



CITY COUNCIL ACTION REPORT

December 10, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration
Susan A. Leirstein, Purchasing Director
James A. Nash, Financial Services Director

SUBJECT: Standard Purchasing Resolution 3 – Exercise Renewal Option –
Audit Services

Background

- On April 18, 2005, a three-year contract to provide Audit Services for the fiscal years ended June 30, 2005, 2006, and 2007 with an option to renew for three additional years was awarded to The Rehmann Group of Saginaw, MI, the vendor selected by Troy City Council as a result of a best value process. (Council Resolution #2005-04-182).
- A letter is attached from The Rehmann Group indicating their agreement to renew the contract through December 31, 2010, under the same pricing structure, terms and conditions as the original contract.
- Audits have been completed on time and the staff assigned has been proficient and knowledgeable, particularly with regards to recent changes 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.
- Due to the best value process used in evaluating the request for proposal, a market survey was not done; since the City utilizes a selection process in which price is not the only factor under review.

Financial Considerations

- Funds are available in the various operating accounts for Finance, DDA, Block Grant Administration, and Brownfield Redevelopment.

Legal Considerations

- RFQ/RFP 04-60, Audit Services was competitively bid and opened with three bidders responding.

December 10, 2007

To: Phillip L. Nelson, City Manager
Re: Exercise Renewal Option – Audit Services

Policy Considerations

- The option to renew will support Goal II, minimize the cost and increase the efficiency and effectiveness of City government.

Option

- City management recommends the Troy City Council exercise the option to renew for three additional years with The Rehmann Group for an estimated total cost of \$67,568.00, under the same pricing structure, terms and conditions, to expire December 31, 2010, in accordance with contract requirements.

500 W. Big Beaver
Troy, MI 48084
(248) 524-3300

The City of Tomorrow...



...Today

November 29, 2007

Mr. Gerald Desloover, Vice President
The Rehmann Group
5800 Gratiot Road
Saginaw, MI 48603
FAX: (775) 249-3804

Dear Mr. Desloover:

The City of Troy entered into a contract with the Rehmann Group to provide audit services of the City's financial statements for the fiscal years of June 30th, 2005, 2006 and 2007 expiring December 31, 2007 with an option to renew for three (3) additional fiscal years. It is now time to establish your firm's interest in exercising the option to renew.

The request for proposal (that is an integral component of the contract) referred to the option as follows:

"...The successful provider will have the option of holding the labor rate constant or submitting new prices based upon verifiable increases in labor by using the Consumer Price Index Inflation (CPI) Calculator or CPI computation for the published Urban-CPI for the Detroit/Ann Arbor Area between the base year of June 2005 and the subsequent year whichever CPI computation is lower and deemed to be in the City's best interest. Any adjustment made in subsequent years will be calculated using the same method for June of the current year with your base year of June in the year the contract was last adjusted."

Please fax this letter back to the City of Troy Purchasing Department indicating if your company desires to exercise the option to renew until December 31, 2010. The fax number is (248) 619-7608. A request by City staff to determine the successful bidder's interest in exercising the option to renew the contract in no way obligates the City. The renewal may not be exercised without a favorable market survey, Troy City Council approval and a blanket purchase order issued.

If you have any questions please call the Purchasing Department at (248) 680-7291.

CHECK ONE:

The Rehmann Group is interested in exercising the option to renew the Contract under the same terms and conditions:

The Rehmann Group is not interested in exercising the option to renew the contract:

[Signature]
Signed: Authorized Company Representative

Date: 11-29-07

Thank you,

Susan Leirstein, C.P.P.B.
Purchasing Director

BE IT FURTHER RESOLVED, That the award is **CONTINGENT** upon contractor submission of proper contract and proposal documents, including insurance certificates and all other specified requirements."

Yes: Lambert, Stine, Beltramini, Broomfield, Eisenbacher, Howrylak
No: Schilling

MOTION CARRIED

Vote on Resolution as Amended by Substitution

Resolution #2005-04-182
Moved by Howrylak
Seconded by Eisenbacher



WHEREAS, The Troy City Council does not wish to retain Doeren Mayhew to provide auditing services for another contract period since the firm has been engaged as the City's auditors since 1991; and

WHEREAS, The Rehmann Group is the next most qualified firm as the result of a Best Value Process.

