

City of
Gainesville

Inter-Office Communication

May 8, 2014

TO: Audit, Finance and Legislative Committee
Mayor Ed Braddy, Chair
Mayor-Commissioner Pro Tem Randy Wells, Member

FROM: Brent Godshalk, City Auditor

SUBJECT: Selection of External Auditors for the Annual Financial Statements Audit - Gainesville Regional Utilities Segment

Recommendation

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

- 1) Approve the ranking of the proposals received for external auditing services for the annual financial statements audit - Gainesville Regional Utilities (GRU) segment, and
- 2) Authorize the City Auditor to execute a professional services contract with the top ranked firm for a period of three years beginning with the Fiscal Year 2014 financial statements audit, with an option to renew for one additional three year term, 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 for the GRU segment concluded after completion of all reports associated with the financial audit for the fiscal year ending September 30, 2013.

On March 6, 2014, the City Commission authorized the issuance of a Request for Proposals (RFP) for professional auditing services for the annual financial statements audit – GRU segment 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 March 7, 2014.

On April 4, 2014, the City received eight qualified 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 the criteria set forth in the RFP by staff members of the City Auditor's Office and the GRU and General Government Finance Departments. Proposals were assigned a composite score on technical and written criteria, excluding the price proposal. GRU 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.

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, GRU segment:

<u>Firm Name</u>	<u>Rank</u>
Purvis, Gray & Company, LLP	1
Carr, Riggs & Ingram, LLC	2
Baker Tilly Virchow Krause, LLP	3

We also request the Committee recommend that the City Commission authorize the City Auditor to execute a professional services contract with the top ranked firm for the GRU segment for a period of three years beginning with the Fiscal Year 2014 audit, with an option to renew for one additional three year term, subject to approval of the City Attorney as to form and legality. If, for any reason, an agreement with the selected 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.

Fiscal Note

The first-ranked firm for the GRU segment, Purvis, Gray & Company, LLP, submitted a proposed first-year fee of \$139,500. This proposal, obtained through a competitive process, is approximately \$28,000 lower than the \$167,597 in fees paid for the GRU segment of the Fiscal Year 2013 external audit.

The term of the contract will be for three years, with an option to renew for one additional three year term. The RFP was structured to allow for annual price increases beginning with the second year of the agreement, based on the Consumer Price Index (CPI) for the Southern Region. However, the increase will never exceed 5% per year.

General Government Segment

Based upon the terms of the contract between the City and Carr, Riggs and Ingram, LLC, and a recommendation from the Audit, Finance and Legislative Committee, the City Commission approved a proposed three year extension of the agreement for professional auditing services – General Government segment on March 20, 2014. The City Auditor executed the extension on April 2, 2014 with a fee of \$96,160 for the General Government segment of the Fiscal Year 2014 external audit.