



CITY OF ROUND ROCK

RFP NO. 17-007

AUDIT SERVICES

Solicitation No.: 17-007

Addendum No: 1

Date: Wednesday, 03/01/17

This Addendum No. 1, dated 03/01/17, is in response to all questions, requests for clarification, and additional information submitted for RFP No. 17-007 - Audit Services by the deadline on Friday, February 24, 2017. All questions, requests for clarification, and additional information are outlined below:

Question 1. What was the prior year audit fees for 2016, and anticipated audit fees for 2017?

Answer: Audit fees for the year-ended September 30, 2016 were \$106,000.

Question 2. What were the prior auditor's dates of fieldwork and interim and for about how long?

Answer: Interim: July 5 – August 5, 2016 (approximately 4 weeks). Final fieldwork: October 31 – December 2, 2016 (approximately 5 weeks).

Question 3. How many Journal entries were proposed by your current auditors for FY 2016 or latest audit report?

Answer: 4

Question 4. Does the City have a rotation requirement for its auditors, or just a RFP requirement with the current auditor allowed to submit a bid?

Answer: The City does not have a rotation requirement for its auditors.

Question 5. Can the management letter be provided from the prior period?

Answer: No management letter was issued for the most recent audit FYE 9/30/2016.

Question 6. Any on-going fraud issues, or litigation concerns?

Answer: None noted.

Question 7. Any key turnover in recent years in the financial/administrative departments during the year?

Answer:

- 1. Purchasing Manager position is currently vacant and has been since October 2016. The interview process is ongoing.**
- 2. Accounting Manager (over Treasury, Debt, A/P, and Payroll) – last accounting manager left the City in December 2015 and this position has been filled since March 2016.**
- 3. Accounting Manager (over Capital Improvement Projects and Grants) – last individual in this position left the City in September 2015 and this position has been filled since November 2015.**



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Question 8. Does the City expect a Single audit in 2017 fiscal year, expending greater than \$750,000 in federal awards?

Answer: Yes.

Question 9. Are all accounting processes centralized (enterprise, Components, General ops)?

Answer: Yes.

Question 10. Any other major changes in operations, internal control, or staff in the current year?

Answer: No.

Question 11. Will the most recent audit report, fiscal year end 2016, be available to attendees at the pre-submittal meeting? If not, would it be possible for you to send it to me before then, either by email or regular mail?

Answer: Yes, the most recent audit report for fiscal year end 9/30/2016 will be available at the following site by March 13, 2017. <https://www.roundrocktexas.gov/departments/finance/financialreports/>

Also, there is no pre-submittal meeting scheduled for RFP No. 17-007 – Audit Services.

Question 12. Does the City anticipate any growth or funding issues that would impact the scope of the financial audit in fiscal year ending September 30, 2017, as compare to fiscal year September 30, 2016?

Answer: No.

Question 13. So that we can ensure our costs are as competitive as our services, can you please provide a copy of the most recent engagement letter, as well as the prior auditor fees for the last 5 years?

Answer:

Fiscal Year-Ended	Audit Fees
September 30, 2012	\$97,700
September 30, 2013	\$99,800
September 30, 2014	\$101,900
September 30, 2015	\$104,000



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September 30, 2016	\$106,000
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Engagement letter has been provided at:

<https://www.roundrocktexas.gov/departments/purchasing/purchasing-active-solicitations/>

Question 14. Also, what is the reason for going out for RFP for this new audit season?

Answer: Final year under contract with current auditor was the audit for the fiscal year ended 9/30/2016.

Question 15. Were any audit adjustments posted in 2016 or 2015? What was the nature of the adjustments?

Answer: In 2016, the audit adjustment posted adjusted accrued payroll; payroll was over-accrued. In 2015, no audit adjustments were posted.

Question 16. Has there been any significant turnover or changes of personnel in the finance or accounting department in the past 12 months? Is any expected at this time?

Answer: Purchasing Manager position is currently vacant and has been since October 2016. The interview process is ongoing. No other turnover is expected at this time.

Question 17. Was a management letter issued with the 2016 or 2015 audits? If so, what were the nature of the comments?

Answer: No management letter was issued with the 2016 or 2015 audit.

Question 18. What were audit fees for the 2016 and 2015 audits?

