AGENDA BILL

Beaverton City Council
Beaverton, Oregon

SUBJECT: Contract Award - Annual Audit Services

FOR AGENDA OF: 05/01/12 **BILL NO:** 12094

Mayor's Approval:

DEPARTMENT OF ORIGIN: Finance

DATE SUBMITTED: 4/17/2012

CLEARANCES: City Attorney
CAO
Purchasing

PROCEEDING: Consent Agenda
(Contract Review Board)

EXHIBITS: A. Memo from Finance Director to Audit Committee

BUDGET IMPACT

EXPENDITURE REQUIRED	AMOUNT BUDGETED	APPROPRIATION REQUIRED
$57,640	$23,000* $46,400*	$0-

* Account Number 001-20-0548-511 General Fund - Finance Operations Program - Professional Services Account. The $23,000 amount budgeted is included in the FY 2011-12 Budget and is the portion of the audit interim work that will be completed before June 30, 2012, and the $46,400 is included in the FY 2012-13 Proposed Budget.

RECOMMENDED ACTION:

City Council, acting as Contract Review Board, accepts the Audit Committee's recommendation to appoint Talbot, Korvola, and Warwick as the City's Auditor for Annual Audit Services and authorizes a professional services contract in the amount of $57,640 for the FY 2011-12 Audit in a form acceptable to the City Attorney and renewable yearly for four (4) additional one-year periods at the City's option based upon Council's approval of each subsequent year's budget for audit services through Fiscal Year 2015-2016.

HISTORICAL PERSPECTIVE:

The City's current contract for annual audit services expired with the completion of the FY 2010-11 Annual Audit. The contract was for a six-year period that began with FY 2005-06 and ended with FY 2010-11 and was with the firm of Talbot, Korvola, and Warwick, LLC (TKW) of Portland, Oregon. The cost of the most recent audit period FY 2010-11 was $53,000.

INFORMATION FOR CONSIDERATION:

A Request for Proposal (RFP) was advertised in the *Portland Daily Journal of Commerce* on January 6, 2012, with a proposal submission due date of February 16, 2012, for Solicitation # 2647-12B – Annual Audit Services. While 13 firms registered for the RFP, only five firms submitted proposals. Those firms are:

Merina & Company of West Linn, Oregon
Talbot, Korvola & Warwick of Portland, Oregon
Eide Baily of Boise, Idaho
Moss Adams of Beaverton, Oregon
Dickey and Tremper of Pendleton, Oregon

A review team comprised of the City's Finance Director, Assistant Finance Director and Financial Reporting Manager along with Audit Committee Member, Mr. Donald Walton, independently reviewed and scored each of the five proposals received based upon the following evaluation factors:

Evaluation Factor	Weighing Factor	Maximum Points
1. Signature Page	4	4
2. Transmittal Letter	4	4
3. Knowledge, Experience & Qualifications of Project Team Members and Firm	35	140
4. Project Approach & Understanding	35	140
5. Relevant Experience and References	15	60
6. Contract Price	10	40
Maximum Total Points	103	**388**

On April 2, 2012, the review team met to compile their individual scores from each proposal into a composite scoring matrix and to discuss the strengths and weaknesses of each proposal. The following composite score for each proposer represents the "averaged" evaluation scores of the four independent reviewers:

1. Talbot, Korvola & Warwick 357.50
2. Merina & Company 289.50
3. Moss Adams 241.25
4. Dickey and Tremper 215.50
5. Eide Baily 197.50

The proposal from Talbot, Korvola & Warwick (TKW) describes approximately 448 hours of professional and support staff time with a proposed cost of $57,640 for this current 2011-12 Fiscal Year audit. This price includes the audit of the financial statement, audit of BURA (not required for FY 2011-12) and the Federal grant compliance report. For 2015-16, TKW has proposed a fee of $71,750. The level of service and professionalism presented by TKW is outstanding. As there was a unanimous top proposal, no follow-up interviews or presentations by the proposers were requested.

Attached is a Memorandum from the Finance Director (Exhibit A) to the Audit Committee that provides additional information regarding the deliberations and resulting recommendation to select the proposal from TKW as the City's Auditor. The Audit Committee unanimously agreed with the review committee's recommendation. The Memorandum includes two schedules:

- Schedule 1 - The Scoring Evaluation Matrix
- Schedule 2 - Comparison of Audit Fee Proposals

MEMORANDUM

CITY OF BEAVERTON

FINANCE DEPARTMENT

TO: Audit Committee: Keith Parker (Chair), Don Walton & Councilor Ian King

FROM: Patrick O'Claire, Finance Director
Dave Waffle, Assistant Finance Director
J.J. Schulz, Reporting Manager

DATE: April 11, 2012

SUBJECT: Solicitation of Proposals (RFP) – Annual Audit Services

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The review team for Solicitation # 2647-12B – Annual Audit Services – completed their review of proposals on April 2, 2012. The team consists of Patrick O'Claire, J.J. Schulz, Dave Waffle and Don Walton. The team recommends retaining the services of Talbot, Korvola & Warwick, LLP for another term. The RFP describes the term as a single year of audit services for the fiscal year 2011-12, renewable for one year extensions, but no longer than fiscal year 2015-16.

