



City of Killeen

ADDENDUM NO. 1 for RFQ 17-04

FORENSIC AUDIT

RFQ CLOSING DATE: November 4th, 2016, @ 3:00 p.m.

Today's date: October 31st, 2016.

The following questions have been presented. Answers follow in *italics*.

Q. Based on the amount of work the City is requesting to be performed (years 2006-2015) and the debate over how expensive this could be for the City, would the City be open to working with firms that won't charge hourly rates, but rather a pricing structure that is fixed over the duration of the engagement and doesn't alter based on hours?

A. During the RFQ process, our only concern is with identifying the most qualified firm to provide the auditing services we seek. After we have identified the most qualified firm using the criteria listed in the RFQ, the city will begin negotiating with the successful proposer and cost and pricing structure may be discussed at that time.

Q. The RFQ is silent as to a cost proposal or pricing details. Does the City wish proposers to provide a cost proposal, hourly rates, or other pricing details?

A. During the RFQ process, our only concern is with identifying the most qualified firm to provide the auditing services we seek. After we have identified the most qualified firm using the criteria listed in the RFQ, the city will begin negotiating with the successful proposer and cost and pricing structure may be discussed at that time.

Q. Is an MSC90 Endorsement to the auto insurance policy required? I am informed this is usually applicable to a long haul trucker's policy.

A. If the MSC 90 Endorsement does not apply, then it is not required.

Q. Describe how financial, human resource and public work hard copy source documents are stored and the City's record retention policy (e.g., what year's records by area are kept on hand, what year's records by area are stored and what year's records by area may have been destroyed for the scope period 2006-2015).

A. The City of Killeen keeps the most recent 3 years official personnel records here at City Hall. HIPAA related documents are stored separately from the personnel records. All prior years personnel records are maintained at an off-site storage facility in our Information Technology building. Financial records are stored at the finance office. COK follows the state library document retention policy. The majority of records require a five year retention period and are destroyed after that date.

Q. Who are your current auditors?

A. Weaver.

Q. Are there any specific concerns regarding internal controls or fraud that led to issuing this RFQ?

A. No.

Q. Has the City ever been the victim of any fraud or illegal act perpetrated by one or more of its employees?

A. No.

Q. Have any specific allegations been made against any City employees with respect to fraudulent or illegal acts related to the financial issues the City is facing?

A. No.

Q. The RFQ states that the City Auditor or her designee will be involved with overseeing the forensic audit. Who will be the primary City contact now that the City Auditor has resigned?

A. The City should have a new auditor by the time the audit begins. Currently, the City Attorney is the point of contact during the RFQ proposal/negotiation stage.

Q. Who will be the ultimate user of the report?

A. The City Council.

Q. How will the report be utilized? For example, is it intended to be used for planning, decision making, reform?

A. It ultimately will depend upon what the results show, but it is likely that it may be used for planning, decision-making, and reform.

Q. Does the City currently have an updated Risk Control Matrix developed outlining the number of controls for each process/cycle and type of control?

A. No. The City does not have a Risk Control Matrix.

Q. How many controls are there in each area to be audited?

A. *There are multiple controls in each area to be audited, but they have not be counted or organized into a matrix format.*

Q. Due to recent turnover that the City has experienced, will there be sufficient staff dedicated to assist in providing necessary documents needed to perform the audit?

A. *Yes.*

Q. Describe the current financial, human resource and public work information technology systems currently used by the City and any systems used historically for the period 2006 – 2015?

A. *The City of Killeen uses SunGard Public Sector for Finance, and HR. The Public Works depart uses the SunGard HR and Finance modules. Public Works also utilizes CitiWorks for their work order system.*

Q. Are backups of all information technology system data for each of the systems noted in question above readily available and can the data be provided for all periods in a readable format?

A. *The City backs up the records for the systems above, however without the software to read the records, the data is not in a readable format. Reports would be necessary to look at data.*

Q. What level of dependency does the City have on IT/automated controls (i.e. 25%, 50%, more than 75%)?

A. *25-30%.*

Q. Does the City utilize third parties or cloud technologies to store sensitive data?

A. *No. Sensitive data is not stored in the cloud nor with third parties.*

Q. What financial system does the City utilize (i.e. SAP, Oracle)?

A. *SunGard Public Sector.*

Q. Can you provide the prior year audited financial statements, including management letter comments and any adjusting journal entries?

A. *Please see the City's website www.killeentexas.gov/purchasing and scroll down to Bid 17-03 for the Adjusting Journal Entries and FY 2015 Annual Comprehensive Financial Report.*

Q. Is the component unit excluded from the scope of work?

A. *Yes, component units are excluded from the scope of work.*

Q. On page 11 of the RFQ, at the top in bold print it states that the format of the proposer's response should be in the format as outlined in the RFQ. To be clear, is the following the requested format?

Firm Qualifications & Experience

Personnel Qualifications

Project Approach

A. Yes.

Q. Can the proper's response insert the following:

Cover Page

Transmittal Letter

Table of Contents

Scope of Work/Executive Summary

Appendix

A. Yes. However, proposal should be limited to 50 pages, excluding resumes. All pages must be numbered and the proposal must contained an organized, paginated table of contents corresponding to the sections and pages of the proposal.

Q. Are original or electronic signatures required for final proposal submission?

A. Original or electronic signatures are acceptable on page 14.

Q. Is the intention of the City's RFQ to develop a list of service providers for future projects or is the City looking for a provider to begin performing services once the RFQ process is complete.

A. The City is looking for a provider to begin performing services once the RFQ process is complete.

Q. Has the City identified potential or reported instances of fraud, issues with cash collections, or the audited financials that are prompting this review or is the City seeking preemptive and preventative measures?

A. There are no reports of fraud or issues with cash collections. The audit results will likely be used for planning, decision-making, and reform.

Please acknowledge receipt of Addendum No. 1 by signing below and returning to the Purchasing Office in your packet.

Randy Jimenez
Purchasing Manager

Acknowledgement:

Signature: _____

Print Name: _____

Title: _____

Company: _____

Date: _____