



ADDENDUM #1

To: All Companies Interested in Submitting a Proposal
From: Diane Muench, CPPB, Purchasing Agent
Proposal: Professional Auditing Services, RFP #PUR0216-156, Dated: March 9, 2016
Subject: Addendum #1 (4 pages)
Date: March 18, 2016

Please note the following specification changes/additions/clarifications relative to the above Request for Proposal.

- 1) **Question:** Any significant changes expected related to the federal grants received by the City?
Answer: As the City continues to wrap up some of our disaster grants from the 2008 flood, there is anticipation for a slight reduction in overall federal expenditures. Current estimate for FY 2016 would be around \$50 million in federal expenditures with no new programs.
- 2) **Question:** Any significant changes expected to the financial information from fiscal year 2015?
Answer: No significant changes expected.
- 3) For Corridor Metropolitan Planning Organization:
 - a) **Question:** Who prepares the financial statements of this entity?
Answer: The City will prepare the financial statements for the MPO.
 - b) **Question:** Who performs the accounting function for this entity?
Answer: Accounting function runs through the City.
 - c) **Question:** Is this entity currently being audited? If yes, can you provide a copy of the most recent audited financial statements?
Answer: The MPO is currently being audited by the State Auditor's Office for FY 2014 and FY 2015. See Attachment F.
 - d) **Question:** When will the trial balance and workpapers be ready for audit for this entity?
Answer: Trial balance and workpapers will be ready at the end of September each year.
- 4) **Question:** Why is the City going out for bid (i.e. mandatory auditor rotation, 3-year bid cycle, etc.)?
Answer: The City has had a 3-year bid cycle for past history.
- 5) **Question:** Are there any disagreements with the current auditor?
Answer: No disagreements with the current auditors.
- 6) **Question:** Please provide the audit fees for the past three years for both the City and the Corridor Metropolitan Planning Organization. Also, please identify any special billings outside of the normal contract fee, if any.
Answer: The City audit fees have been \$82,100 (out of scope \$8,150), \$75,802 and \$76,535 (out of scope of \$4,200) for years ending 2013, 2014 and 2015 respectively. The Corridor Metropolitan Planning Organization fees have been \$9,000, \$9,450 and \$9,925 for years ending 2011, 2012 and 2013 respectively. The Corridor Metropolitan Planning Organization is currently going through their 2014 and 2015 audits.

- 7) **Question:** How many weeks have auditors been on-site at the City and the Corridor Metropolitan Planning Organization conducting the audits, both for interim, and final fieldwork? How many auditors have been involved throughout each phase of the audit?
Answer: The City does not consider the amount of time the auditors are on-site to be relevant to Vendor's proposal response. Through this RFP process, the City is requesting that each firm provide their "auditing program"; i.e., the plan on how long the audit will take, including the number of auditors that will be working on the engagement.
- 8) **Question:** Were there any journal entries proposed by the audit firm for the June 30, 2015 audit? If so, could you please provide the number and nature of these audit adjustments.
Answer: There was one proposed audit adjustment for FY 2015. The audit adjustment was a \$35,331 adjustment for an invoice that was not accrued for properly.
- 9) **Question:** Does the City anticipate any changes in the reporting entity during the contract period (i.e. new major funds, new component units, etc.)?
Answer: No changes anticipated in the reporting entity during the contract period.
- 10) **Question:** Does the City use any service centers for processing transactions, such as payroll? If so, what service centers are used and for what types of transactions?
Answer: The City does not use any service centers.
- 11) **Question:** Which audit firms were sent copies of the RFP document?
Answer: The City emailed the RFP to three firms (RSM US, LLP; Eide Bailly, LLP and CliftonLarsonAllen LLP). The RFP was also posted on the City's website for access by additional firms.
- 12) **Question:** Have there been any changes in key personnel from the prior year?
Answer: No changes in key personnel from the prior year.
- 13) **Question:** Does the City maintain its own internal control documentation? If so, what form is this in (i.e. narratives, internal control questionnaires, duties grids, etc.)?
Answer: The City does maintain its own internal control documentation in a narrative format.
- 14) **Question:** What if anything, would the City like to see changed about the current audit process?
Answer: The City does not wish to see any changes in the audit process.
- 15) **Question:** When will the audited financials of the Cedar Rapids Public Library Foundation be available?
Answer: The Cedar Rapids Public Library Foundation's audited financial statements are usually available the first part of November.
- 16) **Question:** When will the supplementary information schedules for the cost-sharing plans be available?
Answer: During the report review in December.
- 17) **Question:** On page 14 of the RFP, there is reference made to "Financial responsibility/stability" being one of the evaluation criteria. Please explain how this will be evaluated and what you are looking for us to include in our proposal to address this.
Answer: This criteria addresses the financial condition of the firm, how long the firm has been in business, etc.

