

ADDENDUM No. 1

RFP No. 994

AUDITING SERVICES

Due: February 1, 2017 at 2:00 P.M. (local time)

The following changes, additions, and/or deletions shall be made to the Request for Proposal for Auditing Services RFP No. 994 on which proposals will be received on/or before February 1, 2017 by 2:00 P.M. (local time).

The information contained herein shall take precedence over the original documents and all previous addenda (if any), and is appended thereto. **This Addendum includes 3 pages.**

Offeror is to acknowledge receipt of this Addendum No. 1, including all attachments in its Proposal by so indicating in the proposal that the addendum has been received. Proposals submitted without acknowledgement of receipt of this addendum may be considered nonconforming.

The following forms provided within the RFP Document must be included in submitted proposal:

- City of Ann Arbor Non-Discrimination Ordinance Declaration of Compliance
- City of Ann Arbor Living Wage Ordinance Declaration of Compliance
- Vendor Conflict of Interest Disclosure Form

Proposals that fail to provide these completed forms listed above upon proposal opening will be deemed non-responsive and will not be considered for award.

I. QUESTIONS AND ANSWERS

The following Questions have been received by the City. Responses are being provided in accordance with the terms of the RFP. Respondents are directed to take note in its review of the documents of the following questions and City responses as they affect work or details in other areas not specifically referenced here.

Question 1: Why is the City seeking proposals?

Answer 1: The City had a five-year contract with the current audit firm that has expired.

Question 2: How many days were the prior year auditors at the City for the audit fieldwork?

Answer 2: Approximately five weeks

Question 3: How many auditing staff were in the field for the audit?

Answer 3: It varied between 1 and 4 staff.

Question 4: What reconciliations/schedules were prepared by the prior auditor?

Answer 4: The City prepares all workpapers. If there are schedules the awarded firm desires that we do not currently prepare, we will gladly prepare them.

- Question 5: Will all of the receivables and payable be calculated and recorded?
 Answer 5: Yes
- Question 6: Have there been any changes in the City's pension plans or postemployment benefit plans this year?
 Answer 6: Yes. Effective 1/7/2017, the City is opening a new hybrid plan for new employees.
- Question 7: Have there been any changes in accounting/financial staff this year?
 Answer 7: No
- Question 8: Did the City receive any new state or federal grants this year? Will a single audit be required?
 Answer 8: Yes. We have had a single audit for at least 25 years so please plan on it.
- Question 9: What did the City pay for annual auditing services in each of the last three years?
 Answer 9: For FY2014, the amount is \$55,993.75, for FY2015 the amount was \$53,500, and for FY2016 the amount was \$54,000.
- Question 10: In what month does the City receive the actuarial reports for the Retirement Plans each year?
 Answer 10: We typically use the prior year actuary reports as these are received too late for the audit. The actuary does send a special calculation for GASB #68 disclosures.
- Question 11: Has the City incurred any new debt this year?
 Answer 11: The City typically has at least one debt issue each year-some new issues and some refunding.
- Question 12: Page 8, item Q5 states, in part, that the City reserves the right to determine the scope of the project. Please explain or discuss what the City's thinking is on this matter, particularly as this relates to the potential of creating any scope limitations on the audit.
 Answer 12: The Downtown Development Authority, for example, could hire their own audit firm, and provide the city with audited financials to include in the CAFR.
- Question 13: Page 8, item Q6 states, in part, that the City reserves the right to select one or more audit firms to perform services. Please explain or discuss this further.
 Answer 13: Please see #12 above.
- Question 14: Page 11, second paragraph states, in part, that the above entities maintain their own accounting systems. Those "above" entities include the Retirement System and VEBA. Are they no longer on the City's accounting system?
 Answer 14: They only use the accounting system to record a summary of the transactions each month. The Northern Trust statements are the true reflection of their activity.
- Question 15: Page 11, third paragraph states, in part, that the auditor will draft the SEFA. Please clarify that the City will prepare the SEFA (not the auditor, which would be an impairment of independence).
 Answer 15: The City will prepare the SEFA as always. This was a reference to the typing and printing of the document.

Question 16: Page 11, bottom sentence states that report formatting and printing shall be the responsibility of the auditor. Does this mean the City will prepare the entire CAFR and will do so each year of the contract (including if the current finance director retires during the contract term)?

Answer 16: Yes. This was how the City completed the CAFR prior to the last audit contract and it is their preference.

Question 17: Page 13, third paragraph, second sentence, says "Firms meeting the mandatory criteria will have their proposals evaluated and scored." Where in the RFP are the mandatory criteria listed? Are the mandatory criteria the Sealed Proposal Submission requirements in section 1.F.?

Answer 17: The intent with the use of the "mandatory criteria" in this section means that all required forms must be provided by the Offeror within the Technical (Non-Fee) Proposal. Required forms include Attachment B - City of Ann Arbor Non-Discrimination Declaration of Compliance, Attachment C - City of Ann Arbor Living Wage Declaration of Compliance and Attachment D - Vendor Conflict of Interest as outlined on Page 5 of the RFP Document in Section 1.F. Offerors are reminded that proposals that fail to provide these completed forms listed above upon proposal opening will be deemed non-responsive and will not be considered for award.

Question 18: For the most recently completed audit period, could you please provide the total audit effort (i.e. hours)?

Answer 18: Our current auditors bill a flat fee, not by the hour, so we have no record of that.

Question 19: For the most recently completed audit period, please provide the total audit fee for the following:

Answer 19: Financial audit-please see #9. Single audit- please see #9. Single Audit is not broken out.

Question 20: How much effort (estimate if needed) is required by the current audit firm to prepare the City's CAFR?

Answer 20: Please see #2 and #3 herein. We have no way of estimating how much time they spent on the audit offsite.

Question 21: What are the source records/documentation provided to the audit firm to enable them to prepare the City's Schedule of Expenditures of Federal Awards? By what date is the schedule of expenditures of federal awards expected to be ready?

Answer 21: Please see #15. We provide the SEFA in an Excel format at the beginning of September. The auditors will be responsible for issuing the report.

Question 22: Is there MBE, WBE, VBE, DOBE participation on the City's current independent audit services contract? If so, could you name the firm(s) and identify what percentage participation was achieved?

Answer 22: No and not applicable.

Respondents are responsible for any conclusions that they may draw from the information contained in the Addendum