

CITY OF FAIRBANKS
RFP #20-01
Compliance Audit of Sales Tax Collections

The City of Fairbanks (City) is responding to questions regarding RFP #20-01 Compliance Audit of Sales Tax Collections as follows:

Q1. Regarding the pricing form. Are we to utilize the schedule in the “Background” section on page 9 of 27 to calculate the all-inclusive pricing for this project? For example, are we expected to perform audits on 20% of the 88 accounts (18 total) for Hotel/Motel, and 10% of the 84 (9 total) accounts for Alcohol? Please clarify if we are understanding that these 27 total audits represent the total number of audits to be completed during the contract year.

The compliance audit percentages in the background section are targets for the City. The proposer may have more or less than 27 compliance audits per year, depending on the size of the businesses and the complexity of the compliance audit. Alcohol compliance audits will only involve verifying whether reported total gross sales included sales taxes. Hotel/Motel compliance audits will involve collecting data from the businesses and verifying whether all sales taxes have been reported and paid.

Q2. When did the City last have an external CPA firm perform a compliance audit of sales tax collections?

The City had an individual contractor performing compliance audits throughout the year; the contract ended on December 31, 2019.

Q3. Is it possible to obtain the most recent sales tax collections compliance audit?

Compliance audits are confidential; however, compliance audits were completed throughout the year and results were provided in a report listing any discrepancies.

Q4. What did the City pay an external CPA firm for its most recent compliance audit of sales tax collections?

The City had an individual contractor performing the audits for a total annual cost of \$81,500.

Q5. What was the approximate length of time from commencement of fieldwork to report issuance of the most recent compliance audit of sales tax collections?

The contractor worked approximately 40 hours per week. The contractor also provided collection services and business license audits. The City is not seeking these additional services.

Q6. Are the sales tax auditors expected to perform the work on location in Fairbanks or will the City allow for the audit to be performed remotely?

The sales tax auditors do not have to be in Fairbanks. We anticipate providing the contractor with a list of targeted businesses to audit within the year. We will notify the businesses that our contractor will be contacting them for supporting documentation to verify City sales tax filings. The contractor would be responsible for notifying the City in writing any discrepancies in the filings.

Q7. Will the City allow for the use of a secure, cloud-based file sharing system to transmit audit related documents?

The City would allow the use of a secure, cloud-based file sharing system to transmit information.

Q8. I have read the response to Q1. Is the City looking for an all inclusive (includes all expenses, taxes, etc.) hourly rate for a to be determined number of audits to be completed, or an all inclusive total fixed dollar all inclusive amount (includes all expenses, taxes, etc.) for conducting a specified number of audits per year? If the City is seeking an all inclusive fixed dollar amount for a specified number of audits per year, how many audits of each of the four tax types does the City wish the contractor to complete?

The City is seeking a fixed dollar all-inclusive amount to provide up to 27 compliance audits comprising of hotel/motel [approximately 18] and alcohol [approximately 9] sales tax filings. The alcohol compliance audit will not include a detailed review of each monthly sales filing but will only include verifying whether the total gross sales include or exclude sales taxes.