- 18) **Question:** Please provide a listing of fees for each of the components (CAFR, Single Audit, Solid Waste Agency, Corridor Metro Planning Organization, and REAC) of the audit for 2015.
Answer: See below:
a) CAFR - \$66,975
b) Single audit (1 program) - \$2,680
c) Solid Waste Agency - \$7,145
d) Corridor MPO (2013 fee) - \$9,925
e) REAC - \$2,680
- 19) **Question:** Please clarify who prepares the CAFR. If the City prepares the CAFR, when is it available to the auditors?
Answer: The City prepares the CAFR and is available the first full week of December for report review.
- 20) **Question:** Please clarify what is given to the auditor for fieldwork (modified accrual trial balances, work papers, lead schedules, and/or financial statements).
Answer: The City will provide modified accrual and full accrual trial balances at the start of fieldwork. See section 4.9.2 of the RFP for workpapers provided.
- 21) **Question:** Is the City's general ledger maintained on a modified accrual basis throughout the year?
Answer: The City's general ledger is on modified accrual basis throughout the year.
- 22) **Question:** How many days are the auditors normally on site? How many people?
Answer: See response to Question #7.
- 23) **Question:** Is the prior year audit firm being asked to propose?
Answer: See response to Question #11.
- 24) **Question:** Has an audit of the Corridor Metro Planning Organization been performed in the past? If so, please provide a copy of the last audited financial statement.
Answer: See response to Question #3 and Attachment F.
- 25) **Question:** Please clarify if the Corridor Metro Planning Organization is included as an agency fund of the City.
Answer: See response to Question #3.
- 26) **Question:** Is the audit of the Airport component unit included in the basic audit fee for the CAFR?
Answer: Yes, the fees for the Airport component unit are included in the basic audit fee for the CAFR.
- 27) **Question:** If the airport is owned by the City, why is it (capital assets) reported as a component unit of the City rather than as a fund/governmental activities of the City?
Answer: The Airport Commission has all the powers granted to the City except the authority to sell the airport. Due to this the City considers the Airport a component unit.
- 28) **Question:** What factors does the City view as being important in its relationship with an audit firm?
Answer: The City wants a firm that is up to date with the latest changes that impact the City and are good at communicating those issues to the City. Also, the firm makes itself available throughout the year to address any questions the City may have.

29) **Question:** Why is the City considering a change in auditors?

Answer: See response to Question #4.

30) **Question:** Does the City outsource any functions to external parties, which would affect the audit?

Answer: The City does not outsource any functions that would affect the audit.

31) **Question:** Has the City been subject to examination by any federal, state, or regulatory/oversight agencies other than the current independent auditors? If yes, what were the results of such examination(s)?

Answer: Over the past year, the City has gone through several State and Federal audits/reviews over our Federal grants. There have been no reportable findings as a result of these audits/reviews.

32) **Question:** What steps has the City taken to prepare for and implement the Uniform Grant Guidance?

Answer: At this time the City has implemented training on updating cost principles. The City is also scheduled future training on updating procurement documentation.

33) **Question:** What was the nature and amount of adjustments, if any, that were identified by the auditors?

Answer: See Question #8.

34) **Question:** Do all entities included in the scope of services operate in the same control environment and on the same systems?

Answer: All entities operate in the same control environment and on the same system.

35) **Question:** Please provide a copy of last year's audits for report on compliance with requirements applicable to the passenger facility charge program and on internal control over compliance.

Answer: See Attachment G.

All addenda that you receive shall become a part of the contract documents and shall be acknowledged and dated on the bottom of the Signature Page (Attachment B). The deadline for sealed proposals is Friday, April 8, 2016, before 3:00 pm CDT at the Office of the City Clerk, 101 First Street SE, Cedar Rapids, IA 52401.