



## Request for Proposals Capital Region Airport Authority

<b>Solicitation Number</b>	Request for Proposals (RFP) 2025-07
<b>Addendum #1</b>	In response to question received. <b><i>All other provisions and deadlines set forth in the original RFP remain unchanged.</i></b>
<b>Solicitation Title</b>	Audit Services
<b>Purpose</b>	CRAA is seeking proposals from qualified entities to conduct annual financial audits as required to comply with the federal Single Audit Act and other associated federal and state regulations, requirements and principles, as well as supplemental advisory and audit services.

**QUESTION RECEIVED:** Can you please provide the prior year audit report and the management letter? (I looked on the link in the RFP but I may need further instruction on how to pull the data)

We have posted these documents online as attachments with this addendum.

### QUESTIONS RECEIVED:

- Can you tell us what the prior year audit fee was?
- Please provide audit fees for services provided for the past 3 years, including financial statement audit, PFC revenue audit, and Single Audit (per major program audited).
- What was the estimated fees for the most recent audit of the Authority?
- Were additional billings required by the incumbent auditor in recent audits? If so, what were the billings related to?

During FY-2025, the Authority paid the auditor a total of \$46,700.

During FY-2024, the Authority paid the auditor a total of \$35,500.

During FY-2023, the Authority paid the auditor a total of \$34,100.

These figures are aggregate for all services provided. The Authority does not have the ability to disaggregate the costs associated with the various services provided.

**QUESTION RECEIVED: Did you have any findings, significant deficiencies or material weaknesses in your last audit?**

No.

**QUESTIONS RECEIVED:**

- **Why are you changing auditors?**
- **Is there a particular reason that the Authority is requesting proposals (i.e. disagreement with the current firm, costs, timing of deliverables)?**
- **What are the primary reasons for seeking a new auditor, and what qualities are you looking for in a new partnership?**

The Authority is not necessarily seeking to change auditors. However, our policy states that the President-CEO must evaluate the need for auditor rotation at least every four years and make recommendations to the Board. At a minimum, on-site audit staff should be periodically rotated.

As outlined in the RFP, there are two service areas the Authority may need additional support with moving forward: updating certain financial policies (including controls and capitalization) and performing audits of tenants, concessionaires, and contractors.

**QUESTION RECEIVED: Are there any outstanding or unpaid invoices to the prior auditors as of today?**

No.

**QUESTION RECEIVED: Does the CRAA use Quickbooks or any other form of accounting system?**

As stated in the RFP, the Authority currently uses Empower<sup>3</sup> software, an Enterprise Resource Planning (ERP) system, which includes the following modules:

- |                         |                           |
|-------------------------|---------------------------|
| a. General Ledger;      | f. Leases                 |
| b. Accounts Payable;    | g. Fixed Assets;          |
| c. Accounts Receivable; | h. Banking; and           |
| d. Purchasing;          | i. Grant/Project Costing. |
| e. POS -Point of Sale;  |                           |

**QUESTION RECEIVED: Was on-site field work performed by the prior auditors?**

Yes.

**QUESTIONS RECEIVED:**

- **Is there a preference if the audit is performed remotely or on-site?**
- **Does the Authority have a preferred format for fieldwork—onsite, remote, or hybrid?**

The Authority is open to the possibility of the audit work being performed remotely, with two caveats. First, under such circumstances the auditor would have to have a particularly robust and reliable capability for document collection and management, because face-to-face communication can often make it easier to ensure that documents are properly understood.

Second, there will be times when the auditor must present in person to the Authority's senior leadership team, including the Board's Finance Committee and then the full Board. Therefore, unless the auditor is willing to travel at its own expense, the Authority would have to consider travel costs as part of the overall evaluation process.

In other words, although much of the work could be performed remotely, there would also have to be at least some in-person engagement.

**QUESTION RECEIVED: Were there any audit adjustments discovered by the auditors during the most recent audit? If yes, please provide a description of the nature and amounts.**

The existing audit team has identified minor adjustments needed, particularly with respect to Construction in Progress, grant receipts, and updating the Authority's Fixed Asset schedule.