NOW, THEREFORE, BE IT RESOLVED, That, a three-year contract to provide Audit Services for years 2005, 2006, and 2007 with an option to renew for three additional years is hereby **AWARDED** to The Rehmann Group, at an estimated annual cost of \$63,820.00, as outlined in the tabulation opened February 4, 2005, a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

BE IT FURTHER RESOLVED, That the award is **CONTINGENT** upon contractor submission of proper contract and proposal documents, including insurance certificates and all other specified requirements.

Yes: Stine, Beltramini, Broomfield, Eisenbacher, Howrylak, Lambert
No: Schilling

MOTION CARRIED

CONSENT AGENDA:

E-1a Approval of "E" Items NOT Removed for Discussion

Resolution #2005-04-183
Moved by Lambert
Seconded by Broomfield

RESOLVED, That all items as presented on the Consent Agenda are hereby **APPROVED** as presented.

April 7, 2005

TO: John Szerlag, City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance/Administration

SUBJECT: Best Value Process Award – Audit Services

This memo will focus on the process used in the selection of an auditing firm, Government Finance Officers Association (GFOA) Recommended Practice for Audit Procurement, as well as the history of auditor selection of the City of Troy.

PROCESS

The Request for Proposal (RFP) included a detailed description of the process that would be followed in the selection of an auditor. The "Selection Process" (copy attached) was followed and the award recommendation made within the parameters of the stated process. The standard deviation method was the **stated method** for scoring the pricing phase.

During the discussion of this item at the January 24, 2005 City Council meeting, City Council was informed of the process being used and the short list of auditing firms asked to participate in the process, based on their experience in governmental auditing and membership and involvement in the Michigan Government Finance Officers Association. The list included the firms of Doeren Mayhew, Plante & Moran, Pricewaterhouse Coopers, Rehmann Robson, and Wolinsky and Company. Two additional firms that were mentioned at the meeting (KPMG and Virchow, Krause & Company) were also sent a notice of RFP availability. If elimination of the current auditors from consideration was desired, Doeren Mayhew should have been eliminated from the process at that time.

At the City Council meeting of January 24, 2005, Resolution #2005-01-051 was passed (copy attached) that directed City Staff to continue the review process for Request for Qualifications in the selection of auditing services and submit to City Council the summary of their findings and recommendations no less than two weeks before a decision is expected. The recommendation appeared on the March 7, 2005 Council agenda as a Green Memo.

The March 21, 2005 City Council agenda contained City Management's recommendation to award the contract to Doeren Mayhew, the highest scoring respondent, as a result of a best value process.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) RECOMMENDED PRACTICE FOR AUDIT PROCUREMENT

The following bullet points were taken from the GFOA Recommended Practice – Audit Procurement:

- “Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain “start-up” costs over several years, rather than over a single year”.
- “Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. **Unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory**”.

These points were taken into consideration when we developed the process to select an audit firm.

HISTORY OF AUDIT SELECTION – CITY OF TROY

- 1991 – Following an RFP process City Council awarded Doeren Mayhew a four-year contract, as they were the lowest priced acceptable bidder. City Management's recommendation at the time was to remain with Derderian, Kann, Seyferth & Salucci.
- 1995 – Five-year extension granted to Doeren Mayhew by City Council, based on City Management recommendation. Reasons given were to provide a smoother transition with the upcoming change in financial software and myself being new to the job.

- 1999 – **City Council** granted a five-year extension to Doeren Mayhew, on their own volition. City Management was prepared to go out for RFP's after the 1999 audit as evidenced by attached letter to Doeren Mayhew. City Council requested that City Management prepare a contract extension for five years, which was approved by City Council.

SUMMARY

City Management was charged with recommending an audit firm to City Council based upon a process that was approved by City Council. City Council had two weeks to review the recommendation before a formal vote would be taken. City Management did not receive any correspondence from City Council until the afternoon of March 21, 2005, the date of the meeting. City Management supplied City Council with the requested information which included a copy of all RFPs and rating sheets the night of the meeting.

