

City of Wausau
Questions on Audit RFP from Baker Tilly Virchow Krause, LLP

Prior Audits

1. Why is the city going out for audit proposals? ***The City is required by the procurement policy***
2. Is the existing audit firm invited to respond to this RFP? ***Yes***
3. Have you encountered any difficulties with your audits in prior years? If so, please describe. ***None***
4. Are there any instances of known or suspected fraud with the city? Or, any instances of known fraud in the past five years? ***No***
5. Has the city had any recent federal or state monitoring of grant programs, and were there any issues identified related to the city's compliance? If so, please describe. ***We have had monitoring by HUD and Transit. The draft triennial review is attached.***

Condition of the Records / Overall Structure

6. According to the RFP, the City's records have not required any adjustment by the auditors. Do you anticipate that the City's audit readiness will be the same going forward? ***Yes***
7. What is the overall condition of the accounting records when audit fieldwork begins? Are all accounts reconciled when the audit commences, or are there certain funds or accounts that are reconciled at a later time? If so, which accounts and when is the information provided? ***Yes everything is done when the auditors come in for yearend including the financial statements.***
8. When is the City's CAFR provided to the auditors for audit? ***On the first day of yearend fieldwork***
9. According to the RFP, the City's Assistant Finance Director is retiring in 2016. What other vacancies are you expecting in 2016 and beyond? What impact, if any, do you anticipate that this will have on the City's readiness for the financial / single audits? ***Two critical positions are retiring during the fourth quarter. We have hired replacements both of which should be starting the week of October 17th. I hope that our cross training will help but I am a little worried as both people retiring set up the current financial software system back in 1994 and it is difficult to pass on all institutional knowledge.***
10. Per the RFP, all funds, except the CDA, are centralized within the general ledger. How segregated are the City's utilities from the City i.e. are the records for the water utility and sewer utility maintained by the same individuals that maintain the City's records? Are the same IT systems used? ***The Utility is fully integrated into the City and the City's financial software. All records are kept within the Finance Department.***

Timing

11. Per the audit RFP, the audit fieldwork for the City is to be completed in May.

- a. When does audit fieldwork typically take place? Typically the end of May. **We would like to move that up a bit to give us a little bit of breathing room to get are CAFR filed with the GFOA**
- b. Does the compliance (uniform guidance) fieldwork take place at the same time as the financial audit fieldwork? **The auditors have handled it both ways conducting it during the regular fieldwork or coming back.**
- c. What is your preference for timing going forward? **We would prefer it be done at one time.**
- d. How long has audit fieldwork typically lasted? **3 days at preliminary and 5 at yearend – exclusive of the CDA. Unfortunately, the CDA manager is gone until October 3rd.**
- e. How many auditors are on site? **3-4 – exclusive of the CDA**
- f. Do you know the approximate number of hours spent on the City's audit? **No**

12. Per the audit RFP, the Riverview Towers LLC audit report and tax return completion are to take place by February 28. **Answer will be coming from the CDA**

- a. When does this fieldwork typically take place?
- b. How long has fieldwork typically lasted?
- c. How many auditors are on sight?
- d. Do you know the approximate number of hours spent on the Riverview Towers LLC audit report and tax return?
- e. What financial software is utilized by the Riverview Towers LLC?
- f. To what extent are the Riverview Towers LLC's accounting records electronic? Would the CDA consider providing data through a secure portal to allow for some audit procedures to be completed remotely?
- g. Would it be possible to obtain a copy of Riverview Towers LLC's 2015 tax return?
- h. Does Riverview Towers LLC typically have audit adjustments? If so, please indicate the nature and extent of the adjustments.

13. Per Section I.2 of the audit RFP, the CDA financial and compliance audit fieldwork and financial statement completion is to take place by May 5; however, in section II.5 April 10th is listed. Please clarify expectations for CDA fieldwork and report completion dates. **Answer will be coming from the CDA**

- a. When does this fieldwork typically take place?
- b. How long has fieldwork typically lasted?
- c. How many auditors are on sight?
- d. Do you know the approximate number of hours spent on the CDA financial and single audit?
- e. What financial software is utilized for the CDA?

