

## **ADDENDUM NO. I**

**DATE:** November 29, 2017

**TO:** All Potential Proposers

**FROM:** Penny Owens, Assistant Purchasing Agent, City of Knoxville

**SUBJECT:** Addendum No. I to the RFP for Professional Auditing Services

**RFPS TO BE OPENED:** December 8, 2017 at 11:00:00 a.m. (Eastern Time)

This addendum is being published to respond to questions asked by potential proposers regarding the above referenced RFP. This addendum becomes a part of the contract documents and modifies the original specifications as follows:

**Question #1:** How many pension plans do you have?

Answer: We have eight pension plans but only one open plan to new hires which is a hybrid plan.

**Question #2:** How much of the internal audit work can we expect to use?

Answer: We don't have much internal work prepared but do notify our external auditor of any issues that arise. The Pension Board does not have an internal auditor.

**Question #3:** Do you expect any significant findings?

Answer: No. We had none last year and don't anticipate any this year.

**Question #4:** How much did you pay for your audit this year?

Answer: The City's existing contract paid \$165,000 for year one, \$169,000 for year two, and \$173,000 for years three, four, and five. The Pension Board paid \$30,000 for the most recent audit.

**Question #5:** What is included with the City's audit?

Answer: KAT, which is a part of the City's Audit, we incorporate the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKAA). KUB usually submits their report fairly early as does MKAA (we received their draft report two weeks ago).

**Question #6:** When do you give a final trial balance to the auditors?

Answer: Usually by our goal date at the end of October. If we have any changes, we submit the changes to the auditors, rather than providing the entire trial balance again.

**Question #7:** When do the auditors go to field work?

Answer: Preliminary work usually starts after the Memorial Day weekend and final work starts in late August or early September.

**Question #8:** How long are auditors on site?

Answer: Usually four to six weeks for both preliminary and final work.

**Question #9:** Where do the auditors perform field work?

Answer: For the City, they work in room 662 of the City County Building. For the Pension Board, the auditors report to the Board's location at 5<sup>th</sup> Avenue.

**Question #10:** Is the City required to change auditors?

Answer: No. We are required to compete the services every five years.

**Question #11:** To what level do we need to provide resumes?

Answer: We would expect to see resumes for the Director, Partner in Charge, and the Lead Auditor and Staff Auditors assigned to our audit.

**Question #12:** Does the trial balance include the GASB 34 entries and the deferred inflows and outflows?

Answer: No

**Question #13:** What is your current discount rate?

Answer: 7.25%

**Question #14:** Who makes up your audit committee?

Answer: The audit committee includes five City Council Members. Based on term limits, we will have at least three new Council members on the committee next year.

**Question #15:** Did you receive comments from GFOA last year?

Answer: We received four or five minor comments. Please note that the City has received the Certificate of Achievement for Excellence in Financial Reporting every year since 1986 and the Distinguished Budget Presentation Award every year since 1989 and we expect to continue doing so. The Pension Board has also received these for the past 6 years.

**END OF ADDENDUM I**