Our recommendation is based upon the results of three staff members independently rating the two firms under consideration using the process and weighting methods approved by City Council. The ultimate selection of auditors, as well as other professional service providers, rests with City Council. It is professional staff's responsibility to judge, evaluate and then make a recommendation of a suitable firm to perform the work to City Council.

The City of Troy is not alone in having the same auditing firm for a number of consecutive years. The following information has been gathered on the time-span of current auditors from comparable cities:

Farmington Hills – 30+ years
Novi – 26+ years
Southfield – 24 years
Sterling Heights – 18 years

Both of the firms that were under consideration have the necessary expertise to perform the audit for the City of Troy. Based on the selection process approved by City Council on January 24, 2005, Doeren Mayhew is the recommended choice of auditors.

EVALUATION PROCESS:

AUDIT SERVICES

SELECTION PROCESS

Page 1 of 2

CRITERIA FOR SELECTION

The City Committee reviewed the proposals using the following criteria:

- A. Compliance with qualifications criteria
- B. Completeness of the proposal
- C. Correlation of the proposals submitted to the needs of the City of Troy
- D. Any other factors which may be deemed to be in the City's best interest
- E. Evaluation Process

Phase 1: Qualifications Evaluation.

A designated member of the Committee reviewed all responses and determined if that company met the minimum established criteria. A standardized form was used for all firms. (Evaluation Criteria Sheet attached)

Phase 2: Weighted Evaluation Process.

Those firms that passed the initial pass/ fail phase, were **independently** rated by each member of the Evaluation Committee using a standardized weighted score sheet. The rating forms were turned into Purchasing who then calculated the weighted scores for the final score indicated on the Executive Summary. The scores of the three Committee Members were averaged into one score for each bidder for this phase of the process.

Phase 3: Oral Presentation

Both firms were invited to interview with the Evaluation Committee. A scripted format was used to ensure fairness to both firms. Each Committee member completed his or her Interview Form **independently** without discussion. The forms were turned into Purchasing to calculate the scores for the final score reported on the Executive Summary. The scores of the three Committee Members were averaged into one score for each bidder for this phase of the process.

Phase 4: "Other" Points

The Committee decided to eliminate this phase of the process therefore no "Other" points were awarded.

Phase 5: Price

Points for price will be calculated as follows:

CALCULATIONS:

1. The proposals shall be arranged from lowest proposal to highest proposal
2. High Proposal (-) Low Proposal = Range
3. A mean or average will be calculated from the data, as well as the variance and standard deviation. This information will be used to compare and interpret the measures of location and variability within the population. Points will be given based upon the number of standard deviations that the bid price is from the mean or average or similar process depending upon the population.

**AUDIT SERVICES
SELECTION PROCESS**

Page 2 of 2

Phase 6: Final Scoring and Selection

The highest final weighted score will be the firm recommended to the Troy City Council for Award.

40% x Price Score (100 pt. Base) =
30% x Evaluation Score (100 pt. Base) =
20% x Oral Presentation Score (100 pt. Base) =
~~10% x Other (100 pt. Base) =~~
100% 90% Final Weighted Score

Note: The City of Troy reserved the right to change the order or eliminate an evaluation phase if deemed in the City's best interest to do so.

WHEREAS, The land and house will become the property of the City of Troy.

NOW THEREFORE BE IT RESOLVED, That the Agreement to Purchase between Danny E. Lee and Diane M. Lee, and the City of Troy, having Sidwell #88-20-16-478-026 for the acquisition of their property at 109 Lange, is hereby **APPROVED** in the amount of \$290,000.00, plus closing costs.

Yes: All-5
No: None
Absent: Schilling, Broomfield

The meeting **RECESSED** at 8:57 PM.

The meeting **RECONVENED** at 9:11 PM.

F-10 Standard Purchasing Resolution 8: Best Value Process Award – Audit Services

Resolution
Moved by Howrylak
Seconded by Eisenbacher

WHEREAS, The City Council of the City of Troy desires to utilize the services of a new auditor after fourteen years with Doeren Mayhew.

