of GASB 75 – OPEB and inclusion of a California Energy Commission loan for a solar array.
10. Q. Approximately how many audit adjustments did the prior firm make as part of their audit?
- A. Only two. One was the placement of accrued interest on the CEC loan. The other was offsetting the CEC loan against the net capital assets.
11. Q. Any major reason why the District is considering a change of audit firms?
- A. No, It was MGO's choice.
12. Q. Any major disagreements in regard to accounting principles or auditing procedures?
- A. No.
13. Q. How many days of fieldwork did the prior firm perform? How many auditors on those days?
- A. In FY 18 only one audit senior came on site. 1 day at the start of interim test work and then 4 days for field test work. The Partner made three visits. One for presenting the audit plan after interim test work, second for presenting the draft audit report to the Finance Committee in October and Third presenting the board report and financial audit report to the BODs.
14. Q. Is the previous firm being asked to propose?
- A. See answer to #1 above
15. Q. How much were the previous years' auditing fees?
- A. See answer to #6 above