



Procurement Services
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ADDENDUM NO:	1
IFB/RFP No:	NKU-12-19
Commodity:	Audit Services
Date:	11/30/2018
Due Date:	12/14/2018

BIDDER/RESPONDER SHALL CONFORM TO THE FOLLOWING CHANGES AS SAME SHALL BECOME BINDING UPON THE CONTRACT TO BE ISSUED IN RESPONSE TO THIS INVITATION FOR BID.

Please see the answers to the questions that were submitted regarding NKU-12-19 Audit Services.

Northern Kentucky University (NKU)

1. Does NKU manage their own construction project or does the state manager capital projects? Any major projects plan?

The University has been authorized to manage their own construction project following the provisions of House Bill 622.

2. Is NKU prepared for the new accounting pronouncements or will we need to prepare that information? Should the fee include or exclude time for these pronouncements?

NKU is prepared for the new pronouncements.

3. Are there any significant changes in enrollment trends?

Enrollment has remained relatively stable over the past few years.

4. Are there any significant fund raising campaigns?

NKU will announce a major fund raising campaign in May 2019.

5. Are there any significant changes expected in debt structure?

The University currently has bond authorizations totaling \$40.5 million to construct new student housing facilities and renovate existing student housing facilities. The University is currently renovating several housing facilities and is planning on entering into a contract to construct new housing and renovate additional facilities. The scope has not been finalized. The University also received authority to issue up to \$6 million in agency bonds to construct/reconstruct parking lots. The University is in the planning phase for the renovation of a parking garage. The scope is anticipated to be less than \$2 million. The debt service related to the housing and parking projects will be funded by housing and parking fees. The University is also issuing financing related to an energy savings performance contract that will be paid through energy savings. **Note:** Proposals should address any fees they may charge related to bond issuance.

6. Are there any new expected major grants?

No new major grants are expected

7. What are the current fees for the audit, tax and consulting work? Past three years?

NKU	6/30/2018	6/30/2017	6/30/2016
NKU Audit (includes Lease Law, HB 622)	61,600	60,240	59,000
Single Audit	18,250	17,870	17,500
NKU Research Foundation	7,500	7,350	7,200
NCAA Agreed Upon Procedures	11,600	11,360	11,125
NKU 990 T (optional)	1,625	1,590	1,550
NKU Research Fnd 990, 990 T (optional)	5,375	5,260	5,150
	105,950	103,670	101,525
Foundation			
Financial Statements	21,500	21,050	21,000
990	5,370	5,260	5,250
	26,870	26,310	26,250

8. Are there preferred weeks of fieldwork for the interim and final financial statement audits?
Audit field work has typically been completed in May for interim and mid-August through September final testing.

9. Have there been any passed entries?

We have not had any actual adjustments to the financial statements. We have had one or two minor passed adjustments.

10. How have the 200 internal audit hours been used the last 3 years?

- HB 622-24 Hours
- Major Program Testing-25 hours
- Student Financial Aid-45 hours
- NCAA-35 hours
- General Audit Testing 60 hours

11. What are the expected number of major programs for FY19?

Student financial aid and Research and Development

12. Please provide the number of alternative investments at 6/30/18.

NKUF has approximately 40 alternative investment managers with approximately 35 receiving K-1s. NKU's CPE endowments are invested in these as well since they are part of NKUF's endowment pool.

13. What prompted the University to issue the RFP for fiscal year 2019?

NKU policy is to issue an RFP for external audit services every 4 years.

14. Is the current auditor allowed to bid on this engagement?

Yes, the current auditor is eligible to bid. Our policy permits NKU to use the same firm up to 8 consecutive years.

15. The RFP indicates that the internal auditor can provide assistance to the external auditor. What has been the historical level of assistance that the internal auditor has provided (please indicate number of hours)?

What general testing procedures of the internal auditor have been utilized by the external auditor?
See #10.

16. What were the fees billed for the fiscal year 2018 services described in the RFP?

See #7.

17. Can you describe the arrangement outlined below in the 2017 MD&A and the planned accounting approach?

Management is continuing its efforts to diversify revenue sources, contain costs and redirect resources to core mission priorities. The University is working with a partner to develop property at the University's main entrance. The mixed-use development is expected to include office and retail space, restaurants and a hotel and will generate revenue for the University through ground leases. St. Elizabeth Healthcare will occupy a new medical office building in the development. The University signed a ground lease with St. Elizabeth Healthcare in September 2018 for 3.7 acres of land at the US 27 entrance to campus. St. Elizabeth will be building a 65,000 square foot medical office building and associated parking for St Elizabeth and OthoCincy. The building will be used to offer urgent care, primary care and specialty physicians. The ground lease is for 25 years with an option for renewals.