RESOLVED, That a three (3) year contract to provide audit services for years 2005, 2006 and 2007 with an option to renew for three (3) additional years is hereby **AWARDED** to the Rehmann Group as a result of the Best Value process at an estimated cost of \$63,820.00, as outlined in the tabulation opened February 4, 2005; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

BE IT FURTHER RESOLVED, That the award is **CONTINGENT** upon contractor submission of proper contract and proposal documents, including insurance certificates and all other specified requirements.

Resolution to Postpone

Resolution
Moved by Beltramini
Seconded by Lambert

RESOLVED, That Standard Purchasing Resolution 8: Best Value Process Award – Audit Services be **POSTPONED** until the Regular City Council Meeting scheduled for Monday, April 4, 2005.

Vote on Resolution to Amend Proposed Postponement Resolution

Resolution #2005-03-134
Moved by Howrylak

Seconded by Lambert

RESOLVED, That the Resolution to Postpone be **AMENDED** by **STRIKING** "April 4, 2005" and **INSERTING** "April 18, 2005".

Yes: All-5
No: None
Absent: Schilling, Broomfield

Vote on Resolution to Postpone as Amended

Resolution #2005-03-135
Moved by Beltramini
Seconded by Lambert

RESOLVED, That Standard Purchasing Resolution 8: Best Value Process Award – Audit Services be **POSTPONED** until the Regular City Council Meeting scheduled for Monday, April 18, 2005.

Yes: All-5
No: None
Absent: Schilling, Broomfield

F-11 Labor Attorney Fees and Agreement

Resolution #2005-03-136
Moved by Lambert
Seconded by Eisenbacher

WHEREAS, Craig Lange, Roumell, Lange and Cholack has provided the City of Troy with excellent outside labor counsel for many years and has requested a rate increase from \$145.00 to \$155.00 per hour; and

WHEREAS, The City Attorney has determined that the rate charged by Lange & Cholack is reasonable; and

WHEREAS, It is the determination of the City Manager and City Council of the City of Troy that no benefit would result to the City to solicit sealed proposals;

NOW, THEREFORE, BE IT RESOLVED, That the Agreement for Labor Council Services, and rate charge of \$155.00 per hour requested by Craig Lange, Roumell, Lange & Cholack, is hereby **APPROVED** effective March 1, 2005.

Yes: All-5
No: None
Absent: Schilling, Broomfield

specifications, soil borings and to obtain the necessary permits for the proposed Sylvan Glen Golf Course Streambank Stabilization Project at a cost not to exceed \$75,000.

Yes: All-7

MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:

G-1 Announcement of Public Hearings:

- a) Preliminary Site Plan Review and Amended Consent Order and Judgment (SP 883-C) – Heartland Health Care, Southeast Corner of South Boulevard and Livernois, Section 3 – O-1 and R-1B – February 7, 2005

Noted and Filed

G-2 Green Memorandums:

- a) Summary of Phase I Findings for Water System Feasibility Study
- b) Voter Identification Cards and Absentee Voter Applications
- c) Recommendation to Reject Proposal for Nature Center Exhibits and Fabrication
- d) Recreation Pass Fee Recommendations for 2005
- e) Sanctuary Lake Maintenance Operation

Noted and Filed

COUNCIL REFERRALS: Items Advanced to the City Manager by Individual City Council Members for Placement on the Agenda

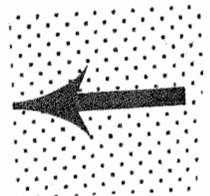
H-1 No Referrals Advanced

COUNCIL COMMENTS:

I-1 No Council Comments Advanced

Resolution Regarding the Selection of Auditing Services

Resolution
Moved by Beltramini
Seconded by Stine



RESOLVED, That City Staff **CONTINUE** the review process for Request for Qualifications (RFQ's) in the selection of auditing services and submit to City Council the summary of their findings and recommendations no less than two weeks before a decision is expected.

