



## CITY COUNCIL AGENDA ITEM

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Date: February 27, 2014

To: Brian Kischnick, City Manager

From: Thomas Darling, CPA, CPFIM, Director of Financial Services  
MaryBeth Murz, Purchasing Manager  
Lisa Burnham, Accounting Manager

Subject: Standard Purchasing Resolution – Audit Services Extension

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### History

On April 18, 2005, a three-year contract to provide independent audit services for the fiscal years ended June 30, 2005 through 2007 with an option to renew for three additional years was awarded to the Rehmann Group.

On December 17, 2007, Troy City Council exercised the option to renew the contract with the Rehmann Group for an estimated cost of \$67,568 per year for fiscal years ended June 30, 2008 through 2010.

On February 7, 2011, City Council unanimously agreed to accept a three year extension for audit services by the Rehmann Group at a cost of \$63,820 per year for fiscal years ended June 30, 2011 through 2013. This extension represented a cost savings of \$3,748 or 7% from the 2010 pricing structure.

On February 5, 2014, the City received a letter from the Rehmann Group indicating their interest in continuing to provide audit services for fiscal years ending June 30, 2014 through 2016 at the same reduced rate of \$63,820 per year.

The Rehmann Group is the largest public accounting firm with offices located in the City of Troy and a top 5 accounting firm in Southeast Michigan according to Crain's List.

The Rehmann Group has a division of professionals dedicated solely to the Governmental industry and one of the largest governmental practices in the state.

The Rehmann Group has met all expectations and delivered timely service. Individuals assigned to the City audit have been knowledgeable and of great assistance in helping the City successfully adopt the ever changing pronouncements in governmental accounting standards.

The City continues to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada.



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### Financial

The Rehmann Group continues to provide a best value for service as indicated by the recent market survey of local units that require both an audit and single audit under *Generally Accepted Governmental Accounting Standards (GAGAS)* as follows:

| <u>Local Unit</u> | <u>Cost</u>   | <u>Governmental Revenues</u> | <u>Percent to Gov Rev.</u> |
|-------------------|---------------|------------------------------|----------------------------|
| Sterling Heights  | \$94,850      | \$89,998,123                 | 0.1054                     |
| Madison Heights   | 100,894       | 29,748,507                   | 0.3392                     |
| Ann Arbor         | 69,000        | 115,431,622                  | 0.0598                     |
| Novi              | 58,100        | 46,661,449                   | 0.1246                     |
| Farmington Hills  | 115,000       | 72,398,276                   | 0.1589                     |
| Warren            | 207,700       | 138,414,151                  | 0.1501                     |
| <b>Troy</b>       | <b>63,820</b> | <b>77,126,996</b>            | <b>0.0828</b>              |

### Legal Considerations

In April 2005 RFQ/RFP 04-60, Audit Services was competitively bid and opened with three bidders responding. The current proposed price is congruent with that proposal.

There is no requirement for the City to obtain competitive bids for professional services.

### Recommendation

It is recommended that the Troy City Council accept the offer from the Rehmann Group to provide independent auditing services for the fiscal years ending June 30, 2014 through 2016 at a cost not to exceed \$63,820.