



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
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[www.rochesterhills.org](http://www.rochesterhills.org)

Legislative File No: 2013-0219

**TO:** Mayor and City Council Members  
**FROM:** Keith Sawdon, Director of Finance, Ext 2535  
**DATE:** June 10, 2013  
**SUBJECT:** Blanket Audit Services for Fiscal Years 2013, 2014 and 2015

**REQUEST:**

We are requesting approval to contract for professional financial auditing services for the City’s fiscal years ending December 31, 2013, 2014, 2015, with Plante & Moran, PLLC, Southfield, Michigan in the amount not-to-exceed \$200,800 with the right to exercise an option to renew for the years 2016 and 2017.

**REASON FOR PURCHASE:**

Request for Proposals (RFP) were solicited for financial auditing services for the City of Rochester Hills for the fiscal years ending December 31, 2013, 2014 and 2015 with the option for renewing a subsequent fourth and fifth year. The responses to the RFP, including cost proposals, were reviewed separately by an Evaluation Committee made up of the Finance Director, City Accountant, Senior Financial Analyst and the Purchasing Manger.

Based on scores of the Evaluation Committee, the Committee recommends the firm of Plante & Moran, PLLC as the most qualified firm providing the best value to the City, based on multiple factors used by the review committee. Those factors included 1) value added services, 2) similar services performed for comparable Michigan municipalities, 3) municipal expertise including audit, professional association involvement and GASB pronouncement guidance and implementation, 4) use of technology in the audit process, 5) staffing including turnover, proposed audit (staffing) hours, etc. and 6) proposed cost.

Here’s how the firms ranked in the Committee’s scoring process:

<b>Proposers</b>	<b>Total</b>	<b>Rank</b>
<b>Plante Moran</b>	<b>96</b>	<b>1</b>
<b>Rehmann Robson</b>	<b>79</b>	<b>2</b>
<b>Abraham &amp; Gaffney, P.C.</b>	<b>63</b>	<b>3</b>
<b>Andrews Hooper Pavlik PLC</b>	<b>59</b>	<b>4</b>
<b>Doeren Mayhew</b>	<b>58</b>	<b>5</b>
<b>UHY LLP</b>	<b>56</b>	<b>6</b>

The following items were noted during the review and scoring process of submitted proposals that lead to the recommendation of Plante & Moran.

- **Value added services:**
  - Plante & Moran brings a level of experience and expertise not matched by other firms submitting a proposal.
  - Their proposal demonstrated how they assist City staff with exposure in the areas of governmental finance, reporting and operations.
  - Their proposal, along with personal experience, shows a large amount of additional services including published summaries and consultation on new GASB proposals (which helps assist us during the implementation of new standards ensuring accurate implementation).
  - Prompt updates on legislative changes that could affect the City (work aids and guidance in responding to legislative changes, etc.).
  - Proactive ideas, webinars, annual client training, mini seminars for new City Council Members, monthly publication on governmental hot topics, e-blasts for time sensitive items, and encourage routine phone calls and consultation year round.
  
- **Comparables:**
  - Plante & Moran has over 370 municipal governmental entities currently being audited by the firm
    - Of the 370 municipalities, 80 local municipalities are comparable in size with Rochester Hills and were located in Oakland, Macomb, Genesee and Washtenaw Counties.
    - They also audit those four county entities (Oakland, Macomb, Genesee and Washtenaw) as well as Livingston County.
    - With that many relationships they are able to bring experience and knowledge to assist the City with new ideas or ways we can improve our processes. The City recently found those relationships very useful in the recording and proper recognition of the Oakland Macomb Interceptor Drain (OMID) and related debt.
  
- **Expertise:**
  - Plante & Moran demonstrated significant involvement in governmental accounting at both the State and the national level.
    - They are not only members of governmental organizations (associations) they serve as committee chairpersons, serve on training panels, are founding association members, act as editors on GASB pronouncements, participate, facilitate, train, and serve on task forces.
    - They also serve on boards, are committee members, conduct workshops and due to their technical expertise, they are the firm that the Auditor General of The State of Michigan will contact to answer questions and give a reliable interpretation of governmental accounting standards.
    - The partner assigned to the City, is one of the firm's technical resource leaders and is a nationally recognized technical expert in governmental standards and monitors new standards.
  
- **Technology:**
  - Based on their proposal and the City's past knowledge and experience with the firm, they fully employ a paperless audit environment (which we currently use and want).
  
- **Staffing:**
  - They had a low staff turnover rate and the staff that would be assigned to the audit spends a majority of their time (75%) in the governmental industry.

- **Proposed Fee:**

- They were the only firm who submitted a truly all inclusive fee with no footnote of potential additional billings.

Plante & Moran, PLLC has successfully performed audit services for the City for the past fourteen (14) years and has performed exceptionally well during those years. They have knowledge and experience with the City's financial system, demonstrated in their response that they would provide the best value for the City and their fee was an all inclusive fee and included the following services: a presentation to City Council of the Comprehensive Annual Financial Report, their management letter outlining their recommendations, the Federal Awards audit report for all grants received by the City (no capped number per year), periodic current events letters, assistance with GASB pronouncements, access to webinars on relative subject matter, and responses to routine questions and communications as needed by the City. In addition, with a returning firm, there would be no additional accounting staff time needed to acquaint a new firm to City accounting processes and policies, internal controls and financial systems.

**PROCESS:**

**Vendor Name and Address:**

Plante & Moran, PLLC  
27400 Northwestern Highway  
Southfield, MI 48037-0307

**Reason for Selection:**

Most qualified/best value proposer

**Method of Purchase:**

Contract/Blanket Purchase Order

**BUDGET:**

A FY2013 budget amendment will not be necessary for the City to cover the proposed audit fees. Subsequent future proposed budgets will request the proposed contract costs outlined on the enclosed schedule.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
General Fund	201	804000 Audit Fees	71,840	65,500	6,340

**RECOMMENDATION:**

We are recommending that City Council approve the contract for professional financial auditing services for the fiscal years ending December 31, 2013, 2014 and 2015 with Plante & Moran, PLLC, Southfield, Michigan in the amount not-to-exceed of \$200,800 with the right to exercise an option, with City Council's approval, to renew for fiscal years 2016 and 2017.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		