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MEMORANDUM

To: Mayor and City Council

From: Chris Pike, Finance Director

Date: August 17, 2009

Subject: **Auditing Services Provider (RFP)**

ITEM DESCRIPTION

Section 5.07 of the City charter requires a certified public accountant for the annual audit to be selected by Council. The City's Purchasing Policy states, "*RFP's will generally be solicited on a project-by-project basis with the exception of the following; Auditor, Engineering Testing Services, Medical Services and Banking Services, which will be solicited every three (3) years.*" Pursuant to those requirements, the City issued a request for auditors to provide proposals to audit the City for three, one-year terms. In response to that request, eleven firms submitted proposals. Each proposal was reviewed and considered based on the following:

- APPROPRIATENESS & ADEQUACY OF PROPOSED PROCEDURES
- NECESSITY OF PROCEDURES
- REASONABLENESS OF TIME ESTIMATES
- TIMELINESS OF PROJECTED COMPLETIONS
- TECHNICAL EXPERIENCE
- QUALIFICATIONS
- SIZE AND STRUCTURE OF FIRM

Of those eleven, three firms were deemed nonresponsive as they did not provide the information requested. Two additional firms did not progress to the pricing stage as portions of their proposals were deemed responsive, but not acceptable. The remaining six firms that Staff evaluated included (in alphabetical order):

- Bates, Carter & Co., LLP
- LarsonAllen, LLP
- Mauldin & Jenkins CPA, LLP
- Reznick Group P.C.
- Rushton & Company, L.L.C.
- Williamson and Company, CPAs

RFQ EVALUATION/SCORING SHEET
AUDIT SERVICES
REQUEST FOR QUALIFICATIONS NUMBER 09-189

#	Criteria		BATES, CARTER	CLIFTON , LIPFORD	FRICKE	LARSON ALLEN	MAULDIN JENKINS	MOORE & CUBBEDGE	NICHOLS, CAULEY	REZNICK GROUP	RUSHTON	UHY LLP	WILLIAMSON & CO
1	APPROPRIATENESS & ADEQUACY OF PROPOSED PROCEDURES		E	S	No response	E	E	No response	No response	E	E	G	G
2	NECESSITY OF PROCEDURES		E	S		E	E			E	E	G	G
3	REASONABLENESS OF TIME ESTIMATES		E	S		E	E			S	E	U	S
4	TIMELINESS OF PROJECTED COMPLETIONS		G	U		G	G			G	E	S	G
5	TECHNICAL EXPERIENCE		E	G		E	E			G	S	S	S
6	QUALIFICATIONS		E	G		E	E			S	S	S	G
7	SIZE AND STRUCTURE OF FIRM/JOINT VENTURE		G	S		E	E			E	S	E	G

E = Excellent
G = Good
S = Satisfactory
U = Unsatisfactory

Of the six firms, Staff feels the experience of the proposed audit teams, the experience and qualifications of the firms, and the audit approaches of Bates, Carter & Co., LLP, Mauldin & Jenkins CPA, LLP and LarsonAllen, LLP were superior to the remaining three. Furthermore, the proposals of Bates, Carter & Co., LLP and Mauldin & Jenkins CPA, LLP indicated a significant understanding the City's startup issues and provided approaches that Staff feels would adequately address our needs.

The distinguishing characteristics between Bates, Carter & Co., LLP and Mauldin & Jenkins CPA, LLP was that Mauldin & Jenkins:

- Provided a larger "talent pool" of resources and expertise,
- Demonstrated higher level of experience in dealing with start-up cities having audited Sandy Springs, Milton, Johns Creek, and Chattahoochee Hills,
- Proposed significant training opportunities for City Staff throughout the year.
- Offered "clients technical accounting and financial reporting updates and advice throughout the year ***without additional charge***." (The implementation of new accounting standards was available through Bates, Carter & Co., LLP for additional fees.)

Staff then considered the pricing of the three highest ranked firms. The solicitation stated, "*Although cost is a significant factor,* ***it will not be the dominant factor****. Cost will be given more importance when all the other evaluation criteria are relatively equal.*"

During the proposal process, firms were provided instructions allowing (but not requiring) each firm to separate the pricing proposals by breaking out the costs of the Single Audit. (The Single Audit is a separate audit required by governments receiving at least $500,000 in federal grants and aid.) Staff anticipates at least one (and possibly two) of our audit years will require a Single Audit. The firm of Mauldin & Jenkins CPA, LLP provided a range of $5,000 to $9,000 for their Single Audit. Because Staff requested a "not-to-exceed" bid, the rate of $9,000 was used for the price comparison, but realizes the cost may be significantly less depending on the grants the City receives and the difficulty required to audit each grant. Also, the issue of if and how many Single Audits would be required created a unique challenge of comparing prices. For purposes of the review, Staff assumed Single Audits will be required in 2010 and 2011. The prices proposed by the three highest ranked firms were (in alphabetical order):

Bates, Carter & Co., LLP

	City Audit	Single Audit	Total
2009	27,873		27,873
2010	23,518	1,468	24,986
2011	24,224	1,512	25,736
			$ 78,595

LarsonAllen, LLP

	City Audit	Single Audit	Total
2009			32,800
2010			34,300
2011			35,800
			$ 102,900

Mauldin & Jenkins CPA, LLP

	City Audit	Single Audit	Total
2009	23,000		23,000
2010	23,000	9,000	32,000
2011	26,000	9,000	35,000
			$ 90,000

All three of the highest ranked firms provided pricing in line with Staff's expectations of $35,000 per year. The overall price of Bates, Carter & Co., LLP was lower than Mauldin & Jenkins CPA, LLP, but almost all of the savings would be in the third year of the contract. Furthermore, Staff feels the Mauldin & Jenkins CPA, LLP's proposal more than justifies the higher rate that averages less than $4,000 per year; even more so when considering the extra services provided by Mauldin & Jenkins CPA, LLP for free whereas Bates, Carter & Co., LLP would charge for those services or not have them available at all.