



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
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248.656.4630
www.rochesterhills.org**

Legislative File No: 2010-0382

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance

DATE: October 11, 2010

SUBJECT: Blanket Audit Services for Fiscal Years 2010, 2011 and 2012

REQUEST:

As requested by City Council I conducted further negotiations with Plante & Moran regarding the proposal they submitted for providing audit services for FY 2010, 2011, 2012 and optional FY 2013, FY2014 and FY2015. Attached is their revised proposal covering those fiscal years based on that negotiation.

REASON FOR PURCHASE:

As you recall, a Request for Proposals (RFP) was solicited for financial auditing services for the City, OPC and RARA for the fiscal years ending December 31, 2010, 2011 and 2012 with the option for renewal 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 and the Supervisor of Procurement.

Based on the Committee's review we recommended the firm of Plante & Moran LLP be selected as the most qualified firm providing the best value to the City, based on the multiple of factors used by the review committee.

As shown on the firm's revised proposal, they are proposing to reduce their original proposal by almost 8% for FY2010 and 2011 and by almost 11% for FY2012. FY2013 and FY2014 are option years but they are proposing a revision that further reduces FY2013 by 2% and a modest increase in FY2014 of less than 1%. They have also included, in their revised proposal, a proposal for FY2015, if Council wanted to continue with the firm in that year, too.

Their revised proposal for FY2010, 2011 and 2012, represents almost a 10% reduction to what the city paid for its FY2009 audit work.

As we discussed at your October 4th meeting, we recommended the selection of Plante & Moran based on their substantial amount (over 370 governmental entities) of municipal audit experience that they bring to the table. In addition, they also have significant experience with the State of Michigan's municipal finance structure, are heavy involved and conduct numerous educational programs for professional governmental (finance) associations and the size and depth, within their firm, ensuring that the audit will be done within the time frame required by state law.

Much like hiring an engineer, you would select an engineering firm that had the most experience in designing the system you are seeking, not necessarily the firm that was the cheapest, i.e. providing the best value to the City because in the end you always get what you pay for.

As I recommended on October 4th, when it comes to hiring an audit firm, experience is what matters not cost. I believe that Plante & Moran brings the best value to the City, now even more, with their revised proposed fee schedule.

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 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	79,580	71,838	8,012

RECOMMENDATION:

We continue to recommend that City Council approve the contract for professional financial auditing services for the fiscal years ending December 31, 2010, 2011 and 2012 to Plante & Moran LLP, Southfield, Michigan in the amount not-to-exceed \$215,514 with the right to exercise an option, with City Council’s approval, to renew for fiscal years 2013, 2014 and 2015.

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