Vote on Resolution to Call the Question

Resolution #2005-01-050
Moved by Schilling
Seconded by Beltramini

RESOLVED, That the **QUESTION BE CALLED** for the resolution regarding the selection of auditing services.

Yes: Schilling, Beltramini, Broomfield, Eisenbacher
 No: Howrylak, Lambert, Stine

MOTION CARRIED

Vote on Resolution Regarding the Selection of Auditing Services

Resolution #2005-01-051
 Moved by Beltramini
 Seconded by Stine

RESOLVED, That City Staff **CONTINUE** the review process for Request for Qualifications (RFQ's) in the selection of auditing services and submit to City Council the summary of their findings and recommendations no less than two weeks before a decision is expected.

Yes: Beltramini, Broomfield, Eisenbacher, Lambert, Stine, Schilling
 No: Howrylak

MOTION CARRIED

REPORTS:

J-1 Minutes – Boards and Committees:

- a) Building Code Board of Appeals/Final – December 1, 2004
- b) Parks and Recreation Advisory Board/Final – December 7, 2004
- c) Employees' Retirement System Board of Trustees/Final – December 8, 2004
- d) Planning Commission/Final – December 14, 2004
- e) Building Code Board of Appeals/Draft – January 5, 2005
- f) Library Board/Draft – January 13, 2005

Noted and Filed

J-2 Department Reports:

- a) Travel Expense Report – Mayor Louise Schilling – National League of Cities Conference
- b) Building and Zoning Department Permits Issued During the Year 2004
- c) Building and Zoning Department Permits Issued During the Month of December, 2004
- d) Building and Zoning Department Permits Issued July Through December, 2004
- e) December 31, 2004 Quarterly Financial Report
- f) 2004 Fourth Quarter Litigation Report

Noted and Filed

J-3 Letters of Appreciation:

- a) Letter to Chief Craft from St. Joseph Catholic Chaldean Church Thanking the Troy Police Department for Assistance with Traffic Control During Christmas Services
- b) Certificate of Appreciation Thanking Sergeant Don Ostrowski from the Michigan Public Purchasing Officers Association for His Presentation on Emergency Preparedness

Noted and Filed

J-4 Proposed Proclamations/Resolutions from Other Organizations: None Submitted

March 2, 2005

TO: John Szerlag, City Manager

FROM: John M. Lamerato, ACM / Finance & Administration
Jeanette Bennett, Purchasing Director
James A. Nash, Financial Services Director

SUBJECT: **Agenda Item** - Standard Purchasing Resolution 8: Best Value Process
Award – Audit Services

RECOMMENDATION

On February 4, 2005, three (3) proposals were received to provide audit services for the fiscal years ending June 30th 2005, 2006, and 2007, with a three (3) year option to renew. City management recommends that a contract be awarded to Doeren Mayhew of Troy, Michigan, the highest scoring respondent, as a result of a best value process for an estimated annual cost of \$55,695.00. The award is contingent upon vendor submission of proper contract and proposal documents, including insurance certificates and all specified requirements.

SELECTION PROCESS

The best value approach leading to this award recommendation is based upon the vendor offering the best combination of a variety of factors. Three staff members independently evaluated proposals of the bidders meeting minimum requirements. The Staff Committee reviewed the firms using pass/ fail criteria, weighted criteria, scripted interviews, and pricing. References were contacted and asked scripted questions. These factors are documented in the attached Executive Summary.

SUMMARY

After completing the evaluation process, Doeren Mayhew received the highest weighted score from the committee. Accordingly, it is the recommendation of the committee to award the audit services contract to Doeren Mayhew.

BUDGET

Funds for the audit are available in the various operating accounts for Finance, DDA, Block Grant Administration, and Brownfield Redevelopment.



