



**ADDENDUM NO. 1**  
**Issued January 21, 2021**

**TO**

**REQUEST FOR PROPOSALS**  
**FOR**  
**INDEPENDENT AUDITING SERVICES**  
**(RFP Number 21-FA-003)**

**Note:** Entities submitting a Proposal are required to acknowledge this and all Addenda in Section 5 of the Proposal Form.

## 1. RESPONSES TO QUESTIONS

This Addendum consists of the Material Innovation and Recycling Authority's (MIRA's) responses to written questions received as of January 14, 2021.

1.	Question	Please provide, or send a link, to a copy of the prior year's audited financial statements.
	Answer	<a href="https://www.ctmira.org/wp-content/uploads/2020/10/PR_MIRA-FY-2020-Annual-Financial-Report-Final.pdf">https://www.ctmira.org/wp-content/uploads/2020/10/PR_MIRA-FY-2020-Annual-Financial-Report-Final.pdf</a>
2.	Question	Why is the Authority going out to bid? How long have you had your current CPA firm?
	Answer	Per MIRA's Procurement Policies and Procedures, MIRA shall solicit proposals at least once every three (3) years for any auditing professional services which it uses.
3.	Question	Who generally prepares the financial statements?
	Answer	Manager of Accounting & Financial Reporting
4.	Question	Please provide a timeline as to when the fieldwork is performed, from audit planning through the final issuance of the financial statements.
	Answer	The fieldwork is usually performed at the beginning of August with the financial statements being issued no later than September 30 <sup>th</sup> .
5.	Question	Were any adjustment proposed and recorded and/or passed on during the audit engagement?
	Answer	No
6.	Question	Could the prior year's required communication letter be made available?
	Answer	Yes
7.	Question	What were the prior year's audit fees? Fees related to agreed-upon procedures if applicable?
	Answer	\$43,000
8.	Question	Was the fieldwork performed remotely this past year?
	Answer	Yes
9.	Question	What computer financial systems are utilized by the Authority?
	Answer	Epicor
10.	Question	How often does the CPA firm present to the audit committee? Board?
	Answer	One a year
11.	Question	Was a management letter prepared, and, if so, is it available for review?
	Answer	Yes
12.	Question	Please confirm whether a Single Audit is necessary.

	Answer	No
13.	Question	How long has the Authority received the CAFR?
	Answer	The 2019 CAFR marked the 6 <sup>th</sup> consecutive year that the Authority received the award.
14.	Question	Was a portion of the prior year's audit engagements set aside for legitimate minority business enterprises and if so, who was utilized in providing these services?
	Answer	No
15.	Question	Is the incumbent auditors permitted to respond to the RFP?
	Answer	In accordance with Section 1-127 of the Connecticut General Statutes, MIRA's current Auditor, having performed the services for the past 6 years, would be prohibited from providing the fixed fee Independent Auditing Services as detailed in Item 1 of the Scope of Services (See form of Agreement - Attachment 1 of the RFP ). However, as detailed in Section I.A. of the RFP, MIRA reserves the right to enter into an on-call agreement with other firms - including its current Auditor - to provide project, division, or contract-specific AUP reports or reviews.
16.	Question	What were the audit fees for the prior year audit?
	Answer	\$43,000
17.	Question	Were there fees or any additional services, including fees associated with bond issues? If so, for what services and what were the fees?
	Answer	No
18.	Question	Were there any audit adjustments? If so, how many and what were the adjustments?
	Answer	No
19.	Question	Who prepares the financial statements and the related footnotes?
	Answer	Manager of Accounting & Financial Reporting and the CFO
20.	Question	Was there a management letter associated with the previous audit? If so could you please provide a copy of the letter and the status of the recommendations?
	Answer	Yes
21.	Question	What accounting software is used?
	Answer	Epicor
22.	Question	What would you like to receive from the audit process that you currently do not feel you are getting?
	Answer	The Authority has been comfortable with the current audit process
23.	Question	Are there any anticipated changes to the audit process this year as compared to the prior year?
	Answer	Proper implementation of some of the GASB Statements.

24.	Question	I request that you provide us names of countries that will be eligible to participate in this tender.
	Answer	The Authority seeks proposals from Certified Public Accounting firms authorized to provide independent audit services in the State of Connecticut as described in the RFP.
25.	Question	I request that you provide us the estimated budget for this purchase
	Answer	The Authority's budget for all FY 2021 audit services including the annual independent audit is \$75,000.

## 2. ATTACHMENTS

- FY20 Management Rep Letter
- MIRA Auditor's report on financials
- MIRA Auditor's report on IC and compliance

- END OF ADDENDUM 1 (attachments follow) -



200 CORPORATE PLACE Suite 202 • Rocky Hill • CONNECTICUT • 06067 • TELEPHONE (860) 757-7700

September 30, 2020

FAX (860) 757-7740

Mahoney Sabol & Company, LLP  
180 Glastonbury Blvd., Suite 400  
Glastonbury, CT 06033

This representation letter is provided in connection with your audits of the financial statements of the Materials Innovation Recycling Authority (the "Authority"), a component unit of the State of Connecticut, which comprise the respective financial position of the Authority, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to 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).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 30, 2020, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues and transfers and expenses to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP, as applicable. There have been no transactions with related parties relating to loans, leasing arrangements, or guarantees.
- 7) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 8) There are no guarantees, whether written or oral, under which the Authority is contingently liable.

## Information Provided

- 9) 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 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 Board of Directors and Finance Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 14) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 15) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 16) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

## Government-specific

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 19) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations, and provisions of contracts that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

- 21) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 22) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 23) The financial statements properly classify all activities.
- 24) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 25) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been appropriately reduced to their estimated net realizable value. Provisions for uncollectible receivables have been properly identified and recorded.
- 26) Inventory has been reviewed for excess or obsolete items.
- 27) Expenses have been appropriately classified in the financial statements and allocations have been made on a reasonable basis.
- 28) Revenues are appropriately classified in the financial statements.
- 29) Deposits and investment securities are properly valued, classified as to risk and are properly disclosed.
- 30) Capital assets are properly capitalized, reported, and if applicable, depreciated. In addition, capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. No potential impairment losses have been identified.
- 31) Uncorrected misstatement of the financial statements consist of an understatement of capital assets and capital lease payables for an equipment lease in the amount of \$169,625. We believe the effect of this uncorrected misstatement is immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.
- 32) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 33) All events subsequent to the date of the financial statement and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the financial statements.



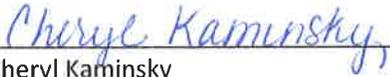
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Thomas Kirk  
Chief Executive Officer



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Mark Daley  
Chief Financial Officer



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Cheryl Kaminsky  
Manager of Accounting and Financial Reporting

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Materials Innovation and Recycling Authority  
Rocky Hill, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Materials Innovation and Recycling Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Materials Innovation and Recycling Authority, as of June 30, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mahoney Sabol + Company, LLP*

Certified Public Accountants  
Glastonbury, Connecticut  
September 30, 2020

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the  
Materials Innovation and Recycling Authority  
Rocky Hill, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Materials Innovation and Recycling Authority (the “Authority”), a component unit of the State of Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Glastonbury, Connecticut  
September 30, 2020