

RFQ for Audit Services ADDENDUM #1

Date of Addendum: February 10, 2025

NOTICE TO ALL POTENTIAL RESPONDENTS

The Request for Proposals (RFP) is modified as set forth in this Addendum. The original RFP Documents and any previously issued addenda remain in full force and effect, except as modified by this Addendum, which is hereby made part of the RFP. Respondents shall take this Addendum into consideration when preparing and submitting its Proposal.

1.0 – RFP

Item	Section	Description of Change
5	1.2.d	Please describe the dollar amount of the contract and type of services (financial statement audit, compliance audit, performance audit, etc.) performed / provided to the entity.
7		Submittal text shall be limited to fifteen (15) pages, double sided, in length, exclusive of professional resumes, cover sheets, flyleaves, tables of content, dividers, etc., and printed on two sides and double-spaced. Materials in excess of the specified 15 pages will not be reviewed.
14		An unbound original and two bound (2) copies (a total of three (3) sets) of the complete response must be received by Monday, February 17, 2025, at 4:00 P.M., C.S.T.

2.0 – QUESTIONS AND ANSWERS

The following questions and answers are provided as a matter of information to clarify issues raised about the RFP. To the extent that changes to the RFP are required based on the questions received, the RFP has been modified as noted above in the RFP section of this Addendum.

Item	Questions and Answers
2.1	<p><u>Question:</u> Section 3 - We understand an ERP implementation was scheduled in 2024; however, the timing of this, based on the RFQ, is anticipated to be in 2025-2026. Can you provide details around the delay in implementation?</p> <p><u>Answer:</u> We have had other items that became an agency priority that have caused a delay in preparing the RFQs needed to start the ERP project.</p>
2.2	<p><u>Question:</u> Section 3 - CTRMA's last federal single audit was for the FYE 6.30.22. Does the Authority anticipate needing a federal single audit in FY2025 or in any of the subsequent years?</p> <p><u>Answer:</u> Yes, a single audit is anticipated for FY2025, provided TIFIA funding is received. For FY2026 CTRMA plans to request TIFIA funding, pending approval, a single audit is anticipated.</p>
2.3	<p><u>Question:</u> Section 3 – CTRMA's last state single audit was for FYE 6.30.21 (per the CTRMA website). Does the Authority anticipate needing a state single audit in FY2025 or in any of the subsequent years?</p> <p><u>Answer:</u> No, funding on a state level will not be sufficient to warrant a single audit for FY2025</p>
2.4	<p><u>Question:</u> Please provide a listing of all the audit adjustments both posted and waived for FY2024.</p> <p><u>Answer:</u> FY2024 adjustments are listed below.</p> <ul style="list-style-type: none"> • Reverse reclassing project to undeveloped projects (not capital assets) due to the project not reaching final acceptance by year end. • Reverse accrual related to implementation of GASB 101 – implemented a year too early.

	<ul style="list-style-type: none"> • No adjustments were waived.
2.5	<p><u>Question:</u> Please provide a copy of the Report to Management listing any deficiencies if you received one over the last 2 years.</p> <p><u>Answer:</u> The Management letter is provided at the end of this addendum.</p>
2.6	<p><u>Question:</u> What financially significant service providers exist? Are SOC reports received? Specifically for the following:</p> <p><u>Answer:</u></p> <ol style="list-style-type: none"> Most SOC reports are for the period July to March with an expected report date of June 30. A bridge letter is available for the period between April – June (year-end). Quarter Hill (QH) – formerly Electronic Toll Collection Systems (ETCS) – QH is currently responsible for the 71 and 290 toll collection systems and is tasked with installing systems for 183A Phase III and 183N projects. We anticipate that QH will replace the MoPac North express lane system this summer so that we will have one common express lane toll collection system. QH is required to provide a SOC report annually. Kapsch TrafficCom USA, Inc. – is our incumbent system integrator, is responsible for 183A Phase I & II toll collection system as well as the systems supporting the 45SW and 183 remain under Kapsch's purview. Kapsch is also responsible for the MoPac North express lane system until it is replaced by QH later this year. Kapsch is required to provide a SOC audit report each year. Data Platform System (DPS) – Each of the system integrators collect toll transaction data and images for the roads each integrator is responsible for and transmits this information as a "fully formed transaction" to the Data Platform System (DPS). The DPS is a Mobility Authority owned system that aggregates the toll transaction data and routes it to be posted on an internal exempt account, to the CUSIOP or SEIOP hubs, or to Pay By Mail. The Data Platform System is hosted in the Google Cloud and operated/maintained by Deloitte Consulting. Google and Deloitte are <u>not</u> contractually required to provide a SOC audit report. Central United States (CUSIOP)/Southeastern United States (SEIOP) – both are utilized. The exception is the SOC audit report for the Central United State Interoperability (CUSIOP) hub. This report is limited in scope, only reviewing test controls regarding security, availability, and confidentiality. This report is provided by HCTRA who is responsible for the hardware supporting the CUSIOP hub. HCTRA is <u>not</u> contractually required to provide this report although we along with other parties to the CUSIOP agreement pay for the report. The report typically follows a schedule dictated by HCTRA and is not always received in a timely manner. Note that CTRMA does not contractually require or pay for a SOC audit of the Southeast Interoperability (SEIOP) hub maintained by the Floride Turnpike Enterprise. ViaPlus (formerly Cofiroute) – utilized for Pay By Mail services and a SOC report is received.
2.7	<p><u>Question:</u> Section 3 paragraph 2 of the RFQ discusses plans on implementation of an ERP software package. Is this still the Microsoft Navision system or will it be an entirely new ERP system?</p> <p><u>Answer:</u> The ERP system will be a new system.</p>

