

Calhoun County

Administrative Services Department

Purchasing Division

"Building A Better County Through Responsive Leadership"

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Bradley J. Wilcox

Assistant County Administrator

TO: Potential Bidders
FROM: Leslie R. Obrig, Purchasing Coordinator
DATE: September 6, 2019
RE: **Questions and Responses -RFP#114-19; AUDITING SERVICES**

The following information represents a list of bidder's questions, and the official corresponding replies from the County, which were received by the Calhoun County Purchasing Office on or before September 4, 2019, in accordance with instructions stated in RFP#114-19, Section 2.4 "Inquiries". All respondents to the County solicitation will be responsible for this information when submitting a bid for laboratory water testing. Questions and the related responses that add to, alter, or change in any way, the requirements and specifications in RFP#114-19 may become part of the final contractual documents upon the award of an agreement.

Vendor questions are numbered and are printed in italics, and are followed by the corresponding response by the County in bold. In instances where more than one vendor asked a question and the question was essentially the same, the typed question is a combination of the written inquiries.

QUESTIONS AND ANSWERS

- 1.Q. Why is the County seeking a new auditor? Will the incumbent auditor be invited/allowed to submit a proposal?*
- 1.A. The term of the incumbent expired with the completion of the 2018 audit. We generally think it's good business practice to competitively bid services such as this periodically. Yes, the incumbent was invited to submit a proposal.**
- 2.Q. Is the County required to change audit firms on a regular basis?*
- 2.A. No.**

- 3.Q *Please provide information regarding current accounting department staffing levels and duties. Has there been any recent turnover in accounting personnel?*
- 3.A. **The County’s Finance Department staff (reporting to the Administrator/Controller—10 years) is as follows:**
- **2 Deputy Controllers – 27 yrs. & 3+ yrs.**
 - **1 Payroll Specialist – 21 yrs.**
 - **1 Accounts Payable Coordinator – 3+ yrs.**
- 4.Q *When is a decision anticipated regarding the County’s selection of an audit firm?*
- 4.A. **The County anticipates awarding an agreement for auditing services by October 17, 2019.**
- 5.Q *What is the most vital quality you are looking for in an audit firm?*
- 5.A. **The perfect combination of professional and technical expertise, and customer service. Reference RFP#114-19, page 20, Sec. 3.7 “Proposal Evaluation Criteria”.**
- 6.Q *Page 18, 3.3 indicates “proposals shall have all request for information numbered and answered completely” – Are you requesting numbering in the RFP to be included in our proposal?*
- 6.A. **Reference the RFP section within your answer.**
- 7.Q *Part III, Section 3.1, Paragraph 3.1.3 indicates that the accounting and reporting functions are decentralized with much of the accounting activity taking place in the areas of the Finance Department, the Treasurer’s Office, the Office of the Sheriff and the Public Health Department. Please provide the number of professionals that were onsite in each location and the number of days that were spent onsite, estimating if necessary. (In other words, how much time was spent on the audit and by how many professionals?)*
- 7.A. **Preliminary fieldwork – March 25th – 28th – 3 audit professionals
Fieldwork – April 15th – May 3rd – 4 audit professionals
Audit fieldwork was performed at the County Building in Marshall with the exception of one day at the Road Department in Marshall and one day at the Health Department in Battle Creek.**
- 8.Q *How many adjusting journal entries did the auditors propose for the 2018 audit? What was the nature of the entries proposed?*
- 8.A. **One adjusting journal entry was proposed relating to a capital lease.**

- 9.Q. *The 2018 Report on Internal Control cites lack of appropriate control over the Road Department general ledger and external financial reporting as a material weakness. Are the Road Department's financial records and general ledger also decentralized? If so, how much time was spent and how many professionals were onsite for the Road Department audit fieldwork? Has the material weakness been resolved?*
- 9.A. **The County uses Tyler New World ERP and the Road Department uses Precision Road Software. The material weakness has been resolved. Most of the Road Department's audit work was performed offsite.**
- 10.Q. *What were the audit fees paid (including the single audit) for the past three years?*
- 10.A. **\$49,000, \$48,000, and \$49,000**
- 11.Q. *Has the single audit finding from last year been addressed?*
- 11.A. **Yes**
- 12.Q. *Page 15 – Section 3.2.2 – Has the County received any new federal programs this year?*
- 12.A. **No.**
- 13.Q. *Page 16 - Section 3.2.9 – “The auditor shall determine and issue an opinion on whether the following systems are in substantial compliance with appropriate accounting and control standards: 3.2.9.1 Investments 3.2.9.2 Accounts Payable Processing 3.2.9.3 Payroll 3.2.9.4 Petty Cash 3.2.9.5 Cash Receipts Processing 3.2.9.6 Accounts Receivable Processing 3.2.9.7 Fixed Assets” This appears to be an “agreed-upon procedure engagement” Is the County looking for separate pricing on this item?*
- 13.A. **No.**
- 14.Q. *Have there been any changes in the County's Retirement or OPEB programs?*
- 14.A. **The County issued pension obligation bonds in 2018 which reduced the County's net pension liability.**
- 15.Q. *What presentations/meetings are expected in connection with the audit?*
- 15.A. **Planning meeting; Draft meeting with management; and Board of Commissioners. A Finance or Audit Committee presentation/meeting is not a requirement.**