Answer:

Fiscal Year-Ended	Audit Fees
September 30, 2015	\$104,000
September 30, 2016	\$106,000



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Question 19. On page 9 of 33, the City asks for fieldwork to be completed by December 1; however, on page 15, item 2.9.3 asks for fieldwork to be completed by December 31. Which is your preference?

Answer: December 1st similar to our current and past auditors is our preference.

Question 20. Three (3) part question. Items 2.11 and 2.12 on page 15 appear to summarize information requested under specific tabs (pp 13-15).

Answers as follows:

Is that correct? Yes.

Or do you wish for experience to be summarized and repeated in Tab 8? No.

Are references still to be placed in Tab 3? Yes.

Question 21. Item 2.12 and Attachment A ask for three references. Are these in addition to the five projects requested under 2.5.4, or should the five projects include the three references?

Answer: These are in addition to, but could very well include the three references. It depends on which references you choose such that the maximum of 5 engagements are the most significant engagements performed in the last five years as discussed under 2.5.4.

Question 22. Please refer to page 10 of the RFP No. 17-007 - Request for Proposal for Audit Services, Number 12. Respondent Qualifications, first paragraph, last sentence: "The City requires that the respondent possess the qualifications and expertise to develop a community-wide advertising and educational campaign." Please clarify the manner in which this requirement relates to the request for proposal for audit services.

Answer: Change Section 12. Respondent Qualifications, page 10 of RFP No. 17-007 – Request for Proposal for Audit Services to read as follows:

RESPONDENT QUALIFICATIONS: The City is seeking proposals from respondents to provide auditing services to audit its financial statements for the fiscal year ending **September 30, 2017**. The City requires that the respondent possess the qualifications and expertise to provide audit services below. The Respondent shall:



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- 12.1 Be firms, corporations, individuals or partnerships normally engaged in providing auditing services as specified herein.
- 12.2 Have adequate organization, facilities, equipment and personnel to ensure prompt and efficient service to the City.
- 12.3 Provide a representative list of services of a scale and complexity similar to the services being considered by the City. The list shall include the location, client, services provided by your firm, term of services and an owner contact name.
- 12.4 Respondent shall identify key project staff, task leaders and sub-contractors along with their expected services to the City for the scope of work on behalf of the firm. Resumes shall be included for each of the individuals and sub-contractors referenced which demonstrate their qualifications to satisfy all the critical and service requirement areas. The City reserves the right to approve or disapprove all sub-contractors.
- 12.5 Provide the name, address, telephone number and **E-MAIL** of at least three (3) firms applicable to Municipal and/or Government projects that have utilized similar service for at least (two) 2 years. City of Round Rock references are not applicable. References may be checked prior to award. Any negative responses received may result in disqualification of submittal. **NOTE: REFERENCE FORM (ATTACHMENT A) PROVIDED. E-MAIL ADDRESSES ARE REQUIRED.**

Question 23. Title Page and Letter of transmittal– one page? Are these the only sections that have a page limitation?

Answer: We are defining what one page is but we are not imposing a page limitation on any section of the proposal.

Question 24. Are the attachments provided as part of the RFP (A; C and D) available in soft copy?

Answer: No. Responses can be provided electronically in the PDF.

Question 25. For the period ending September 30, 2016 – if available, please provide copy of CAFR: SAS Letter/required communication, and Management Letter comments, if any.

Answer: CAFR for the period ending 9/30/2016 is available for your review. SAS letter and Management Letter are not applicable.



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Question 26. Please provide the results of the Federal and State Single Audit for the period ending September 30, 2016.

Answer: An unmodified report was issued for the Federal Single Audit for fiscal year end 9/30/2016. There were no federal award findings or questioned costs.

Question 27. When was the last time the city was subjected to a State Single Audit?

Answer: FY2014 was the last time the City was subjected to monitoring by a State agency.

Question 28. Does the City expect to have a State Single Audit for the period ending September 30, 2017?

Answer: No.

Question 29. Does the City expect to have new federal or state grants (CFDA # and award amount) that will have expenditures for the period ending September 30, 2017? If yes, please provide the CFDA # and award amount.

Answer: Yes.

CFDA #	Total Award Amount
14.218	\$598,828
16.835	\$100,000
16.738	\$11,509
16.607	\$27,018
16.922	Unknown
21.000	Unknown
20.507	\$3,263,616
20.516	\$302,216
20.205	\$481,689
45.310	\$10,000 (estimate)



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Question 30. Does the City expect to have any loans or loan guarantees which should be part of the Schedule of Federal Awards?

