

# Memorandum



DATE August 5, 2010

TO Members of the Budget, Finance & Audit Committee:  
Jerry R. Allen, Chair, Ann Margolin, Vice-Chair, Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT Auditing Services Evaluation Results

The Budget, Finance & Audit Committee's August 10, 2010 agenda includes the Subject briefing. Briefing materials are attached.

Please contact me if you need additional information.



Jeanne Chipperfield  
Chief Financial Officer

Attachment

C: Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Tom P. Perkins, City Attorney  
Craig D. Kinton, City Auditor  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager

# Auditing Services Evaluation Results

Briefing to the Budget,  
Finance and Audit  
Committee

August 10, 2010



# Purpose

- To review the procurement process/results and provide the results of the Budget Finance and Audit Committee proposal evaluation for the auditing services contract

# Background

- The City Charter (Chapter III, Section 19) requires an annual independent audit of the City's "books of account, records, and transactions" by one or more certified public accountants. The Single Audit Act of 1996, as amended, also requires an audit of grantees who have received federal grants exceeding certain thresholds.
- The Auditing Services contract is unique with the selection and award of the contract being solely made by the City Council
- The process of selection includes all standard City notification processes followed by the final recommendation for award being made by the Budget Finance and Audit Committee

# Procurement Activity

- The Request for Proposal (RFP) was advertised May 27, and April 3, 2010
- As part of the vendor notification process, 480 electronic notices were sent by the City's web-based procurement system
- Additionally, notifications were sent by BDPS ResourceLINK Team (RLT) to 25 chambers of commerce, and 2 advocacy groups (i.e. DFW Minority Business Council and Women's Business Council-Southwest)

# Procurement Activity (cont'd)

- A pre-proposal conference was held June 7, 2010
  - 8 companies were represented
    - BKD CPA's & Advisors LLP.
    - Clifton Gunderson LLP.
    - Crowe Horwath LLP.
    - Deloitte & Touche LLP.
    - Emma S. Walker CPA
    - Frazier Gill
    - MJLM
    - The Wattley Consulting Group
- June 16, 2010 – Proposal closed

# Procurement Activity (cont'd)

- June 16, 2010 – BDPS received six proposals:
  - BKD CPA's & Advisors, LLP.
  - Clifton Gunderson, LLP.
  - Crowe Horwath, LLP.
  - Grant Thornton, LLP.
  - KPMG, LLP.
  - McGladrey & Pullen, LLP.
- June 28, 2010 - All six respondents presented to the Budget Finance and Audit Committee
  - At the conclusion of the Committee meeting, ranking forms were provided to all Committee members
- July 1, 2010 - BDPS received the Committee ranking forms and the rankings were tabulated

# Ranking Tabulation

Vendor	Prior Governmental Audit Experience (25 %)	Qualifications of Staff (25 %)	Audit Approach (15 %)	M/WBE Participation (15 %)	Fees (20 %)	Total Score
<b>Grant Thornton, LLP</b>	24.31	24.31	14.17	14.00	17.24	<b>94.03</b>
<b>KPMG LLP.</b>	22.22	22.22	13.33	9.00	20.00	86.77
<b>BKD CPAs &amp; Advisors, LLP</b>	15.28	16.67	10.00	13.00	19.47	74.42
<b>Crowe Horwath, LLP</b>	10.42	11.11	6.67	9.00	18.21	55.41
<b>Clifton Gunderson, LLP</b>	9.03	9.03	5.83	8.00	19.96	51.85
<b>MCGLadrey &amp; Pullen, LLP</b>	5.56	7.64	4.17	8.00	11.81	37.18



# Results

- Based on the Ranking Tabulation a request was made to Grant Thornton, LLP to provide a Best and Final Offer for their proposed services
- Grant Thornton responded with a \$50,000 reduction in cost for the 2010 audit review
- Annual Fees under Grant Thornton's proposal, including the Best and Final Offer:
  - FY 2010- \$901,000
  - FY 2011 - \$844,500
  - FY 2012 - \$861,390
  - Total three year contract total - \$2,606,890
- The proposal requested two one-year renewal options which would be authorized by Council if so desired
- Option years
  - FY 2013 - \$878,618
  - FY 2014 - \$896,190
- Note: For years following 2011 Grant Thornton's pricing includes a maximum increase of 2%

# Recommendation

- Approve an action item on the Council's August 25, 2010 agenda authorizing a three year service contract with two one-year renewal options for Auditing Services with Grant Thornton in an amount not to exceed \$2,606,890