2.8	<p><u>Question:</u> If a new (not just a Microsoft Navision upgrade) ERP is to be implemented in FYE2025-2026, please provide the company name.</p> <p><u>Answer:</u> Company has not been selected as we have not yet issued any RFQs for implementation or software.</p>
2.9	<p><u>Question:</u> Does the Mobility Authority prepare their own financial statements in their entirety? If not, please describe what the auditor is expected to assist with.</p> <p><u>Answer:</u> Beginning with FY2025, CTRMA will prepare the AFR in house.</p>
2.10	<p><u>Question:</u> Does the Mobility Authority require printing services of the Mobility Authority-prepared financial statements?</p> <p><u>Answer:</u> CTRMA does not utilize printing services for financial statements as we do not print physical copies of the AFR.</p>
2.11	<p><u>Question:</u> Please provide the fees paid to the auditor for the FY2024 audit, broken out by base fee for audit, extra billings for overruns and other charges for other services.</p> <p><u>Answer:</u> Base fee for the FY2024 audit was \$165,000, with an additional \$55,315 paid for the data platform audit. No fees were paid for overruns or other services.</p>
2.12	<p><u>Question:</u> The previous auditor's engagement letter for FY2024 included \$60,000 - \$80,000 in fees for 'data platform effort' – what is that? Is that service required for each future year of the contract duration? It was noted a similar but significantly higher fee in the FY2023 engagement letter.</p> <p><u>Answer:</u> CTRMA built a data platform software (DPS) program to assist with tracking and processing toll transactions. Toll transaction management is a critical business process area within a tolling agency. The process is triggered when a vehicle traveling on a toll agency maintained and operated toll road passes through a toll gantry. Equipment at the toll gantry captures a suite of data that uniquely identifies the toll transaction. This data includes an image of the license plate used to extract the license plate number and state, vehicle axles, or class, date/time, location, and Automatic Vehicle Identification (AVI) transponder device information. The resulting data set serves as inputs necessary to determine the toll amount, the individual responsible for paying the toll and the payment path used to submit a request for payment. Additionally, toll transaction data is used for traffic and customer pattern analysis, monitoring and validation of toll system performance and accuracy, revenue and financial analysis, and other data points for the toll agency to make informed business decisions.</p> <p>Prior to the DPS program, CTRMA deployed an outsourced solution to handle the end-to-end toll transaction management processes and workflow. The objective of this program is to transition all toll transaction data processing and data management capabilities after the point of toll transaction creation to a CTRMA-managed solution. A third-party vendor will continue to collect and create the toll transaction data set at the roadside, then pass the toll transaction data to a data platform within the CTRMA network. CTRMA business logic and rules will then consume the transaction data to price and route the payment request. The resulting CTRMA-managed data platform will also support additional business capabilities such as external reporting and internal data analytics.</p> <p>To achieve this objective, CTRMA has defined a multi-faceted strategic plan to implement an end-to-end scalable tolling transaction system to meet current and future business capabilities. Using a Service Oriented Architecture (SOA) approach, the CTRMA developed a back-office architecture design that provides solutions for:</p> <ul style="list-style-type: none"> • Centralized, secure, and redundant data hosting for all data entities necessary for toll transaction processing.

