

FLINT HILLS AREA TRANSPORTATION AGENCY

Procurement Type: Request for Proposal

Procurement ID: FY21-0901-AS

ADDENDUM I: Response to Vendor Questions

Deadline for Inquiries about Scope of Work: October 7, 2020

Deadline for Responses to Inquires: October 12, 2020

The following is a list of all Vendors requesting a copy of the RFP and their questions submitted by October 7, 2020 (any questions received after this date will not be answered). All questions and answers will be provided to all potential Vendors who have expressed interested and posted on our website. All vendors submitting a proposal must include acknowledgement of Addendum with their responses.

Questions received from Sink Gordon & Associates, LLP

1. Can I get a copy of the June 30, 2019 audit and any related journal entries and management letters for FHATA?

Response: A Copy of the Agency's audit can be obtained on our website at this link, see the links under the Audit and Consulting Services. We had not related journal entries or significant findings. <https://www.rileycountyks.gov/1773/Bid-Postings>

2. Have there been any significant changes to the operations for FY 20?

Response: Yes, the following is a summary of events that have significantly impacted operations and the grants:

Flint Hills Area Transportation Agency Board (FHATA Board) – As noted in the background under the Scope of Work the FHATA Board was officially awarded the new 5307 grant funds and was given pre-award authorize starting January 1, 2020. The Agency was also awarded CARES Act funding starting with March 1, 2020. As described in the information, the entity was created via an interlocal agreement and will be treated as a quasi-government (special purpose) and will be treated as a business type entity fund. The Flint Hills Area Transportation Agency Inc is the acting fiscal agent for the funds and operations of the program. FHATA Inc's policies and procedures remain in effect there have been no changes in procedures. FHATA Inc's contract with FHRTA ended December 31, 2019, when all of the remaining funds had been fully expended.

The COVID-19 Pandemic which hit the local area early March. KSU services were shut down during Spring Break in March 2020 and did not open back up until late August 2020. In addition to the decrease in services for KSU the agency also had significant reduction in all other services. We reduced hours, and began limiting the number of riders, as well as incurred additional costs associated with cleaning and maintain the buses and providing

adequate PPE for the employees and the riders. Both entities were granted CARES Act funding which allows for 100% federal reimbursement for program operations, including administration. The funds also allowed for Paid Administration Leave for the significant reduction in employee hours, allowing the Agency to continue to employ all of the staff and pay them up to 40 hours per week. We also included bonus pay in April and May for hours worked as part of increased risk of exposure. The CARES act funding was granted under the same CFDA numbers as our normal operating grant. Due to the economic impact of COVID-19 and the release of the CARES Act funding we received, the Agency provided a reprieve to all funding partners from March – December 2020. The Agency's local match funds for 5311 and 5307 programming was ceased, this included all local government funding and Kansas State University. Funding is expected to return at 75% of the original funding limits in January 2021. Fare revenue also greatly reduced as the ridership dropped. As of the date of this response, the Agency has had 6 employees who resigned due to their having high health risk associated with COVID-19 and it was advisable by their Doctors to not continue working. We have had multiple employees who have had close contact and were required to quarantine but none have been linked to the Agency or as a result of work exposure.

3. Any issues with the prior year auditor? Are they being asked to bid as well? How many firms are you expecting to send proposals?

Response: Varney & Associates was our previous auditors and we have had no known conflict or issues with our prior auditors. They have been asked to bid. We sent out proposals to 9 firms, however the RFP is open to any firm that wishes to bid and contacts the Agency.

4. Any legal issues or fraud during FY 20 or since that I should be aware of?

Response: We are not aware of any litigation or legal issues affecting the CDC, nor are we aware of any fraud or suspected fraud.

5. What accounting software do you use?

Response: As noted in the Scope of Work, we utilized QuickBooks Enterprise version 2020. The software is setup such that we utilize the Classes to account for each major funding program (5307, 5311, etc.). Additional information has been provided in the Scope of Work.

6. Is the proposal just for 2020 and 2021 or is it for a 3-year period? Terms on page 4 varies from Scope of Work under Audit Services on page 3.

Response: Original award is for a 3-year period (06/2020, 06/2021, 06/2022), with an option to extend for 2 – 1 year periods through 6/2024.

7. What was the 2019 audit/tax fee?

Response: Our previous year audit fee for Flint Hills Area Transportation Agency was \$6,600.

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Addendum 1 (continued)

8. Does the FHATA Board have employees – do you have KPERS or other pension plan? If so, are you planning on hiring an actuary for the KPERS or other pension plan report and footnote analysis?

Response: Currently all employees are employed by FHATA, Inc (as the fiscal agent) and we have a SIMPLE Retirement benefit option. There is no plan to utilize KPERS for benefits. We do not require an actuarial footnote analysis.

9. On the FHATA Board, are you wanting to use GAAP or the Regulatory basis (KMAAG)?

Response: Per guidance from the triennial reviewers and FTA regulators we have elected to use GAAP for Special Purpose Government, utilizing Business-Type Entity fund.

