



Legislation Text

File #: ID 17-0208, **Version:** 1

Resolution Authorizing Professional Services Agreement Between the City of Greensboro and Thomas and Gibbs CPAs, PLLC to Provide Independent Audit Services for the Greensboro Center City Corporation for Fiscal Years 2017 - 2019, With Two Annual Renewals Thereafter, Subject to Annual Evaluation

Department: Financial & Administrative Services
Council District: All

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

Contact 1 and Phone: Richard Lusk, Finance Director 373-2077
Contact 2 and Phone: Marlene Druga, Deputy Finance Director 373-2094

PURPOSE: 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 Thomas and Gibbs CPAs, PLLC for FY 2017 - FY 2019 independent audit services for the Greensboro Center City Corporation in the amount of \$13,950 for the three (3) year term.

BACKGROUND: In order to encourage the participation of Historically Underutilized Businesses and smaller firms in providing audit services to the City, management carved out the Greensboro Center City Corporation (GCCC) audit work as a separate proposal from the larger City audit in FY 2017. The GCCC audit has always been a separate contract with its own separate fee paid by the City, however it has historically been awarded to the same auditor performing the main City audit to create certain audit efficiencies. As the non-profit arm of the City associated with the issuance of certain City debt, the GCCC financial amounts and number of transactions have decreased over the years, lessening the dependence on one auditor to perform all of the work.

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 RFP Committee was formed, consisting of Finance, Internal Audit, and M/WBE staff. We submitted both RFPs 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 GCCC'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).

Thomas and Gibbs, Cherry Bekaert, and Dixon Hughes Goodman ranked highest according to the Section 1

criteria. Thomas and Gibbs audited the GCCC for the past 2 years as a sub-contractor under RSM and is familiar with the purpose and operation of the unit. Cherry Baekert previously audited the GCCC as a component unit of the City's main audit. Both Cherry Bekaert and Thomas and Gibbs proposed an M/WBE component. Cherry Bekaert proposed contracting 75% of the audit to an M/WBE certified vendor in Durham while Thomas and Gibbs is an M/WBE certified vendor also based in Durham.

Overall, the RFP committee ranked Thomas and Gibbs first due to their qualifications as well as their prior experience with the GCCC audit. Due to that experience, they should have lower start-up costs and should be able to meet the required audit deadlines. Thomas and Gibbs's proposed FY 2017 fee of \$4,500 was also the lowest proposed of the top 3 responsive firms.

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 Thomas and Gibbs CPAs, PLLC. 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 \$4,500 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 for the Greensboro Center City Corporation to Thomas and Gibbs CPAs, PLLC in the amount of \$4,500 for FY 2017, \$4,650 for FY 2018 and \$4,800 for FY 2019 for a total contract award of \$13,950.