	<ul style="list-style-type: none"> • External data exchange points that provide flexible structured transaction data transmissions to and from third parties. • Multi-step modular pricing and discounting business logic. • Auditable data governance and security. • UX/UI-driven data and business process administration. • Public, external, and internal fixed reporting and cached data access. <p>The software went live in FY2024, and the additional services were to audit the internal controls and implementation of that software platform. A diagram of CTRMA's DPS system is provided at the end of this addendum.</p>
2.13	<p><u>Question:</u> Did the previous auditor use a DBE/HUB/MWBE firm? What percentage of participation in the audit for FY2024 was achieved? For FY2023.</p> <p><u>Answer:</u> Previous auditor did not utilize a DBE/HUB/MWBE firm.</p>
2.14	<p><u>Question:</u> Does the Mobility Authority outsource any Internal Audit work? If so, will you provide those audit reports?</p> <p><u>Answer:</u> No other audit work is outsourced.</p>
2.15	<p><u>Question:</u> Audit timeline: Section 5.1.2.f indicates that the annual audit is to be performed within 120 days of year end. That would be a required audit opinion date of Oct 28.</p> <p>a. When is the trial balance finalized each year, with all closing entries entered and available to the auditors?</p> <p><u>Answer:</u> Trial Balance is typically finalized in the first week of September.</p> <p>b. What date range do the auditors typically perform their audit?</p> <p><u>Answer:</u> Preliminary scoping conversations occur in April, with the bulk of the audit work occurring in September and early October.</p> <p>c. Is any interim testing performed? When?</p> <p><u>Answer:</u> Interim testing is preferred. For FY2024 CTRMA provided YTD data through March to the auditors in May and then provided May through year end in September.</p> <p>d. If prepared by the Mobility Authority, when is the draft financial statements given to the auditors?</p> <p><u>Answer:</u> CTRMA prepares financial statements in-house, a draft through year end June can be provided in July with a list of items left to be finalized.</p> <p>e. Is the audit typically conducted in person, remotely or a hybrid?</p> <p><u>Answer:</u> The audit is conducted hybrid, however, CTRMA is flexible.</p>

END OF ADDENDUM



October 30, 2024

RSM US LLP
300 Colorado Street, Suite 1700
Austin, Texas 78701

This representation letter is provided in connection with your audit of the basic financial statements of the business-type activities and fiduciary activities of Central Texas Regional Mobility Authority (the Authority) as of and for the year ended June 30, 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of October 30, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 16, 2024, as amended on October 4, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to value account receivable, investments; determine depreciable life of property and equipment and value the net pension liability are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate:

Allowance for doubtful accounts: With appropriate provision for uncollectible accounts, the Authority recognizes revenue from pay by mail toll transactions at the time a transaction is completed, the owner is identified and billed. The Authority makes provision for the uncollectible accounts based on the collection history of the authority for similar activity

Investment values: The money market mutual fund and local government investment pool are reported at net asset values (NAV) based on amortized cost. Investments in debt securities are reported at fair value based on pricing service models.

Depreciable life of property and equipment: The depreciable life of property and equipment is set at the estimated useful life of the related asset group.

Net pension liability (asset): The Authority's agent measures its pension expense and net pension asset/liability based on approved demographic and economic assumptions approved by the Plan.

Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the Authority. All disclosures related to the estimates, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimates and related disclosures included in the financial statements.

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the Authority include:
 - a. Those with other organizations for which the nature and significance of their relationship with the Texas Department of Transportation 183 N Project are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
12. Provisions for uncollectible receivables have been properly identified and recorded.
13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
14. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
16. Revenues are appropriately classified in the statement of activities as operating and nonoperating.
17. Expenses have been appropriately classified in the statement of changes in net position.

18. The Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
19. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
20. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. We have disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
21. We have no knowledge of any uncorrected misstatements in the financial statements.
22. We have reviewed the GASB Statements effective for the fiscal year ending June 30, 2024, and concluded the implementation of the following Statement did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 100, Accounting Changes and Error Corrections
23. We have requested an unsecured electronic copy of the auditor's report basic financial statements and agree that the auditor's report will not be modified in any manner.

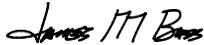
Information Provided

24. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the board of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
25. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
26. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
27. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.

28. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
29. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
30. We are not aware of any pending or threatened litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Government Accounting Standards Board (GASB) Codification Section C50, Claims and Judgments; or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
31. We have disclosed to you the identity of all of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
32. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize and report financial data.
33. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
34. It is our responsibility to inform you of all current and potential affiliates of the Authority as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the Authority may create threats to independence. We have:
 - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the Authority's financial statements as a whole, (ii) the level of influence the Authority has over an entity's financial reporting process or (iii) the level of control or influence the Authority or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Authority and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.
 - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the Authority or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.
35. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
36. We believe that the information obtained from the audited financial statements of and other participant information provided by Texas County and District Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.
37. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

38. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
39. With respect to Management Discussion and Analysis and Required Supplementary Information Pension Plan information presented as required by GAAP to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

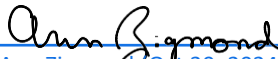


[James Bass \(Oct 31, 2024 08:43 CDT\)](#)

James M. Bass
Chief Executive Officer



Jose Hernandez
Chief Financial Officer



[Ann Zigmond \(Oct 30, 2024 17:29 CDT\)](#)

Ann Zigmond
Controller