Questions received from Summers, Spencer & Company PA

1. Can I get a copy of the June 30, 2019 audit and findings?

Response: A Copy of the Agency's audit can be obtained on our website at this link, see the links under the Audit and Consulting Services.
<https://www.rileycountyks.gov/1773/Bid-Postings>

Questions received from BT&Co, PA

1. Why are you going out for bid?

Response: Per our procurement policy, we are required to go out for bid every 3-5 years as we deem necessary. In addition, we were notified that our prior auditors would not be able to perform the Single Audit for Flint Hills Area Transportation Agency Board.

2. Who is the prior auditor? It was unclear if FHATA Board has been audited in the past.

Response: As noted in the Scope Section this is the initial audit for FHATA Board, operations began January 1, 2020. Varney & Associates was our previous auditors for FHATA, Inc.

3. Were there any disputes with the prior year auditor? This is only applicable if either entity has been audited in the past.

If Yes, describe

Response: We have had no known conflict or issues with our prior auditors.

4. Is the prior auditor being asked to bid? This is only applicable if either entity has been audited in the past.

If no, Why not?

Response: The prior auditors were provided a copy of the RFP.

5. How many others are proposing?

Response: We sent out proposals to 9 firms, however the RFP is open to any firm that wishes to bid and contacts the Agency.

6. Amount of time prior auditors spent on-site. This is only applicable if either entity has been audited in the past.

Response: The previous auditors spent approximately 2 days onsite. Please note for this year's audit we understand the concerns with COVID-19 and in order to keep our staff safe we will request the onsite portion be as limited as possible. We will support onsite, however, many of our records are electronic and we have capabilities of sharing information. However, we understand the purpose and the need for face to face, we just ask that it be limited as we are limiting access to the building. We are also fully capable of utilizing Zoom or other web-based video conferencing.

7. Amount of prior audit fee, if available? This is only applicable if either entity has been audited in the past.

Response: Our previous year audit fee for Flint Hills Area Transportation Agency was \$6,600.

8. Please provide a copy of the 2019 audit report for each entity. This is only applicable if either entity has been audited in the past.

Response: A Copy of the Agency's audit can be obtained on our website at this link, see the links under the Audit and Consulting Services. We had not related journal entries or significant findings. <https://www.rileycountyks.gov/1773/Bid-Postings>

General Information

9. Number of Adjusting Journal Entries made as part of prior year audit, if applicable?

Response: We had no prior audit adjustments or passed audit adjustments.

10. Significant changes in operations or balances since last year? e.g. new debt, new grants, new programs.

Response: The following is a summary of events that have significantly impacted operations and the grants:

Flint Hills Area Transportation Agency Board (FHATA Board) – As noted in the background under the Scope of Work the FHATA Board was officially awarded the new 5307 grant funds and was given pre-award authorize starting January 1, 2020. The Agency was also awarded CARES Act funding starting with March 1, 2020. As described in the information, the entity was created via an interlocal agreement and will be treated as a quasi-government (special purpose) and will be treated as a business type entity fund. The Flint Hills Area Transportation Agency Inc is the acting fiscal agent for the funds and operations of the program. FHATA Inc's policies and procedures remain in effect there have been no changes in procedures. FHATA Inc's contract with FHRTA ended December 31, 2019, when all of the remaining funds had been fully expended.

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11. Was a management letter issued in the prior year? If YES, are issues resolved?

Response: A standard letter was provided but there were no significant finds or issues noted.

12. Do you have any bookkeeping services provided by external sources? Describe YES answer

Response: As noted in the details of the scope. The Agency has a fulltime Finance Director, Melanie Tuttle, CPA. The details of her experience and knowledge is included in the original RFP under the Scope Section. We do not have a bookkeeping service, but we do utilize our external auditors for advise.

13. Any fraud or unusual situations we need to be aware of? If yes, describe

Response: No known fraud or knowledge of allegations of fraud.

14. Will FHATA, Inc. need our services for the preparation of Form 990?

Response: The Agency staff is responsible for preparing and filing the Form 990. This RFP does not include the need for tax services.

15. Audit Timeline: When will you be ready for the audit to begin? what is the due date for the drafts and final reports?

Response: As noted in the RFP Scope of Work

Begin: We are ready to begin as soon as the bid is awarded. The books are closed for the year and we can provide all needed documentation prior to coming to our location. I will note, that we are limiting access to our building due to COVID-19 so we will be asking for as much preparation ahead of time to be done electronically as all of our records for the year are electronic and can be easily submitted to auditors at their request. We can provide a complete back up copy of our QB file. We fully understand the benefit of face to face, we recognize this year is different due to the pandemic and we are trying to keep our staff a safe as possible. Masks will be required to be worn on the premises at all times.

Due dates: This is the general due dates, the first year we will be giving some consideration of timing due to timing of our RFP process.

- Onsite visit: Must be completed no later than 6 months after fiscal year end (December 31)
- Draft of Audit Report: 45 days after the completion of on-site visit or February 1 (whichever is sooner). The Agency will return comments no later than 14 days after receipt of draft.
- Final Audit Report: Issued no later than February 15, or 60 days after the site visit is completed (whichever is sooner).
- Single Audit Submission: completed by February 28, or 30 days after the audit is completed (whichever is sooner)
- Presentation to the Board: Must take place no later than the March meeting.