Answer: No.

Question 31. Is the City expected to issue debt late during fieldwork of the 9/30/17 audit and will the City involve the selected firm in the debt offering?

Answer: The City expects to issue debt in April 2017. The City will not involve the selected firm in the debt offering.

Question 32. Does the City expect the inclusion of the estimated hours and fees for the level of audit effort on the FY2018 Utility billing migration effort?

Answer: Yes, that would be appreciated.

Question 33. Will the Brushy Creek Regional Utility Authority be audited by another firm?

Answer: Yes, that audit undergoes an RFQ process and is currently audited by Weaver.

Question 34. Does the City expect the issuance of a separate report for the limited procedures report on management controls on investments?

Answer: No.

Question 35. The audit report for 2015 has a designated fund balance for the City's OPEB. Has the City set up a Trust?

Answer: The City has not set up a Trust.

Question 36. Does the City generally issue audited financial statements on the Utility Funds (section 4.6 states "Upon written request... shall provide detail reports including audited financial statements...)? If yes, will this level of effort be in addition to this quote provided under this RFP and what has been timing of this work in the past?

Answer: Our utility funds are Proprietary Funds and are audited by our auditors as part of the annual audit. No separate opinion is expected over this audit.



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Question 37. Section 4.7.10 includes a reference to FASB? Please clarify if the City currently has work to be performed under this RFP in accordance with FASB?

Answer: No, not in accordance with FASB; only GASB.

Question 38. Does the City expect the price on this proposal to include the involvement on the sale of debt securities? If yes, how many offerings per year require auditor involvement?

Answer: No.

Question 39. Tab 8, attachment C – should this attachment include combined estimated hours and fees for both the financial statement audit and the single audit work?

Answer: Yes.

Question 40. Section 18 Anti-Lobbying Affidavit – What is RFP No. 14-019 - SHOP THE ROCK CAMPAIGN?

Answer: Change Section 18 Anti-Lobbying Affidavit on pages 21 of 33 and 22 of 33 to read as follows:

ANTI-LOBBYING AFFIDAVIT: By executing the response to the RFP, the Respondent agrees to the following terms and conditions of the RFP. From and after the deadline for submission of the initial response, **RFP No. 17-007 – AUDIT SERVICES** the Respondent, its employees, officials, agents, and sub-Respondents shall not communicate or attempt to communicate about this RFP and the entity's response with City personnel, the evaluation committee members, and the other City officials involved in making recommendations or decisions for award of contracts arising from this RFP; provided, however, the entity, its employees, officials, agents, and sub-Respondents shall be allowed to participate in the City sponsored evaluation process, in the form authorized.

Further, the Respondent shall not, through indirect means of unpaid associates, volunteers, or other persons, communicate or attempt to communicate about the Respondent's response to any City personnel, the evaluation committee members, or the other City officials involved in making recommendations or decisions for award of contracts arising from this RFP. The Respondent understands and agrees that violation of this requirement may result in rejection of its Proposal as a violation of the terms and conditions of the procurement process.



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Question 41. What were the audit fees paid for the CAFR and Single Audit for the period ending September 30, 2015 and 2016?

Answer:

Fiscal Year-Ended	Audit Fees
September 30, 2015	\$104,000
September 30, 2016	\$106,000

Question 42. For 2015 and 2016, how many weeks/staff did the audit firm commit to preliminary and final fieldwork?

Answer: Interim: approximately 4 weeks. Final fieldwork: approximately 5 weeks. Corresponded off-site subsequent to final fieldwork and reviewed the CAFR remotely.

Question 43. I've been unable to find the city's "Definitions, Terms and Conditions" referenced in the Audit Services RFP #17-007. Where can I find those?

Answer: The City of Round Rock Purchasing Definitions, Standard Terms and Conditions have been posted to the City website at:

<https://www.roundrocktexas.gov/departments/purchasing/purchasing-active-solicitations/>

By the signatures affixed below this addendum is hereby incorporated into and made a part of the above referenced solicitation.

ACKNOWLEDGED:

Vendor

Authorized Signature

Date

NOTE: RETURN ONE COPY SIGNED COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE WITH YOUR SEALED RFP PROPOSAL. FAILURE TO DO SO MAY AUTOMATICALLY DISQUALIFY YOUR RESPONSE FROM CONSIDERATION FOR AWARD.