- f. The RFP indicates that the CDA's financial statements are prepared by the auditor. Please confirm whether the auditors draft both the CDA and Riverview Towers LLC financial statements. Does CDA staff prepare the management discussion and analysis?
- g. Is the CDA expecting any significant changes in funding levels or additional federal or state grants for 2016 and beyond? If so, please describe.
- h. Does the CDA typically have audit adjustments? If so, please indicate the nature and extent of the adjustments.

Fees

14. Has the prior auditor charged the City fees outside the scope of the audit in the past several years? If so, what was the nature of this and the amount of fees? **Yes. Two instances in the City. A special study of purchase order issuance and the WEDC attestation.**

15. Please provide a breakdown of the 2015 audit fees paid by the City (total 2015 audit fees paid in 2015 and 2016) for the:

- a. City financial audit – broken down by segment if available (community development department, transit, water, sewer, all other) **It wasn't broken down except for the CDA who was billed directly**
- b. City single audit **not itemized by firm**
- c. Riverview Towers LLC financial audit and tax return **billed directly to the CDA**
- d. CDA financial and compliance audit **billed directly to the CDA.**

SCHENCK SC

Description	Amount	Date	Check #
2015 Audit	3,420	8/11/2016	262000
2015 Audit	20,255	7/14/2016	261408
2015 Audit	4,850	1/21/2016	257736
	<u>28,525</u>		
2014 Audit	2,165	8/13/2015	254722
2014 Audit	19,750	7/31/2015	253996
2014 Audit	6,500	1/15/2015	250593
	<u>28,415</u>		
WEDC	950	7/31/2015	253996
Purchasing Audit	5,080	4/16/2015	252437
Purchasing Audit	7,620	1/15/2015	250593
Purchasing Audit	6,300	12/18/2014	250121
TID 2 Closure	2,100	11/20/2014	249598
HR Consulting	900	9/11/2014	248233
	<u>22,950</u>		

In the Future

- 16.** Are you anticipating any significant projects in any of your TIF districts or general capital projects in the upcoming years that would have a significant impact on the audit effort? If so, please describe. ***We do have a number of big projects coming up. They are a major street project, riverfront redevelopment and mall redevelopment.***
- 17.** Do you anticipate that any TIF audits (30%, 100%, close-out) will be required over the course of the audit contract? ***We have understood that the interim TID audit requirements are met by the annual audit. We have had special audits for the closing. Tid 5 may close during the term of the audit contract. It has just started serving as a donor district to TID #3. I would also expect 3 project plan amendments or new TIDs during the next year.***
- 18.** Are there any significant changes anticipated in the level or nature of federal or state grant awards with respect to the City's single audit that would change the level of audit effort over the term of the contract? ***Not that I am aware of. We are in the process of working with the DNR on the water lead abatement. I haven't done enough research to see if this has compliance issues. We also have a WEDC grant that requires an annual attestation of the costs. 2016 will be the final year of expenditure.***
- 19.** Are there any plans for major debt issuances/refinancings during 2016 – 2019 in addition to the amounts disclosed in the 2015 subsequent event note? ***Yes I would expect significant debt issuance 2016-2018. We already have our debt footnotes etc done for this years refinancing.***
- 20.** Are there any third party service providers for which the City receives an SSAE 16 report? If so, please list. ***Yes. We just entered into a contract with our EMS billing company who is required to provide the report every 24 months..***
- 21.** Are there any accounting or auditing challenges that you anticipate in the upcoming year(s)? ***Besides the loss of institutional knowledge and typical budget constraints not that I can think of.***
- 22.** Are there any major changes in the city's operations or organizational structure that will have a significant impact on the audit? ***Not that I can think of.***

Thank you for your time!