



Legislation Text

File #: ID 17-0206, **Version:** 1

Resolution Authorizing Professional Services Agreement Between the City of Greensboro and Cherry Bekaert LLP to Provide Independent Audit Services for Fiscal Years 2017 - 2019, With Two Annual Renewals Thereafter, Subject to Annual Evaluation, and to Provide Pension Census Testing Services for FY 2017

Department: Financial & Administrative Services
Council District: All

Public Hearing: N/A
Advertising Date/By: N/A

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PURPOSE: In accordance with G.S. 159-34(a), the NC Local Government Commission (LGC) requires that the governing board approve the independent auditor's contract and that the selected auditor shall report directly to the board. As discussed and recommended at the April 11, 2017 meeting of the City of Greensboro's Audit Committee, the City Council is requested to approve the proposed three (3) year audit contract with Cherry Bekaert LLP for FY 2017 - FY 2019 independent audit services in the amount of \$222,000 for the three (3) year term and a one-time pension census testing procedure required by the Office of the State Auditor in the amount of \$5,000 in FY 2017.

BACKGROUND: At the February 20, 2017 meeting of the Audit Committee we reported on the withdrawal of our independent auditor, RSM who cited staffing resource constraints. The Committee directed Finance staff to rebid the audit contract. An Audit Request for Proposal (RFP) Committee was formed, consisting of Finance, Internal Audit, and M/WBE staff. We submitted the RFP on March 2, 2017 to 15 firms, including the 3 certified -M/WBE vendors identified, 1 located within our M/WBE plan's 10-county area and 2 in Durham. We also posted the proposal opportunity on the City's electronic procurement portal for increased vendor exposure. Proposals were requested to be returned by March 27 at 5 p.m. We received 5 proposals for the City's independent audit.

The RFP committee individually scored each of the proposals based on the Firm's experience, staff qualifications, references, understanding of work, consulting availability, and their M/WBE participation (Section 1). The 3 firms who received the highest average ranking of the committee as a whole were then scored based on their fees and their overall ability to meet the needs of the City (Section 2).

Dixon Hughes Goodman, Cherry Bekaert, and CliftonLarsenAllen ranked highest according to the Section 1 criteria. Of the 5 proposals we received, only Cherry Bekaert included an M/WBE component, proposing to contract 15% of the audit service to an M/WBE certified vendor located in Durham.

Overall, the RFP committee ranked Cherry Bekaert first due to the depth of their experience with large local governments in North Carolina (7 of 10 largest governments), their M/WBE participation, and meeting the

overall best needs of the City. Cherry Bekaert audited the City of Greensboro for 20 years prior to our contract with RSM (McGladrey) beginning in 2015, and have a thorough understanding of our systems and processes, leading to shorter transition time and the expectation that they can meet the City's required audit deadlines. Cherry Bekaert's proposed FY 2017 fee of \$72,500 is one of the lowest fees noted among the ten largest NC cities and counties, where audit fees range between \$71,000 and \$174,000 for FY 2017.

Firm qualifications and fees, among other audit-related matters were discussed at the April 11, 2017 Audit Committee meeting, whereupon the Committee voted to recommend award of the contract to Cherry Bekaert. The Audit Committee is comprised of the following: 3 members of City Council-voting members, 1 outside member, City Manager, Finance Director, and Internal Audit Director, and meets periodically to discuss audit-related matters.

BUDGET IMPACT: Appropriations for the audit fee of \$72,500 are included in the FY 2017 budget and funding for the audit fees in FY 2018 and FY 2019 will be included in each year's budget.

RECOMMENDATION / ACTION REQUESTED: The Audit Committee of the City of Greensboro recommends that City Council adopts a resolution to award the contract for independent audit services to Cherry Bekaert LLP in the amount of \$72,500 for FY 2017, \$74,000 for FY 2018 and \$75,500 for FY 2019 for a total contract award of \$222,000 and for a one-time pension census testing procedure in the amount of \$5,000 for FY 2017.