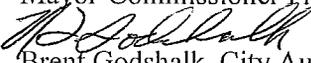


City of
Gainesville

Inter-Office Communication

January 5, 2009

TO: Audit, Finance and Legislative Committee
Mayor Pegeen Hanrahan, Chair
Mayor-Commissioner Pro Tem Jack Donovan, Member

FROM: 
Brent Godshalk, City Auditor

SUBJECT: Selection of External Auditors for General Government

Recommendation

The Audit, Finance and Legislative Committee recommend the City Commission:

- 1) Approve the ranking of the proposals received for external auditing services, General Government segment; and
- 2) Authorize the City Auditor to execute a professional services contract with the top-ranked firm for the General Government segment for a period of five years beginning with the fiscal year 2009 audit, with an option to renew for an additional three years, subject to approval of the City Attorney as to form and legality.

Explanation

Florida Statutes section 218.39 and Gainesville Code of Ordinances section 2-433 require the City Commission to employ an independent certified public accountant, not connected with the government of the City, to audit the accounts maintained and the financial statements prepared by the City for each fiscal year. The City's current contract for professional auditing services expires after completion of all reports associated with the financial audit for the fiscal year ending September 30, 2008.

On September 18, 2008, the City Commission authorized the issuance of a Request for Proposals (RFP) for professional auditing services utilizing the methodology and selection factors recommended by the Audit, Finance and Legislative Committee. As a result, an RFP was publicly issued and provided to interested firms on September 25, 2008. Since City finances are segmented into two major areas, General Government and Gainesville Regional Utilities (GRU), the RFP provided an opportunity for firms to submit a proposal for the General Government segment, the GRU segment and/or both segments combined.

On November 13, 2008, the City received four responses to the General Government segment and three responses to the GRU segment. Each proposal contained a technical qualifications proposal and a separately sealed price proposal. The proposals were evaluated in accordance with criteria set forth in the RFP by staff members of the City Auditor's Office and the respective Finance Departments. Proposals were assigned a composite score on technical and written criteria, excluding the price proposal.

Purchasing staff then opened the fee proposals and assigned points to each proposal with higher points given to the lowest submitted fee proposal. Qualified local businesses received an additional five percent of the total evaluation points in accordance with the City's Local Preference Ordinance.

General Government Segment

Based on the evaluated technical qualifications, written proposals and fees related to each proposal, we request that the Committee recommend the City Commission approve the following ranking of the proposals received for external auditing services, General Government segment:

<u>Firm Name</u>	<u>Rank</u>
Davis, Monk and Company	1
Purvis, Gray and Company	2
Crowe Horwath LLP	3
James Moore and Company	4

We also request that the Committee recommend the City Commission authorize the City Auditor to execute a professional services contract with the top-ranked firm for the General Government segment for a period of five years beginning with the fiscal year 2009 audit, with an option to renew for an additional three years, subject to approval of the City Attorney as to form and legality. If, for any reason, an agreement with the first-ranked proposer cannot be reached, the City Auditor will initiate negotiations with the second-ranked firm, continuing through the rankings until an agreement is reached or all proposals are rejected.

GRU Segment

For the GRU segment, we are requesting oral presentations from the three firms who submitted proposals. The oral presentations/interviews will enable us to obtain additional information regarding firm qualifications, approach to the project, ability to furnish the required services and proposed fees. These presentations are expected to take place in January 2009, and a recommended ranking of the firms will then be presented to the Audit, Finance and Legislative Committee.

Fiscal Note

The first-ranked firm for the General Government segment, Davis, Monk and Company, submitted a proposed first-year fee of \$88,500, which results in a small cost savings from the fiscal year 2008 fee of \$89,300. In addition, Davis, Monk and Company is the incumbent external auditor and has provided excellent service in prior years.

The term of the contract will be for five years, with an option to renew for an additional three years. The RFP was structured to allow for annual price adjustments beginning with the second year of the agreement, based on the Consumer Price Index for the Southern Region all urban consumers, with a five percent limit on any increase or decrease.