**EXECUTIVE SUMMARY
AUDIT SERVICES**

STATISTICS:

- ◆ 7 Request for Proposals or Notices were sent by email or fax
- ◆ 3 responses were received
- ◆ Doeren Mayhew was rated the most qualified firm by receiving the highest score

FINAL SCORING:

The *final score* for each qualified Short-listed bidder from Phase 2 will be determined as follows:

40% x Price Score (100 pt. Base)	=
30% x Evaluation Score (100 pt. Base)	=
20% x Oral Presentation Score (100 pt. Base)	=
10% x Other (100 pt. Base)	=
100 90% Final Weighted Score	

The following bidders submitted a proposal and received the indicated final scores:

COMPANY	SCORE
Doeren Mayhew	66
The Rehmann Group	51

BIDDER NOT MEETING SPECIFICATIONS:

Virchow, Krause & Company, LLP was disqualified for the following:

- ✓ VK&C did not have Michigan governmental experience listed
- ✓ The only Michigan staff listed did not have municipal experience
- ✓ VK&C made an assumption in their RFP that the City would supply draft financial statements. This assumption was in conflict with a specification requiring preparation, editing, and printing of reports

REASONS FOR NO BID RESPONSES:

PriceWaterhouseCoopers LLP respectfully declined to bid but requested to remain on our bid list.

Plante Moran, PLLC expressed numerous reasons for not bidding, which include: 1) Troy was not upset with the current auditing firm and probably would stay with them; 2) large emphasis on fee; 3) for the effort, they probably would not get it; 4) they are a premier firm and could not receive enough points to make that apparent; 5) they are very busy at audit time but could do the work if requested.

Wolinski & Company, CPA, PC, during the process, Ms. Houghton mentioned that they would not be submitting a RFP because, since the Enron scandal, regulatory agencies are trying to crack down on firms and require them to separate consulting from CPA services. Wolinski & Co. does more consulting.

KPMG – did not respond to voicemail – earlier had refused to provide email address.

Attachments:

- Evaluation Process
- Weighted Scoring Summary

EVALUATION PROCESS:

AUDIT SERVICES

SELECTION PROCESS

Page 1 of 2

CRITERIA FOR SELECTION

The City Committee reviewed the proposals using the following criteria:

- A. Compliance with qualifications criteria
- B. Completeness of the proposal
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- D. Any other factors which may be deemed to be in the City's best interest
- E. Evaluation Process

Phase 1: Qualifications Evaluation.

A designated member of the Committee reviewed all responses and determined if that company met the minimum established criteria. A standardized form was used for all firms.
(Evaluation Criteria Sheet attached)

Phase 2: Weighted Evaluation Process.

Those firms that passed the initial pass/ fail phase, were **independently** rated by each member of the Evaluation Committee using a standardized weighted score sheet. The rating forms were turned into Purchasing who then calculated the weighted scores for the final score indicated on the Executive Summary. The scores of the three Committee Members were averaged into one score for each bidder for this phase of the process.

Phase 3: Oral Presentation

Both firms were invited to interview with the Evaluation Committee. A scripted format was used to ensure fairness to both firms. Each Committee member completed his or her Interview Form **independently** without discussion. The forms were turned into Purchasing to calculate the scores for the final score reported on the Executive Summary. The scores of the three Committee Members were averaged into one score for each bidder for this phase of the process.

Phase 4: "Other" Points

The Committee decided to eliminate this phase of the process therefore no "Other" points were awarded.

Phase 5: Price

Points for price will be calculated as follows:

CALCULATIONS:

1. The proposals shall be arranged from lowest proposal to highest proposal
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3. A mean or average will be calculated from the data, as well as the variance and standard deviation. This information will be used to compare and interpret the measures of location and variability within the population. Points will be given based upon the number of standard deviations that the bid price is from the mean or average or similar process depending upon the population.

**AUDIT SERVICES
SELECTION PROCESS**

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Phase 6: Final Scoring and Selection

The highest final weighted score will be the firm recommended to the Troy City Council for Award.

40% x Price Score (100 pt. Base) =
30% x Evaluation Score (100 pt. Base) =
20% x Oral Presentation Score (100 pt. Base) =
~~10% x Other (100 pt. Base) =~~
100% 90% Final Weighted Score

Note: The City of Troy reserved the right to change the order or eliminate an evaluation phase if deemed in the City's best interest to do so.



