

METROPOLITAN PIER AND EXPOSITION AUTHORITY



REQUEST FOR PROPOSALS (RFP) #2021-02-M
AUDITING SERVICES

ADDENDUM NO. (1)

January 28, 2021

This Addendum No. 1 consists of five (5) pages and has the following information to be incorporated into the Request for Proposals. Proposers must acknowledge receipt of this Addendum No. 1 in their RFP submittal in Required Form A, Form of Transmittal Letter.

Item #1: Proposers' questions and/or requests and the MPEA's responses are provided below.

	Proposer's Question:	MPEA's Response:
1	<p>Were there any concerns with the performance of services of your previous auditors (including the MBE)? If so, what was the nature of those concerns?</p> <p>a. Were there any disagreements or disputes with the prior auditors?</p> <p>Related Question(s):</p> <p>Were there any disagreements with the audit firm? If so, please describe.</p> <p>Are there any service issues with the current provider?</p>	<p>No disagreements or service issues with the prime or subs.</p> <p>Also see 18 below.</p>
2	<p>How many Journal Entries were proposed and recorded as a result of their June 30, 2020 audits? Was this typical?</p> <p>Related Question(s):</p> <p>How many adjusting journal entries were proposed by the audit firm? Can you provide us with a description of the nature of any adjustments?</p> <p>Approximately how many and what types of audit entries were made in 2020? Is this typical?</p>	<p>No adjusting entries were proposed during the June 30, 2020 audit.</p>
3	<p>What were the fees billed and related billing rates for each of the June 30, 2020 audits?</p> <p>Related Question(s):</p> <p>What were the 2020 audit fees, broken down for each audit included in the statement of work?</p>	<p>The original contract and extension are posted for reference.</p>

	<p>What were the audit fees last year?</p> <p>What were the prior year fees for the Authority?</p> <p>a. Were there any additional billings in excess of the proposed fees – if so, why?</p> <p>Related Question(s):</p> <p>Were there any additional billings by the predecessor audit firm for services beyond the scope of the audit?</p> <p>b. At approximately what percentage have your fees increased over the past several years?</p>	
4	<p>How long was the prior auditor on site performing their fieldwork and what levels of staffing did they utilize and was the audit firm’s Engagement Partner actively involved?</p> <p>a. If available, please provide information regarding the hours billed by the prior auditor.</p>	<p>Due to restrictions of having staff on-site because of COVID-19, 100% of fieldwork was done remotely for the 2020 MPEA Financial audit. 5% of fieldwork or 2-3 days of in office work was done by the Pension Auditors to view employee files for our Retirement Plan audit.</p>
5	<p>When did the prior auditor begin their fieldwork and was there significant preliminary fieldwork performed prior to year end? Was their timing considered to be satisfactory?</p> <p>Related Question(s):</p> <p>What is Authority’s preferred timing for interim and yearend fieldwork?</p> <p>What has been the approximate timing of the audit fieldwork (preliminary and final) in past years? Do you anticipate the timing to be similar in the coming year?</p> <p>What is the typical prelim and fieldwork duration? How many auditors are normally in the field?</p>	<p>This past audit was different, due to COVID and certain GASB pronouncements, so we had several discussions leading up to when the audit officially began. A kickoff meeting is scheduled typically at the end of May or June to lock down the timeline. This past meeting was done remotely.</p> <p>The timeline for the single audits for our partners started July 20th and concluded by Sept 4th. Final single audit financials for each entity were presented to us by Sept 15th, which is per contract. Our Retirement Plan audit started Sept 4th with final draft report received by Oct 29th and a final report received by Nov 17th. The MPEA Financial audit officially began in early Sept with a final Draft received by early Nov. The final report was issued Nov 18th.</p> <p>We anticipate the timing to be similar this coming audit.</p> <p>There have typically been 2-3 auditors (Manager/Senior/Staff) in the “field” on each engagement with the Senior Manager and Engagement Leader involved in each weekly status call.</p>
6	<p>Was the 25% MBE goal met by the prior auditor(s)?</p> <p>a. Did the MBE participate solely through their issuance of the audit of the MPEA Retirement Plan, or was there additional participation in other aspects of the engagement?</p>	<p>The Authority’s MBE/WBE goals were met through both the financial audit the and the retirement plan audit.</p>
7	<p>Please briefly describe the general effects of the COVID-19 pandemic on your internal controls and financial reporting processes. Specifically,</p>	<p>a. Accounting and Admin staff are working a hybrid schedule. A few members of our team have to come</p>

