

# Council Business Meeting

July 3, 2018

**Title:** Approval of a public contract for Municipal Audit Services  
**From:** Mark Welch Administrative Services Director  
mark.welch@ashland.or.us

## **Summary:**

Approval is being requested to award a public contract for a **Municipal Audit Services** to **Moss Adams LLP**. The contract for Municipal Audit Services will be for a **five (5) year term** beginning in July 2019 and ending in June 2024.

## **Actions, Options, or Potential Motions:**

The Council, acting as the Local Contract Review Board, moves to approve the award of a public contract to Moss Adams LLP for Municipal Audit Services.

## **Staff Recommendation:**

Staff recommends the public contract for Municipal Audit Services be awarded to Moss Adams LLP.

## **Resource Requirements:**

Funds will be budgeted for municipal audit services as follows:

<b>Fiscal Year</b>	<b>Proposed Cost</b>
FY 2019	\$58,500.00
FY 2020	60,175.00
FY 2021	61,875.00
FY 2022	63,725.00
FY 2023	65,600.00
<b>Total amount for five (5) fiscal years</b>	<b>\$309,875.00</b>

## **Policies, Plans and Goals Supported:**

This contract award for a qualified independent municipal auditing firm to provide Municipal Audit Services will support the City's goals of financial accuracy, transparency and auditor rotation.

## **Background and Additional Information:**

The sourcing method used to acquire these services is a formal Competitive Sealed Proposal (Request for Proposal). The City received a record number five (5) proposals in response to this RFP. The proposals were evaluated in accordance with the evaluation process and criteria established in the RFP and all five (5) proposals were deemed to be RESPONSIVE by a three-person evaluation committee.

Pursuant to ORS 279.100, the City has the authority to reject a proposal if it is in the City's best interest. The proposal submitted by Pauly, Rogers, & Co., PC, has been rejected by the evaluation committee solely for the implementation of auditor rotation. Pauly, Rogers, & Co., PC, has been the City's independent municipal auditor for the previous 15+ years (three consecutive 5-year contracts). Having active participation in the solicitation process and receiving a record number five (5) RESPONSIVE proposals from qualified firms has allowed the evaluation committee to consider and implement auditor rotation. It is clearly and simply in the **City's best interest** to implement **auditor rotation** at this time.

**ORS 279B.100 Cancellation, rejection, delay of invitations for bids or requests for proposals.** (1) Any solicitation or procurement described in a solicitation may be canceled, or **any or all bids or proposals may be rejected in whole or in part, when the cancellation or rejection is in the best interest of the contracting agency as determined by the contracting agency.** The reasons for the cancellation or rejection must be made part of the solicitation file. A contracting agency is not liable to any bidder or proposer for any loss or expense caused by or resulting from the cancellation or rejection of a solicitation, bid, proposal or award.

In addition to satisfying the City's public contracting rules, the GFOA makes the following recommendations:

**GFOA makes the following recommendations regarding the selection of auditing services:**

*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. Except in cases where a multiyear agreement has taken the form of a series of single-year contracts, a contractual provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.*

**Attachments:**

RFP Municipal Audit Services – Evaluation Summary  
Contract for Municipal Audit Services