**WEIGHTED RATING
AUDIT SERVICES**

WEIGHTED EVALUATION – Rating Non-Mandatory Requirements:

Raters:	1	2	3	AVERAGE
Vendors:				
1. Doeren Mayhew	82	61	65	69.34 = 69
2. The Rehman Group	91	82	64	79.0

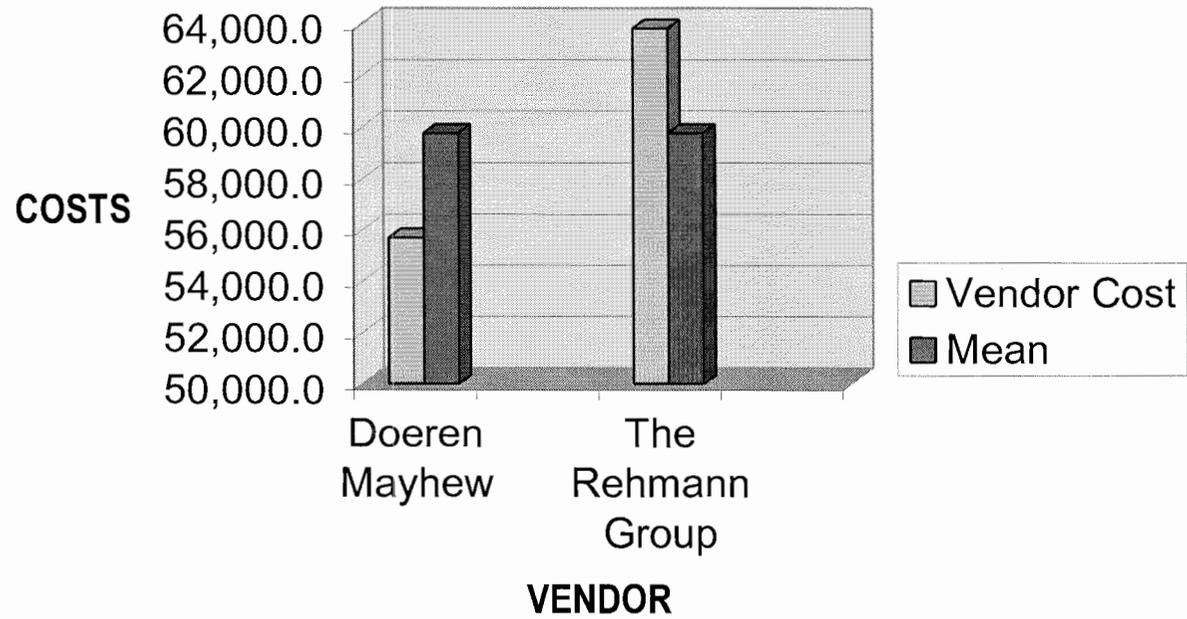
INTERVIEW SCORING:

Raters:	1	2	3	AVERAGE
Vendors:				
1. Doeren Mayhew	59	83	79	73.67 = 74
2. The Rehman Group	85	93	76	84.67 = 85

FINAL SCORING:

	Score Price Score 40% of Total	Score Weighted Score 30% of Total	Score Interview Score 20% of Total	FINAL SCORE Max. = 90
Categories:	Price	Weighted	Interview	
1. Doeren Mayhew	75 x .40 = 30	69 x .30 = 20.7 = 21	74 x .20 = 14.8 = 15	66
2. The Rehman Group	25 x .40 = 10	79 x .30 = 23.7 = 24	85 x .20 = 17	51

AUDIT SERVICES



**AUDIT SERVICES
ANALYSIS**

VENDOR	COST	MEAN	DIFFERENCE	D2	VARIANCE	STANDARD DEVIATION	POINTS
Doeren Mayhew	55,695.0	59,758	4,062.50	16503906.25		-1	75
						0 (Mean)	50
The Rehmann Group	63,820.0	59,758	(4,062.50)	16503906.25		+1	25
	\$ 119,515.0			33,007,813	16503906.25	4062.50	

Opening Date -- 2-4-05
 Date Prepared -- 2/24/05

CITY OF TROY
 REQUEST FOR PROPOSAL
 AUDIT SERVICES

VENDOR NAME:

