



Clay County, Missouri

Purchasing Department
Administration Building
1 Courthouse Square ~ Liberty, MO 64068

Jennifer Rogers, Purchasing Manager
Ethel Kitchell, Procurement Officer
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Thursday, November 19, 2015

DEPARTMENT OF PURCHASING AND CONTRACT SERVICES

RFP NUMBER 57-15, OUTSIDE FINANCIAL AUDITING SERVICES

ADDENDUM NO 2

Dear Vendor,

The original Request For Proposal RFP #57-15, Outside Financial Auditing Services remains in effect except as revised by the following changes, which shall take precedence over anything to the contrary in the specifications.

Except as amended by this Addendum, all terms and conditions of the RFP remain unchanged.

Please Note: The format for this addendum will detail questions asked, answers given and clarifications and statements made. Q = Question, A = Answer, C = Clarification and S = Statement.

S: The **response date** has been **extended to December 3, 2015 at 2:00 pm**.

1. Why is the County going out for bid (i.e. mandatory auditor rotation, 3-year bid cycle, etc.)?

A: It is the County's responsibility to reduce costs of services wherever possible. The County recently developed a finance department that will work closely with the outside auditor. Thereby reducing costs of services and eliminating overages.

2. How long has the County been with the current audit firm? Are they invited to bid on this RFP?

A: Clay County has been with the current outside auditing firm for three (3) years.

3. Are there any disagreements with the current auditor?

A: No

4. Please identify any special billings or special projects outside of the normal contract fee for the last 3 fiscal years listed out in the 3 resolutions in the RFP.

A: In 2015, the County established a finance department including a Finance Manager and two Finance Specialists. The addition of this department will result in eliminating any overages that previously occurred. The finance team will be dedicated to preparing financial statements and assisting with the outside audit.

5. Does the County anticipate any changes in the reporting entity during the contract period (i.e. new major funds, new component units, etc.)?

A: No

6. Can we get a copy of the single audit and management letter for the year ending 2014? Were there any internal control deficiencies communicated verbally, but not in writing with respect to the 2014 audit?

A: Yes the deficiencies as stated in the letter have been addressed.

7. Does the County use any service centers for processing transactions, such as payroll? If so, what service centers are used and for what types of transactions?

A: The County uses ADP for processing payroll.

8. What steps has the County taken to prepare for the implementation of GASB Statement No. 68 and to help you prepare your stakeholders for this new liability? Do you have copies of the LAGERS and CERF audited financials and two SI schedules opined on by the Plan Auditors (Schedules of Employer Allocations and Pension Amounts by Employer)? Has management reviewed and gained an understanding of the assumptions used in the actuary valuation of the net pension liability? Also, what controls does management have around the census data or employer transmission reports reported to the Plan?

A: The County implemented GASB 68 into its 2014 financial statements and will continue to provide this information going forward including net pension liabilities, required contributions and percentage ratios.

9. What is the County's readiness in adopting other new GASB's to be implemented in the next few years?

A: The finance department will work with outside auditors to ensure compliance with new GASB requirements.

10. Does the County maintain its own internal control documentation?

A: Yes

11. As long as we include the information requested in your exhibits is it okay to include this information on a separate page?

A: Yes separate pages are fine just denote when they are used.

12. Is the County planning to apply for the GFOA certificate for financial reporting for fiscal year 2015 and to complete a full CAFR? Section 2.3.2 of the RFP seems to indicate so, but section 3.2.3 does not. If so, how much commitment does the County anticipate the selected auditor will have in helping compile and organize the statistics section the first year?

A: The County plans to apply for the GFOA certificate in 2015. With the creation of new finance department the finance department will compile all required supplemental information as well as demographic and statistical information.

13. Does Exhibit F apply to this RFP; if so can you expand on this process?

A: Exhibit F1 is optional and asks if you are awarded this contract could other municipalities coop off of our RFP and use your services for the same or similar pricing. F2 is asking for your website information. F3 is asking if any Clay County elected or appointed official is associated with your firm.