**QUESTION RECEIVED: Were there any proposed adjustments that were not recorded related to the most recent audit? If yes, please provide a description of the nature and amounts.**

No. The Authority has agreed with and implemented virtually all adjustments identified by the current audit team.

**QUESTION RECEIVED: Have there been any major events or transactions that have occurred or that are expected to occur in 2025 or beyond (such as significant capital programs, debt issuances, significant new federal funding, changes in ERP system, etc.) that may have an impact on the audit?**

The primary change involves how grant receipts for capital construction projects are handled. Until two years ago, the Michigan Department of Transportation (MDOT), in coordination with the Federal Aviation Administration (FAA), paid invoices directly and then reported the information to the Authority.

Now, the Authority must pay contractors and consultants directly and subsequently

request reimbursement from MDOT and/or the FAA, depending on the grant. This shift has required updates to the Authority's Chart of Accounts as well as adjustments to related procedures.

**QUESTION RECEIVED: Does the Authority use any service organizations to process transactions that are reported in its financial statements?**

Yes. As explained in the RFP, the Authority uses Empower to process a number of transactions. In addition, as noted above, in some cases the Authority relies upon MDOT and the FAA to process certain types of transactions.

**QUESTION RECEIVED: Outside of the audit process, how does the Authority find/define value from its auditors?**

The Authority relies upon its auditor to translate statutory and regulatory requirements into plain language. This is particularly important because the Authority does not have its own internal audit expertise.

As noted in the RFP and above, the Authority will also increasingly look to its audit firm to advise on needed changes in policies and procedures, including but not limited to when and how to conduct audits of its tenants, concessionaries, and contractors.

**QUESTION RECEIVED: The RFP indicates there are certain exceptions and modifications to the Authority's accrual method of accounting. Can you provide details on what these exceptions and modifications relate to.**

Three notable examples include (a) how the Authority reports revenues and expenditures for fuel sales at Mason Jewett Field, (b) how property tax revenues and rebates are recorded and presented, and (c) how the Authority records contractual commitments (e.g., capital construction projects). These are all examples that the Authority may wish to revisit once a new contract is in place for audit-related services.

**QUESTION RECEIVED: Have there been any challenges with recent audits, or are there areas where you'd like to see improvements?**

No.

**QUESTION RECEIVED: What is the earliest date the Authority would be ready for final audit fieldwork after year-end?**

In general, the Authority is able to provide preliminary year-end results within 60 calendar days after year-end (i.e., by the end of August) and to provide an initial trial balance by mid- September.

**QUESTION RECEIVED: How many audit adjustments were proposed by the**

**auditors during the FY24 audit, if any? Please provide a listing, if applicable. Are similar adjustments expected for FY25 and FY26?**

Historically, the audit team has recommended a single, unified journal entry that addressed between 5-10 line items. For the fiscal year ending FY-2024, there was a somewhat more significant recommendation pertaining to depreciation, which the Authority now has more control over.

**QUESTION RECEIVED: Are there any anticipated changes in operations, staffing, or financial systems during the contract period?**

Yes. The provider of Empower<sup>3</sup> has given the Authority a sense that system is nearing the end of its life-cycle. Therefore, the Authority will be taking steps over the next 2-3 years (2026-2028) to plan and implement a transition to a new system for budgeting, accounting, and potentially for other associated functions (such as properties management, enhanced document retention, etc.).

**QUESTION RECEIVED: Does the Authority have any FAA regulated leases?**

The Authority is governed by a number of Federal statutory, regulatory, and contractual obligations and restrictions. Therefore, virtually all of the Authority's leases should be considered to be "FAA regulated."

**QUESTION RECEIVED: What were the last three years of expenditures on PFC projects and does the Authority anticipate any significant fluctuations in the next three years?**

From FY-2022 through FY-2024, the Authority collected a total of approximately \$1.2 million in PFC revenues (an annual average of approximately \$447,000). The Authority has not incurred any new PFC-funded projects during this timeframe. Rather, the Authority is reimbursing itself for projects that were completed some years ago, with the Authority paying for those projects using reserve funds.

Unless there is a change in the statutory cap on PFC revenues, the Authority does not anticipate making any new PFC-funded investments in the next three years.