

Addendum #1 - RFP: 2026 Annual Audit Services

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The following clarifications, questions, and answers are hereby incorporated into the Request for Proposals (RFP) for the Fiscal Year 2026 Annual Audit Services. All prospective bidders must acknowledge this addendum in their final proposal submissions.

Section 1: General Administration, Software, and Infrastructure

- **Question 1:** Could you provide some background on why the library is seeking an audit firm at this time for fiscal year 2026?
 - **Answer:** [Pontiac Public Library](#) is required by Michigan law (The Uniform Budgeting and Accounting Act, Public Act 2 of 1968) to perform an annual certified financial audit.
- **Question 2:** It appears that the RFP is for a one-year engagement. Would the Library consider a multi-year engagement?
 - **Answer:** No, not at this time.
- **Question 3:** What accounting software does the Library currently use?
 - **Answer:** The library uses QuickBooks Online Plus accounting software.
- **Question 4:** Are there any significant upcoming projects, organizational changes, or other developments that could materially affect the library's financial position or audit procedures? (Please exclude the implementation of upcoming GASB Statements.)
 - **Answer:** The library will receive a significant increase in the millage rate for property tax revenues in fiscal year 2026-2027 and perform capital improvements to the infrastructure going forward.

Section 2: Staffing, Internal Controls, and Fieldwork Operations

- **Question 5:** Who is responsible for the library's day-to-day accounting activities and year-end closing procedures?
 - **Answer:** The library's director is responsible, and their assistant is responsible for accounts payable and receivable functions on a day-to-day basis. The Fractional Chief Financial Officer (Fiscal Officer) is responsible for the monthly closing and year-end audit coordination.
- **Question 6:** Who is responsible for maintaining the library's capital asset records, and how is depreciation expense calculated and recorded?
 - **Answer:** The Fractional Chief Financial Officer is responsible for maintaining the capital assets records. The depreciation expense is calculated on a straight-line basis based on the various asset classes.

- **Question 7:** Have prior audits been conducted on-site, remotely, or through a hybrid approach? If auditors were on-site, approximately how many auditors were present, and how long did the fieldwork take? Does the Library have a preferred approach for future audit fieldwork?
 - **Answer:** Prior audits have been conducted through a hybrid approach. When auditors were on site, the time spent varied based on the experience of their audit staff and the previous years performing the audit.
- **Question 8:** What is the timeline for record readiness, and will staff be available during fieldwork?
 - **Answer:** The June 30, 2026 trial balance, finalized bank reconciliations, and supporting schedules are projected to be complete and ready for audit by our non-negotiable fieldwork commencement date of **Monday, November 9, 2026**. The Library's Fractional Fiscal Officer will be fully available via email, phone, and scheduled sessions throughout the November-December audit window to assist the field team.
- **Question 9:** What is the current status of internal controls and prior audit management letter findings?
 - **Answer:** The library is actively optimizing its internal controls and general-ledger classifications. We are currently implementing a migration to QuickBooks Online Payroll Elite to explicitly address segregation of duties, trace payroll liabilities, and tighten audit-trail compliance. Some internal policy upgrades remain in process and will be fully transparent for the fieldwork team.

Section 3: Audit Scope, Financial Reporting, and Prior Auditor Status

- **Question 10:** Is a federal Single Audit required under 2 CFR Part 200 due to ARPA funds or other grants?
 - **Answer:** No. The library did not exceed the federal \$750,000 expenditure threshold during the fiscal year ending June 30, 2026. Therefore, no federal Single Audit is required. The library requires only the standard financial and compliance audit under Government Auditing Standards ("Yellow Book") as specified in the RFP.
- **Question 11:** What are the expectations regarding financial statement preparation?
 - **Answer:** The Library's external fractional accounting framework maintains standard municipal ledger files. The selected CPA firm is expected to assist with the compilation of the basic financial statements, notes, and the State of Michigan F-65 form from our clean trial balance. The Library administration, with fiscal officer support, will provide necessary oversight and draft the Management's Discussion & Analysis (MD&A) text layout.
- **Question 12:** Were there any unusual transactions or capital adjustments in FY2026?
 - **Answer:** There were no significant new debt issuances, complex capital structures, or major lease subscription variations during FY2026 outside of our standard baseline operational budget outlays.

- **Question 13:** Will the predecessor auditor cooperate and provide access to prior-year workpapers?
 - **Answer:** In the event a new CPA firm is awarded the contract, Gregory Terrell & Company will be expected to promptly facilitate standard predecessor-auditor communications and provide reasonable access to prior-year workpapers.
- **Question 14:** What are the core priorities of the Board and management for this engagement?
 - **Answer:** The Board of Trustees places a high premium on clear communication, an organized and low-disruption transition, adherence to the absolute **December 31, 2026** state filing deadline, and a clear presentation of final findings at a public board meeting.