16.Q. *RFP paragraph 3.2.17 states that the County anticipates GASB statements 83-87 will require additional effort by both County staff and the accounting firm. Can you briefly discuss the County's evaluation of how these statements apply and the level of effort that is anticipated?*

16.A. The County will work with the successful accounting firm to properly implement any new accounting principles as quickly and efficiently as possible.

17.Q. *How many annual hours were estimated by the current auditor when the audit was bid five years ago?*

17.A. 676 hours

18.Q. *When does the County have the final work papers completed (subject to the receipt of the final audit adjusting journal entries)?*

18.A. Final work papers will be available at the start of fieldwork or approximately mid-April.

19.Q. *Are there particular accounts (such as capital assets) that are completed at a date substantially later the other accounts? If yes, what accounts would those be and when are they completed and ready for audit?*

19.A. GASB 34 conversion entries should be available by the end of April.

20.Q. *Are there any significant changes anticipated at the County?*

20.A. No

21.Q. *How long has your current firm performed the audit?*

21.A. 5 years.

22.Q. *How many journal entries have auditors recommended in past few audits? Do you expect a similar result in the next 5 years.?*

22.A. 1 journal entry in 2018 and yes.

23.Q. *Have audit recommendations from the prior year been followed up on and have procedures been put in place to correct reported deficiencies?*

23.A. Yes.

24.Q. *Are there any anticipated changes to federal programs regarding the single audit? Do you expect similar programs in each of the next 5 years?*

24.A. No. Yes.

25.Q. *Did fees for the previous 3 years include additional nonattest services (services in addition to financial statement audit and preparation of the financial statements)? And did this fee include the same scope of work as being requested in this RFP.*

25.A. Yes and yes.

26.Q. *What is the involvement of the County staff regarding preparation of the CAFR and GFOA certification?*

26.A. Deputy Controller Jeryl Schoepke, manages the audit work for the County and will be the main contact aside from the County Administrator/Controller.

27.Q. *Pg16 #3.2.9 – Are you requesting a management letter with recommendations, which is typically provided as part of the financial statement audit, or are you requesting a specific standalone examination engagement to express an opinion on the design and operation of internal control?*

27.A. Management letter with recommendations.

28.Q. *Pg17 #3.2.13, #3.2.14, #3.2.18 - It appears that the financial statements include the primary government (County funds) and 3 component units (Building Authority, Water Resource Commission, and Land Bank). The scope of this audit includes the County funds (other than those listed in next sentence), Building Authority, and the Water Resource Commission. The Medical Care Facility (County Fund), the Delinquent Tax Revolving (County Fund), and the Land Bank (component unit) are audited separately and are not included in the scope of this RFP. Is this accurate?*

28.A. Yes.

29.Q. *In addition to the above question, for those parts included in the scope of this RFP, is all of the financial information accounted for in the same reporting system with similar processes and controls? Please identify any outliers.*

29.A. The County uses Tyler New World ERP and the Road Department uses Precision Road Software, however, similar processes and controls are in place

30.Q. *Pg17 #3.2.15 – Is this referring to performing an employee benefit plan audit for 2 of your plans? If so – please provide prior year financial statements. If not – please provide further detail on what is being requested in this paragraph.*

30.A. We are requesting a review or preparation of the financial statements to be reported in the footnotes and required supplementary information section of the CAFR.

This concludes the question and answer portion of RFP#114-19. Bid responses are due WEDNESDAY SEPTEMBER 18, 2019; 3:00 pm (local time)

LATE BIDS WILL NOT BE CONSIDERED