DOEREN MAYHEW

THE REHMANN GROUP

PROPOSAL: Audit Services for the City of Troy for fiscal years 2005, 2006, 2007 ending June 30th with an Option to Renew for three additional fiscal years

FIRM QUESTIONNAIRE:	Y or N	YES	YES
PROPOSAL A: City of Troy Audit			
All-Inclusive Maximum Price for 2005 Audit			
Annual Cost:		\$ 45,840.00	\$ 57,000.00
Staff - Hours & Hourly Rates	Y or N	YES	YES
Federal Programs - Annual Cost:		\$ 3,585.000	INCLUDED
Out of Pocket Expenses:		None	None
PROPOSAL B: Downtown Development			
All-Inclusive Maximum Price - DDA Audits for 2005			
Annual Cost:		\$ 2,345.00	\$ 3,070.00
Out of Pocket Expenses:		None	None
Staff - Hours & Hourly Rate	Y or N	YES	YES
PROPOSAL C: Brownfield Redevelopment			
All-Inclusive Maximum Price - BRA Audits for 2005			
Annual Cost:		\$ 1,950.00	\$ 1,800.00
Staff - Hours & Hourly Rate	Y or N	YES	YES
Out of Pocket Expenses:		None	None
PROPOSAL D: Local Development Authority			
All-Inclusive Maximum Price - Smart Zone Audits for 2005			
Annual Cost:		\$ 1,975.00	\$ 1,950.00
Staff - Hours & Hourly Rate	Y or N	YES	YES
Out of Pocket Expenses:		None	None
ESTIMATED GRAND TOTAL:		\$ 55,695.00	\$ 63,820.00
INSURANCE:	Can Meet	YES	YES
	Cannot Meet		
TERMS:		BLANK	BLANK
EXCEPTIONS:		BLANK	BLANK
ACKNOWLEDGEMENT:	Y or N	YES	YES

DMS:
 Virchow, Krause & Company, LLP (\$45,000)

Reasons: No Michigan municipal experience listed; and draft financial statements are not available, but the responsibility of the auditor.

NO BIDS:
 PriceWaterhouseCoopers

ATTEST:
 Aileen Bittner
 Laura Fitzpatrick
 Jeanette Bennett

sol

 Jeanette Bennett
 Purchasing Director



RE: RFP-COT 04-60
Audit Services

February 14, 2005

Mr. John Knepel, CPA
Virchow, Krause & Company, LLP
115 S. 84th Street, Suite 400
Milwaukee, WI 53214

Dear Mr. Knepel,

On behalf of the City of Troy, I would like to thank you for participating in the Request for Proposal for Audit Services. At this time we would like to notify you that during Phase I of the Selection Process (Qualifications Evaluation), the Selection Committee eliminated your firm from further consideration for the following reasons:

1. Question 3 requests a list of governmental audit clients. Question 5 requests information on the staff assigned to the City of Troy account. Although your company has municipal references, they are all in Wisconsin. Correspondingly, staff with municipal experience assigned to the City account is located in Wisconsin. The only listed Michigan staff member assigned to the City's account does not have any municipal experience indicated. The Selection Committee was specifically looking for firms with Michigan audit experience for the following reasons:
 - ✓ Act 51 Highway Tax receipts, expenditures, reporting requirements
 - ✓ DDA, Brownfield Redevelopment, and LDFA (SmartZone) statutes
 - ✓ Deficit fund balance reporting issues
 - ✓ State Construction Code Act
 - ✓ Allowable Investments
2. Question 11 requests information on your firm's Audit Approach. In your proposal, you state "Our proposal and estimated hours schedule are prepared under the assumption that City's records will be ready to be audited... **In addition, draft financial statements will be available.**" This assumption does not comply with the intent of the Report Preparation specification included in the document on page 4 of 16 of the Request for Qualifications/ Proposal, under Section V, Item B. Report Preparation: "Report preparation, editing, and printing shall be the responsibility of the auditor".

If you have any questions concerning the Request for Proposal, the process, or would like further information, please call the Purchasing Department for assistance at (248) 680-7291.

Sincerely,

Jeanette Bennett
Purchasing Director