

**City of Palmer
Action Memorandum No. 15-080**

Subject: Extend the Contract for Audit Services with BDO USA, LLC for One Additional Year as Specified in the Request for Proposals (RFP) for Audit Services and Original Contract Approved by the Palmer City Council on September 24, 2013

Agenda of: August 25, 2015

Council Action: Extended

Originator Information:

Originator: Esther Greene – Finance Director

Date: _____ **Requested agenda date:** _____

Department Information:

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|-------------------------|---------------|
| _____ | Community Development | _____ | _____ |
| <u>X</u> | Finance | <u><i>E. Greene</i></u> | <u>8/6/15</u> |
| _____ | Public Safety | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for presentation by:

| | Signature: | Remarks: |
|---------------|--------------------------------|----------|
| City Manager | <u><i>Joseph A. Hannan</i></u> | _____ |
| City Attorney | <u><i>[Signature]</i></u> | _____ |
| City Clerk | <u><i>[Signature]</i></u> | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ 67,000 (2016 Budget)

This legislation (√):

Has no fiscal impact Creates a positive impact in the amount of: \$ _____
 Negative impact in the amount of: \$ 67,000

Funds are (√):

Budgeted Line item(s): Various
 Not budgeted Affected line item(s): _____

General fund assigned balance (after requested budget modification): \$ _____

Enterprise unrestricted net position (after requested budget modification): \$ _____

Director of Finance Signature: *E. Greene*

Attachment(s):

- AM 13-069 Authorize the City Manager to Award and Negotiate a Two Year Contract for Professional Audit Services with BDO USA, LLC.

Summary statement: On September 24, 2013, council approved AM 13-069, a two year contract for professional audit services with BDO USA, LLC for years 2013 and 2014. Included in the RFP, the City has the opportunity to extend the audit contract for two subsequent fiscal years.

The Finance Director has spoken to several other Finance Directors and inquired as to the cost of their upcoming audits. Those municipalities include: the City of Homer, City of Wasilla and the City of Kenai. City of Seward was contacted but the Director has not heard back from them. All of the municipalities are reporting that there has been an increase in the cost of annual audits. There is an increase in GASB standards every year, changes in BDO methodology and additional time allocated for the implementation of GASB 68. Based on this information, it is respectfully requested that the Council extend the audit contract to BDO USA, LLC for one additional fiscal year.

Administration recommendation: Authorize action memorandum 15-080.

**CITY OF PALMER
ACTION MEMORANDUM NO. 13-069**

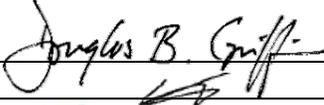
Subject: Authorize the City Manager to Award and Negotiate a Two Year Contract for Professional Audit Services With BDO USA, LLP

Agenda of: September 24, 2013

Council Action: Authorized _____

Approved for presentation by:

City Manager
City Attorney
City Clerk





Certification of Funds:

| | |
|--|--|
| Total amount of funds listed in legislation: | \$ _____ 0 |
| This legislation (✓): | |
| _____ Has no fiscal impact | |
| Creates: | |
| _____ A negative fiscal impact in the amount of: | \$ _____ |
| _____ A positive fiscal impact in the amount of: | \$ _____ |
| ✓ _____ Funds are budgeted. | |
| Funds are budgeted from this (these) line item(s): | |
| a) ➤ Various accounts (2013 Budget) | \$ _____ |
| b) ➤ | \$ _____ |
| a) Funds originally budgeted in line item : | \$ _____ |
| Difference in budgeted funds: | \$ _____ |
| b) Funds originally budgeted in line item : | \$ _____ |
| Difference in budgeted funds: | \$ _____ |
| ✓ _____ Funds are not budgeted. | |
| Budget amendment required in the total amount of: | \$ _____ |
| Affected line item(s): | |
| ➤ Various accounts part of 2014 budget process | \$ _____ |
| ➤ Various accounts part of 2015 budget process | \$ _____ |
| ➤ | \$ _____ |
| _____ General fund unassigned balance (after budget modification) | \$ _____ |
| _____ Enterprise unrestricted net position (after budget modification) | \$ _____ |
| Director of Finance signature certifying funds: |  _____ |

Summary statement: Pursuant to Section 3.21.170 of the City Code, a Request of Proposals for professional audit services was issued on August 11, 2013.

The City received three responses by the admission deadline of September 4, 2013 at 2 P.M. The respondents were Altman, Rogers & Company, BDO USA, LLP (formerly Mikunda Cottrell) and Talbot, Korvola & Warwick LLC.

The evaluation committee consisted of the Finance Director, the Controller and the Community Development Director. The evaluation process was based on three sets of criteria: 1) Mandatory Elements which included independent entity, licensed to practice in Alaska, submission of last external quality control review report and no conflict of interest 2) Technical Quality which included expertise and experience, audit approach and report format 3) Total cost of audit service. A maximum point system was used for each set of criteria.

| <u>Audit Firm</u> | <u>Total Points Scored</u> |
|-------------------------------|----------------------------|
| Altman, Rogers & Company | 404 |
| BDO USA, LLP | 411 |
| Talbot, Korvola & Warwick LLC | 365 |

In the best interest of the City, the audit committee recommends authorizing the City Manager to award the City's professional audit services to BDO USA, LLP.

Administration recommendation: Approve action memorandum 13-069.