14. What weeks have interim and final fieldwork typically been scheduled for?
- A: Interim fieldwork typically occurred in March and final fieldwork completed in May. Inside our bond document is a Bond Covenant which states 180 days (June 28th) after year end, our audited financial statement will be submitted to our Bond Trustee. If it is not submitted in time we are in violation of our bond covenant which could lower our bond rating.
15. When is the final listing of federal award expenditures typically available for the auditors?
- A: In 2015 this was available at the beginning of September.
16. Section 4.2.2 of the RFP denotes that each proposal must be signed in ink by an authorized representative of the proposer; can this be an electronic signature
- A: Hard copy responses must be submitted but the signature can be an electronic signature as long as it is in blue.
17. May we get copies of the management letters and any internal control letters issued to the County for the FY 2013 and 2014?
- A: Please see the response to question 6.
18. What have been the total fees for the three contract years, including the base fee, plus any additional fees charged for additional services performed or any expansion in the scope of services provided?
- A: Total fees paid in 2013 were \$95,000 with no overages. In 2014 and 2015 the contract was for \$97,000 but exceeded this due to overages.
19. Has the County had any cases of known or suspected fraud within the last 2 years? If so, please describe.
- A: No
20. Have there been any significant changes in the scope of County operations that would impact the scope of testwork performed for the audit of the financial statements?
- A: No
21. What, if anything, would the County Auditor like to see changed about the current audit process?
- A: The Finance Department will be working closely with the Outside audit firm to assist with preparation of the CAFR.
22. Have the prior auditors been invited to bid on this RFP.
- A: Yes.
23. When is the County's ideal timing for this interim and field work? How long and how many auditors have historically been on site during this time?
- A: Typically there have been 3 auditors on the project.
24. Has Clifton Larson been retained to continue to compile the CAFR for the County?
- A: No with the creation of the Finance Department, finance staff will work with auditor's in compiling financial statements.

25. The county has been under investigation in the past, what has been the result of the investigation? Has the investigation been concluded? If the investigation has been concluded what has been the outcome.
- A: Material weaknesses were identified and corrected. The Finance Manager along with two finance specialists are working to ensure that the County's accounting and financial reporting are presented accurately in accordance with applicable accounting standards.
26. Have there been any audit adjusting entries made during the last two audits? If so may we get copies of those entries?
- A: There were numerous adjustments made and copies of those entries can be obtained.
27. What date may the audit fieldwork begin?
- A: As soon as January 2016
28. May we have a copy of the 12/31/14 audit report? (we did not see it on the County's website)
- A: Yes. There is a copy in the County Clerk's office for review.
29. May we have a copy of the 12/31/14 single audit report?
- A: Please see the response to question 6.
30. May we have a copy of the 12/31/14 Required Communications?
- A: Yes
31. On the cover page of the County's 2013 Annual Audited Financial Report it says "Prepared By CliftonLarsonAllen LLP" and the auditors opinion is provided by Mera, Welch, Browne. 27. What is the relationship between CliftonLarsonAllen LLP and Mera, Welch, Brown? Do they both provide services? Are they separate engagements? Is CliftonLarsonAllen paid by the County? If so what were the fees paid to them?
- A: MWB audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprises the financial statements of Clay County, Missouri as of and for the year ended December 31, 2014.
- Clifton, Larson, Allen compiled from information we provided, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Clay County, Missouri as of and for the year ended December 31, 2014, and issued an accountants' report thereon in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute of Certified Public Accountants (AICPA). With the creation of the finance department, the financial statements will be prepared in house with assistance from the audit firm.
32. Why are you out for RFP?
- A: Please see the response to question 1.
33. What is the relationship between CliftonLarsonAllen LLP and Mera, Welch, Brown? Do they both provide services? Are they separate engagements? Is CliftonLarsonAllen paid by the County? If so what were the fees paid to them?
- A: See the response to question 31.
34. What characteristics are you looking for in an auditor?

A: Proven Experience in Government Auditing (must have references). People Skills and ability to work with others. Communication Skills. Firm must be licensed within state of Missouri. Affiliation with reputable firm. Familiarity with Government Accepted Accounting Principals. Ability to identify risk that would affect audit

35. What were the 2014 total audit fees?

A: Our audit fees exceeded \$175,000 in 2014.

36. Do you prefer auditors onsite or is remotely OK, thereby minimizing the amount of time onsite?

A: Due to confidentiality and security policy of the County, the County requires audit firm work onsite during majority of project. There may be instances where the audit firm can use their remote office locations with approval of Finance Manager and Assistant County Administrator-Finance & Administrative Services.

37. How much preliminary fieldwork has been completed in the past?

A: For the 2014 audit, preliminary fieldwork started the month prior to auditor's arriving onsite.

38. What have you done for implementing GASB #68?

A: The County has taken considerable efforts for presenting and disclosing information regarding pension, retirement and other employee benefits.

39. Does the County like to see the partner/principal onsite?

A: Due to confidentiality and security policy of the County, the County requires audit firm work onsite during majority of project. There may be instances where the audit firm can use their remote office locations upon approval from Finance Manager and Assistant County Administrator-Finance & Administrative Services.

ACKNOWLEDGEMENT

Each bidder shall acknowledge receipt of this Addendum No. 2 of RFP No. 57-15, Outside Financial Auditing Services by their signature affixed hereto, and shall attach this Addendum to the original RFP.

CERTIFICATION BY BIDDER

SIGNATURE _____

TITLE _____

COMPANY _____

DATE _____

Cordially,



Jennifer Rogers
Purchasing Manager