

Wayne County Employees' Retirement System

RFP for Professional Auditing Services

Q&A

- Are there any significant changes or amendments to the Plans or Plan documents that could impact 2016?

Yes. Changes were made to the Defined Benefit Plan multiplier contribution rates, average final compensation wage determination, Defined Contribution Plan contribution rates, and deductions to the before tax amount.

- Are there any significant operational issues or changes from 2015 that could impact 2016?

The above Defined Benefit Plan changes, and the freezing of retirement benefits on September 30, 2015.

- Are there any litigation matters that could impact 2016?

No.

- Are there any changes to service providers such as investment custodians and actuaries?

Service Providers are subject to periodic review.

- What is the expected timing of stages of the audit, i.e., planning and interim, fieldwork, reporting?

Fieldwork normally begins after Thanksgiving, either the last week of November or the first week of December. Final reports are normally completed in early January.

- How many people were in the field for the 2015 audit and for how long?

Three auditors for a week to ten days.

- Does Plan management draft the financial statements and disclosures, or will the audit firm prepare them?

Management prepares draft financial statements in excel and the audit firm prints final reports.

- Why is management and/or Commissioners putting the services out to bid?

Service Providers are subject to periodic review.

- It appears that you would like the audit performed in accordance with *Government Auditing Standards*; however, in 2015, the audit was not performed in accordance with *Government Auditing Standards*, only Generally Accepted Audit Standards . We would like to ensure that you indeed would like to apply the additional requirements under *Government Auditing Standards* (yellow book) that were not applied in the past?

Provide the additional cost, if separate, related to the requirements under *Government Auditing Standards* (yellow book), compared to the Generally Accepted Auditing Standards.

- It appears the report is required to be issued within 105 days after year-end. Last year's audit opinion was not dated within this timeframe. Is this timing requirement new?

The Retirement System is included in the County's financial statements and has some transactions that are made by the County. The County normally wants the separately issued financial statements before January 31, but the County does not always have all the transactions posted, and the County's financial statements deadline can get moved back.

- Does the scope of work encompass the census attestation report issued under GASB 68?

Yes, the valuation census report must be included in the scope of work.

- What type of opinion do you desire on the Schedule of Changes in Fiduciary Net Position by Component? A direct opinion or an in-relation-to opinion?

Direct opinion.

- It appears that the predecessor auditor prepared the financial statements. However, the RFP indicates that these will be prepared by the System. When does the System anticipate it will have the financial statements prepared? Will the System perform the printing on the financial statements, as well?

Management prepares draft financial statements in excel before the Christmas break and the audit firm prints the final reports.

- Should bidders provide individuals licenses to practice in Michigan or simply statements that affirm legal licensure in Michigan?

An affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in the State of Michigan is required, not individual licenses.

- **Section 3.1: General Information, Bullet 10** in the RFP requests: *“Please submit biographical profiles on the individual(s) who will be assigned to our account. Please also state where these individuals are located.”* **Section 3.2: Experience and Qualifications, Bullet 3** in the RFP requests: *“Indicate the classifications of staff and the number of each classification which the firm plans to assign the audits. For staff to be assigned to the audit include title, relevant auditing experience, training, special skills, any relevant licensing, and background of each.”* Should the “biographical profiles” included in response to 3.1, bullet 10 include a brief summary of the detailed information provided in response to 3.2, bullet 3? -- OR -- Should the first “biographical profile” include information on the planned role of the team member and/or different information than what will be provided in the second question?

The information should not be the same for both items.

- Is there a required rotation for audit service firms? For example, is the current service provider permitted to bid or have they reached the service limit?

Service Providers are subject to periodic review.

General Questions

- Would the plan entertain the issuance of combined financial statements for the DB and DC plans? GAAP would certainly allow it.

The change would have to be approved by the Audit Committee. The RFP could show the price between the options and the cost savings.

- What percentage of the investments held as of 9/30/15 would be considered “alternative” or “harder-to-value” investments and what is your process to value these investments?

Approximately 30% would be considered “alternative” or “harder-to-value” investments and the process to value the investments vary based on the investment.

- What were the amount of hours spent on the engagement by the predecessor auditor for the FY 2015 audit?

Not available-the audit was for a fixed fee.

- When will the System be ready with a final trial balance?

Beginning of December.

- When did the previous auditors perform year end field work? How many auditors were on site and for how long?

Fieldwork normally begins after Thanksgiving, either the last week of November or the first week of December. Three auditors were on site for a week to ten days.