18. Is there any refunding or new debt issuance planned for fiscal year 2019?

See # 5

19. Are there any planned information technology systems changes or implementations for fiscal year 2019?

University Housing may implement a new cloud based housing system during FY19. No other significant implementations are planned at this time.

20. Are there any significant changes expected in fiscal year 2019 to the University's federal awards?

No

21. Can you please indicate the typical timing and length of audit fieldwork?

Previous audit firms have been on site for two weeks in May for interim testing and 4 weeks in August and September for final field work. For the Foundation audit firms are typically on site one week for interim testing and one week for final field work.

22. Why is the University going out to bid?

NKU policy is to issue an RFP every 4 years.

23. What does NKU enjoy about your current relationship and how has it been successful?

Working with our external audit partners we have met all deadlines for submission of the financial statements and other reports on an annual basis.

24. What concerns, if any, does the University have in changing professional firms?

We have no concerns but are simply following University policy by issuing an RFP every 4 years.

25. What are NKU's primary goals for 2018-19? The next five years?

NKU recently launched the development of a strategic framework to guide our direction and focus over the next several years. The framework will focus on our core mission – serving our students, particularly as it related to access, completion and career and community engagement.

26. What are NKU's major pain points or key areas for improvement?

None that would impact the completion of the year-end audit process.

27. What is unique about the University that we should understand before responding to the proposal?

We operate similarly to other higher education institutions in the State of Kentucky. We utilize SAP as our ERP for financials, HR and Student systems.

28. Were there any significant changes that occurred during FY '18 that should be considered as part of our audit proposal?

There were no significant changes during FY'18 other than as identified in #17.

29. Do you anticipate any significant new transactions or change in operations for the year ending 6/30/19?

At this time we are not aware of any plans to make significant changes in operations.

30. Is access to various types of accounting/consulting expertise an issue you face?

Although we have not had the need to use these services in the recent past we would appreciate all bidders providing an hourly rate for these specialized services.

31. How many individuals have typically worked on the audit and for how many weeks?

Approximately 8 weeks throughout the audit year are spent onsite with as many team members as necessary to complete the job.

32. What were prior year fees/hours for the respective reports being proposed on?

See #7.

33. Who is part of the selection committee?

Representatives from key departments including Comptroller, financial aid, IT, Research Grant and Contract Management, Foundation, and Internal Audit.

34. Who prepares the financial statements for each of the reports?

The NKU Comptroller's Office prepares the financial statements. The external auditors print the financial reports for the University and NKURF.

35. Are there any accounting issues you would like guidance on?

Previous audit firms have provide guidance, free of charge, on any accounting issues that may have an impact on the University.

36. How many audit adjustments are typically made after the audit has begun? What is the typical nature of those adjustments?

We have not had any actual adjustments to the financial statements. We have had one or two passed minor adjustments in previous years.

37. How has the Internal Audit department been utilized in the past for their 200 hours?

See #10 above

Northern Kentucky Foundation and Northern Kentucky University Research Foundation

1. Are there any accounting issues you would like guidance on.

No. Previous audit firms have provide guidance, free of charge, on any accounting issues that may have an impact on the University

2. How many audit adjustments are typically made after the audit has begun? What is the typical nature of those adjustments?

See #36 above

3. How many K-1s are received annually?

NKUF has approximately 40 alternative investment managers with approximately 35 receiving K-1s. NKU's CPE endowments are invested in these as well since they are part of NKUF's endowment pool.

4. Are the Northern Kentucky University Foundation and Northern Kentucky University Research Foundation teams prepared for the new accounting pronouncements or will we need to prepare that information?

NKU is prepared for the new pronouncements.

5. Should the fee include or exclude time for these pronouncements?

No

6. What are the current fees for the audit, tax and consulting work?

Past three years? See #7 above.

7. Please provide the number of alternative investments at 6/30/18.

NKUF has approximately 40 alternative investment managers with approximately 35 receiving K-1s. NKU's CPE endowments are invested in these as well since they are part of NKUF's endowment pool.

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