REQUEST FOR QUOTATIONS FROM
INDEPENDENT PUBLIC ACCOUNTANTS TO PERFORM AUDIT SERVICES
TO THE OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

RFQ Issue Date: September 9, 2016
Inquiry End Date: 5:00 P.M., (Eastern Time) September 19, 2016
Responses to RFQ due no later than
2:00 P.M. (Eastern Time) on September 26, 2016

ANSWERS TO QUESTIONS RECEIVED THROUGH INQUIRY END DATE
REQUEST FOR QUOTATIONS FROM
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RESPONSES TO INQUIRIES RECEIVED THROUGH INQUIRY END DATE

Q#1  From 2013 through 2015, engagement hours decreased 10% - can management expand on the decreased hours in the engagement? Did the prior IPA utilize internal audit?

A#1  The hours spent were determined by the prior IPA’s audit plan set for each year. Outside of increasing familiarity with the Commission’s operations, management is not aware of specific reasons for the reduction in hours.

Q#2  CAFR indicated a $125 million capital improvement program with 2 of the projects being completed in 2016. Are similar budget figures/projects anticipated through the contract period?

A#2  Yes. Approximately $100 to $125 million in capital improvement expenditures are anticipated for the next several years.

Q#3  Does the commission anticipate similar increases in toll revenue for 2016 and beyond? (5.9% in 2015 and 3.9% in 2014)

A#3  Yes. The Commission has approved annual toll rate increases of 2.7% through 2023. These increases coupled with increases in traffic are expected to yield increases in toll revenue approximating 3-4% per year.

Q#4  Noted during the Pre-quote call that you intend to issue revenue bonds January of 2017 - What is scheduled bond issuance activity for Turnpike Revenue Bonds and Junior Lien Revenue Bonds for the remainder of the contract period?

A#4  New issues of $200 million in January, 2017, and $350 million in the first quarter of 2018 are anticipated. A refunding of approximately $100 million is also a possibility for January, 2017.

Q#5  Has the supplemental trust agreement (last updated 2013) been updated? Any change and/or planned change in covenant requirements for tests I-IV?

A#5  There has been no update since 2013, nor have there been any changes to the covenant requirements.
Q#6  Note 11 Noted that the RFQ identifies that it is anticipated that final report delivery to AOS will occur by April 30. Noted that 2015 report was dated June 8 and 2014 report was dated June 5. Has there been change in anticipated completion of FS presented for audit? Is there any assistance provided by the IPA in completion of the FS (i.e. GASB 68)

A#6  As discussed in the September 14 conference call, we believe that an AOS delivery date of April 30 is reasonable and want to plan for the audit accordingly.

There is no assistance required from the IPA for preparation of the financial statements outside of review and recommendations for refinement in calculation and presentation.

Q#7  2015 FS identified a related party AR from ODOT for bridge painting – is this a common activity? Any significant activity in 2016 or planned in contract period?

A#7  This is not generally a common activity. Occasionally, the Commission works together with ODOT on projects where mutual efficiencies and cost savings can be attained. There is an example of this kind of arrangement in progress in 2016.

Q#8  Note 11 identifies that the entity is self-insured for workers’ compensation, vehicle damage claims and health benefits. Can you provide us with the TPA for those services and if a SOC 1 exists for the related provider(s)?

A#8  The Commission does not have a TPA for workers’ compensation claims. York Risk Services Group is the TPA for our excess liability policy issued by Travelers Insurance. Very few claims are reviewed by York and we do not have a SOC 1 from them. Medical Mutual of Ohio is the provider and administrator of our health care benefits. We do have a SOC 1 from Medical Mutual.

Q#9  Can management provide internal audit’s latest risk assessment and the current year’s work plan?

A#9  The focus of recent risk assessment activities has been on our information technology area. An outside consultant has been utilized for this ongoing work. The Internal and Toll Audit Departments perform routine procedures throughout the year including unannounced toll plaza cash count and compliance tests, toll collector audits, toll system performance audits, AP and purchasing card reviews, payroll audits, inventories of materials, and inventories of equipment and small tools. Work papers for these activities are shared with the independent auditors each year.
Q#10 Can you indicate again the provider of the electronic toll/AP systems (formerly Ross Systems) – I didn’t catch the name on the call. What’s the name of your main computer system again? I didn't catch it during pre-bid.

A#10 The Commission’s toll and E-ZPass customer service center systems are provided by TransCore, Inc. The Commission’s ERP system is provided by Aptean, Inc., formerly known as Ross Systems.

Q#11 What was the name of the company that performed the IT work for the Toll computers? And do you have an estimate on the amount of time and cost previous auditors paid for it?

A#11 David Sems & Associates. The Commission has no information available for the amount of time incurred by this firm or what the prior IPA paid for their services. Their work typically included 1-2 days of on-site fieldwork. They typically reviewed any changes to the toll system and conducted testing of electronic tolling transactions and Ohio E-ZPass customer prepaid balances. Sems & Associates also performed extensive analytical procedures on our accounts payable, inclusive of purchasing card transactions.

Q#12 You mentioned that there was another company that was contracted for analytical procedures. Could you provide the name of company and the basics of the procedures performed? And an estimate of the amount of hours and cost involved?

A#12 Please see the response to Q#11.

Q#13 You had mentioned that there is an internal audit staff that assists with testing. Could you provide the areas they tested and approximately the amount of hours they spent?

A#13 The Commission maintains a staff of two full-time internal auditors. They are generally made available to facilitate the IPA fieldwork in a variety of ways but have not performed actual testing procedures for the IPA in recent years. Work papers of some routine activities conducted by the internal auditors, however, such as for inventory, payroll audits, and purchasing card audits, are typically used by the IPA.

Q#14 Do you have an estimate of the amount of time it took previous auditors to complete the testing of the pledged revenues and master trust agreement? It seems to be limited to me but wasn't sure if I was missing something.

A#14 We do not have specific knowledge of the time the prior IPA spent in these areas.
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Q#15 In appendix A on page 19 of the RFQ, you have that there is "special assistance" to be provided to oversight unit auditors. I assume it's just giving them access to review the workpapers but could you elaborate on the "special assistance" if I'm on the wrong track?

A#15 Correct. According to the Auditor of State, this special assistance is intended to pertain to access to work papers.

Q#16 Is there anything that you request we do to make the audit process go easier for you that we can incorporate into our proposal and testing?

A#16 Once developed, please adhere to your schedule for the engagement as closely as possible. Allow for reasonable lead times when requesting information from Commission personnel.

Q#17 I have reviewed the planned AUP to be completed by AOS – I assume that this will be a one-time engagement during the contract period. Can you confirm to the best of your knowledge?

A#17 The AUP are anticipated to be limited to fiscal 2016, however the performance of procedures in future years may occur at the discretion of the Auditor of State.