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November 17, 2011
Addendum No. 1
REQUEST FOR QUALIFICATIONS
PROFESSIONAL AUDITING SERVICES
Dated October 27, 2011

Dear Auditing Firm:

This letter is Addendum No. 1 to the Request For Qualifications (RFQ) Professional Auditing Services dated October 27, 2011. Where text is revised, deleted text is shown in strike-through format; added text is *italicized*. The RFQ is revised as follows:

<u>Addendum Item</u>	<u>Reference</u>	<u>Change(s)</u>
1.	RFQ, Page 11, Appendix A, Scope of Work, Task 4, Draft Financial Statements	<p>The Auditor will <i>audit</i> prepare a draft of the financial statements, notes and all required supplementary schedules, <i>prepared by MTC</i>, according to the Project Schedule listed in Appendix B.</p> <p>The Auditor will <i>audit</i> prepare a draft report on BAIFA financial statements, notes and all required supplementary schedules, <i>prepared by MTC</i>, according to the Project Schedule listed in Appendix B.</p> <p>The Auditor will <i>audit</i> the schedule of federal awards, <i>prepared by MTC</i>, as well as reports and issue reports on internal control structure and compliance (management letter), are to be issued as part of the comprehensive annual financial report.</p> <p>The designated MTC staff will complete their review of the report as expeditiously as possible.</p> <p>During the period following submission of the draft, the Auditor will be available for any meetings that may be necessary to discuss audit reports. At a minimum, conferences with MTC staff and Commissioners will be held on dates agreed upon by MTC Project Manager and Auditor.</p> <p>Once all issues are resolved, the final report will be delivered as indicated below.</p>

2.	RFQ, Pages 14-15, Appendix C, Estimate of Audit/Production Hours	"Other Reports" column is renamed " <i>Other Reports including Clipper[®]</i> "
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The remaining provisions of the RFQ, dated October 27, 2011, remain unchanged. In the event of a conflict between this addendum and the previous version(s), this addendum shall take precedence. Questions and answers regarding this RFQ are enclosed with this addendum.

Any questions concerning this addendum to the RFQ should be directed to Suzanne Bode, Project Manager, at (510) 817-5856 or sbode@mtc.ca.gov.

Sincerely,



Steve Heminger
Executive Director

SH: SB

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**Request for Qualifications
Professional Auditing Services
Questions & Answers**

**Responses to Questions Received via Email
November 17, 2011**

Q1: Have your entity level controls proven to be effective?

A1: Please see MTC Reports on Federal Award Programs in Accordance with OMB Circular A-133 for the year ended June 30, 2011 posted at <http://procurements.mtc.ca.gov/>.

Q2: Have your IT general controls proven to be effective?

A2: Please see MTC Reports on Federal Award Programs in Accordance with OMB Circular A-133 for the year ended June 30, 2011 posted at <http://procurements.mtc.ca.gov/>.

Q3: Did they have any material weaknesses in the prior year?

A3: Please see MTC Reports on Federal Award Programs in Accordance with OMB Circular A-133 for the year ended June 30, 2011 posted at <http://procurements.mtc.ca.gov/>.

Q4: May we review the prior year management letter?

A4: Please see MTC Reports on Federal Award Programs in Accordance with OMB Circular A-133 for the year ended June 30, 2011 posted at <http://procurements.mtc.ca.gov/>.

Q5: May we have a full version of the terms and conditions for the audit contract?

A5: Please see MTC Standard Professional Services Agreement.

Q6: Can you provide the audit hours billed for the prior year's audit?

A6: The contract included lump sum payments, not hourly-based payment.

Q7: Were there any audit adjustments recorded by the prior year's auditors? Please identify the magnitude and number of adjustments.

A7: Yes, however adjustments were not material and we do not track absolute numbers.

Q8: What were the total fees paid for the June 30, 2011 audit, broken out by Scope of Work?

A8: Please see PricewaterhouseCoopers LLP engagement letter dated April 18, 2011 posted at <http://procurements.mtc.ca.gov/>.

Q9: Are there any differences in the scope of work in the current RFQ than to the services provided for the year ended June 30, 2011?

A9: The Bay Area Headquarters Authority (BAHA) Joint Powers Authority was created subsequent to June 30, 2011.

Q10: What are the total expenditures of federal awards estimated for FY 2012?

A10: The federal awards for FY 2012 should be approximately the same as FY 2011. Please see MTC Reports on Federal Award Programs in Accordance with OMB Circular A-133 for the year ended June 30, 2011 posted at <http://procurements.mtc.ca.gov/>.

Q11: Has MTC issued any debt in this fiscal year? Are there any plans to issue debt in the next 2 years?

A11: No.

Q12: What is budgeted for this year's audit?

A12: The audit budget has not yet been established.

Q13: Is MTC looking to receive a redline version of the terms and conditions/contract?

A13: Proposers may submit requested changes to MTC's Standard Consultant Agreement with their proposals. MTC will review and consider the requested changes. Proposers should note that any changes will be at the sole option of MTC.

Q14: Some of the terms and conditions as written in the RFQ violate independence professional standards. Are you willing to modify the terms and conditions to help us comply with professional standards?

A14: Please identify the terms and conditions in the RFQ which you feel are in violation of independence professional standards.