	<p>a. Are accounting and administrative personnel working primarily offsite in accordance with stay-at-home and social distancing protocols?</p> <p>b. Are all accounting records and supporting documentation available electronically such that they can be readily shared with the audit team in a remote manner, say, through a secured portal?</p> <p>c. What are your expectations for audit communications during the continuance of pandemic protocols? Are Teams or Zoom meetings acceptable?</p> <p>Related Question(s):</p> <p>What internal controls have changed since the onset of COVID-19, if any?</p>	<p>into the office at least 2 days a week to cover certain duties and working from home the remaining 3 days a week.</p> <p>b. Yes</p> <p>c. We anticipate communicating virtually as we did in the prior audit. We prefer using Teams.</p> <p>The only major change in internal controls is that we now use DocuSign to digitally sign/approve documents. Which has been a more efficient way of doing business.</p>
8	<p>Amidst the COVID-19 pandemic, how did the audit process for 2020 change? Is there anything the Authority wishes could have been done differently?</p>	<p>The only change in the 2020 audit process was that all communication was done virtually.</p>
9	<p>Has the MPEA received any COVID-related federal financial assistance that would be required to be OMB compliance audited?</p> <p>Does the Authority receive any federal awards?</p>	<p>No</p>
10	<p>Do you anticipate any bond issuances in fiscal year 2021 or 2022?</p>	<p>The Authority already completed a bond issue in FY21. It will also likely issue bonds in FY22</p>
11	<p>Do you foresee any changes to the previous timelines of your audits?</p>	<p>No</p>
12	<p>Do you foresee the 2021 audit services as completed onsite or in a virtual environment?</p>	<p>Our ideal would be to have the audit on campus but the Authority will adhere to public health guidance and protocols</p>
13	<p>In what areas would you benefit from more insights, observations, or advice shared by your auditor, above and beyond what you currently receive?</p>	<p>We would want to be able to take advantage of any training your company provides to clients.</p>
14	<p>Has the Authority begun analyzing the impact of GASB 87, <i>Leases</i>?</p> <p>Related Question(s):</p> <p>Does MPEA have an initial estimate of the number of leases and potential dollar amount of leases that could be impacted by GASB 87?</p> <p>Has the Authority begun to evaluate the impact of GASB 87, <i>Leases</i>? How many leases, including embedded leases, does the Authority currently have? If you currently don't have a population of leases and embedded leases, would you be willing to accept an hourly rate quote rather than a maximum fee for implementation of GASB 87?</p>	<p>We had discussions and attended a class our auditor provided on GASB 87. No, we do not have an initial estimate of the number of leases that could be impacted by GASB 87. No, we would prefer a maximum fee.</p>

15	Did the 2020 audit identify any internal control findings (material weaknesses or significant deficiencies) or adjustments to the books?	No
16	<p>Are the accounting records for the various entities centralized or maintained at separate locations?</p> <p>Related Question(s): At what location are the books and records/transaction source documents maintained?</p>	Maintained at separate locations but all locations are located on the McCormick Place campus.
17	<p>Are the current auditors allowed to bid?</p> <p>Related Question(s): Will the prior auditors be included in the current RFP process or are they excluded due to rotational or other reasons?</p> <p>Has the incumbent been invited to propose? Is your current provider submitting a proposal?</p>	Yes, our current provider is invited/allowed to participate in this Procurement process.
18	<p>Why is the Authority going out to bid?</p> <p>Related Question(s): Why is MPEA seeking audit proposals (rotation policy, dissatisfaction, cost, other)? Why is the Authority requesting proposals this year?</p>	The MPEA is a government agency and is required to issue competitive public procurements. The current contract expires June 2021, necessitating issuance of an RFP for these services.
19	For the MBE/WBE participation requirement. Can 1 firm that qualifies as both MBE/WBE qualify to combine the 25% and 5% requirements at 30%?	The MBE and WBE goals are separate. A firm may only be counted as an MBE or a WBE, not both.
20	How much, if any, of the audit fieldwork was performed remotely in fiscal year 20? If there was remote work performed, what challenges or benefits were seen from MPEA's perspective?	Almost all of the fieldwork for FY20 was completed remotely. (see number 5)
21	What is the expected date of issuance for the report in the future?	The timeline for the Authority's audits likely will not change from previous audits.
22	<p>Does MPEA prepare the financial statements, or is that done by the audit firm?</p> <p>Related Question(s): Does the Authority prepare the financial statements and related disclosures for the Authority and each of the Authority's management contractors?</p>	Yes, MPEA prepares the financial statements for the main audit report. Our partners prepare the statements for the single audits.
23	Have the internal controls been documented for all major business cycles?	Yes

24	Do the retirement plan and the MPEA use the same software applications/systems and control structure?	Yes.
25	Who is the actuary for the retirement plan?	Foster & Foster
26	Who is the trustee/custodian? Is there a SAS 70 report available to the auditor?	Will provide that information once contract is awarded.
27	How many active, deferred and retired participants are there?	As of June 30, 2020 Active: 16 Inactive but not retired: 377 Retired and receiving benefits: 240
28	Is the Plan or the auditor responsible for preparation of the GASB 40 footnote information?	The Plan
29	Will employees of the Plan (or MPEA) be able to answer investment-related questions, or will we need to work with the custodian?	The auditor will work with Authority staff
30	Would we have access to personnel files on site?	Yes
31	With respect to the special purpose financial statements, exactly what accounts are excluded from the financial statements (as compared to what would typically be included in the presentation of owner/entity-level financial statements)?	All audited reports are provided to compare differences.
32	Are copies of the agreements between the MPEA the management contractors available to us for review?	Yes
33	What general ledger software does the Authority use?	Oracle JDE Enterprise One 9.2
34	We noticed the pension plan was issued by Prado & Renteria. Is the Authority open to having a MBE/WBE prepare other stand-alone reports, such as the SAVOR report?	The Authority is open to alternatives so long as its business diversity objectives are achieved
35	Was there a management letter issued in 2020? If so, can the Authority provide a copy?	Unclear what is meant by "management letter"—financials and audits are posted/provided on MPEA website.
36	When will the final adjusted trial balances be provided to the auditor for review each year?	The past audit we provided a preliminary tb on 9/23 and a final tb on 10/2
37	Are all programs – i.e. payroll processing, fixed asset management programs, etc. – integrated with the general ledger?	Payroll is processed through ADP and journal entries are prepared to record the information into our GL. AP, AR, FA are all processed in our accounting system and integrated into our GL.
38	Does the Authority maintain documentation of its processes and controls over significant transaction cycles such as investments, payroll, cash disbursements, debt, etc.?	Yes
39	How does the Authority track capital assets?	In our Fixed Assets module in JDE.
40	What third party service providers does the Authority use (insurance claims, etc.)?	Need further clarification.

41	Does the Authority prepare all work papers related to the audit?	Need further clarification