

NOTICE TO ALL POTENTIAL RESPONDENTS

The vendor questions and answers listed below are in direct relation to the following Request for Proposal: **Annual Financial Auditing Services**. This addendum is released on November 16th, 2018 and officially updates, replaces, removes or clarifies certain portions of the City's issued Request for Proposal. Additional details are listed below.

VENDOR QUESTIONS & ANSWERS

Q. Can you please provide the total all-inclusive audit hours and base fees billed for the past three years?

A. Please note, that the City may only provide an estimate of this answer. The answer should be construed as an estimate and not an absolute. Est. 600 hours/ \$100 per hour.

Q. How many auditors are typically on site and for how many days for the audit fieldwork, by segment?

A. Please note, that the City may only provide an estimate of this answer. The answer should be construed as an estimate and not an absolute. Est. Four auditors, two weeks.

Q. Has the current audit firm been asked to provide any out-so-scope work during the past three years and, if so, please provide the average rate per hour paid for such services.

A. Please note, that the City may only provide an estimate of this answer. The answer should be construed as an estimate and not an absolute. Est. Drafting Financial Statements (FY 16,17 and 18) and Agreed Upon Procedures (FY2018) at \$100 per hour.

Q. Have there been any disagreements between City of Covington and its existing professional services firm or dissatisfaction with its services?

A. No.

Q. Is the current external audit firm expected to bid this time around? How many years has the current auditor served the City?

A. Yes. Three.

VENDOR QUESTIONS & ANSWERS, CONT.

Q. Have there been any significant events or transactions during this current fiscal year that would significantly impact the audit for June 30, 2019 in terms of complexity or number of hours?

A. No.

Q. How many audit adjusting entries were made during last year's audit? Was this more or less than has been the case in prior years?

A. Please note, that the City may only provide an estimate of this answer. The answer should be construed as an estimate and not an absolute. 20 -30 entries. Less than previous years.

Q. Given the significance of certain upcoming GASB standards, how much assistance is typically needed from the audit firm in implementing new standards? Are we to assume that such assistance will be treated as out-of-scope work and not be considered part of the base audit fee?

A. Typically, our auditing firm would update the City regarding any upcoming GASB standards for current or future years. The City's job would be to implement such standards. In the City's opinion, this would be treated as out-of-scope work only if the City needs significant guidance from the audit firm.

Q. Does the City have an internal audit function? If so, have such personnel assisted with the external audit in the past or would they be willing to assist in future years? If so, how many hours can be devoted?

A. Not currently, only an audit committee that provides some guidance.

Q. Please clarify the process the City uses for the "preparation, editing and printing" of the CAFR and Single Audit Report and the extent of involvement of the City in facilitating the completion of the reports.

A. Currently the auditing firm prepares, edits, prints and binds copies of the CAFR and single audit report with some assistance from the City as to content.

Q. Have there been any problems in receiving actuarial information for the pensions on a timely basis?

A. No.

VENDOR QUESTIONS & ANSWERS, CONT.

Q. Please clarify what is to be included in “CAFR preparation” and “Single Audit Report Preparation” for purposes of the “Summary of Audit Costs Worksheet”. For example, is this just the time to format and print the reports or is this to be inclusive of all report preparation and review time and printing costs?

A. It is inclusive of all report preparation and review time and printing costs. The City would like to see the cost for both options (all report preparation, and just time to format and print) if possible.

END OF ADDENDUM