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Merina & Company of West Linn, Oregon
Talbot, Korvola & Warwick of Portland, Oregon
Eide Baily of Boise, Idaho
Moss Adams of Beaverton, Oregon
Dickey and Tremper of Pendleton, Oregon

Based on the following factors the respective members of the review team evaluated each proposal independently.

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The proposal from Talbot, Korvola & Warwick (TKW) describes approximately 448 hours of professional/support staff time and a proposed expense of $57,640 for this current 2011-12 fiscal year

audit. This price includes the audit of the financial statement, audit of BURA (not required for 11/12) and the Federal grant compliance report. For 2015-16 they expect fees to be about $71,750. For similar services for the year ending June 30, 2011 these services cost $53,000.

Please inform Finance Director Patrick O'Claire or Assistant Director Dave Waffle if you have any concerns or desire to meet. If there are no objections from the Audit Committee we would like to forward to the City Council the recommendation to award the Audit Services contract to Talbot, Korvola & Warwick. This item is scheduled for consideration by the City Council on May 1, 2012. Please let us know of your concerns no later than April 16, 2012 and call if you have any questions. Thank you.

Attached: Schedule 1 - The Scoring Evaluation Matrix and Schedule 2 - Comparison of Fee Proposals

Schedule 1

City of Beaverton
Scoring Evaluation Matrix
Annual Audit Services Solicitation # 2647-12B

Proposer	Audit Committee Member Walton	Assistant Finance Director Waffle	Financial Reporting Manager Schulz	Finance Director O'Claire	Average	Ranking
Talbot, Korvola & Warwick	360.50	368.00	343.00	358.50	357.50	1
Merina & Company	220.50	388.00	243.00	306.50	289.50	2
Moss-Adams	215.50	188.00	258.00	303.50	241.25	3
Dickey and Tremper	210.50	223.00	215.50	213.00	215.50	4
Eide Bailly	158.00	138.00	243.00	251.00	197.50	5

Schedule 2

City of Beaverton
Comparison of Audit Fee Proposals
Annual Audit Services Solicitation # 2647-12B
Sorted Lowest to Highest By The Total Five Year Audit Costs

Proposer/Audit Element	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total	Dollar Difference to Lowest Proposal Cost	Percent Difference to Lowest Proposal Cost	Final Ranking of Total Proposal Scoring
Merina & Company, West Linn OR									
COB	$ 47,000	$ 48,450	$ 49,900	$ 51,400	$ 52,950	$ 249,700			
BURA		3,000	3,000	3,000	3,000	12,000			
Federal Grant A-133	Included	Included	Included	Included	Included	-			
Total maximum price	$ 47,000	$ 51,450	$ 52,900	$ 54,400	$ 55,950	$ 261,700	$ -	0%	2
Dickey and Tremper LLP, Pendleton OR									
COB	$ 46,500	$ 47,895	$ 49,332	$ 50,812	$ 52,336	$ 246,875			
BURA		3,650	3,760	3,878	3,985	15,273			
Federal Grant A-133	6,000	6,180	6,365	6,556	6,753	31,854			
Total maximum price	$ 52,500	$ 57,725	$ 59,457	$ 61,246	$ 63,074	$ 294,002	$ 32,302	12%	4
Talbot, Korvola & Warwick, Portland OR									
COB	$ 48,562	$ 50,260	$ 52,000	$ 53,800	$ 55,700	$ 260,322			
BURA		5,300	5,300	5,500	5,700	21,800			
Federal Grant A-133	9,078	9,400	9,700	10,000	10,350	48,528			
Total maximum price	$ 57,640	$ 64,960	$ 67,000	$ 69,300	$ 71,750	$ 330,650	$ 68,950	26%	1
Moss-Adams LLP, Portland, Or									
COB	$ 56,660	$ 58,360	$ 60,110	$ 61,915	$ 63,775	$ 300,820			
BURA	6,622	6,822	7,025	7,235	7,450	35,154			
Federal Grant A-133	14,718	15,158	15,615	16,085	16,565	78,141			
Total maximum price	$ 78,000	$ 80,340	$ 82,750	$ 85,235	$ 87,790	$ 414,115	$ 152,415	58%	3
Eide Bailly, Boise ID									
COB	$ 71,125		breakdown not provided for these years			$ 71,125			
BURA	5,500					5,500			
Federal Grant A-133	8,000					8,000			
Total maximum price	$ 84,625	$ 84,625	$ 85,500	$ 86,500	$ 87,500	$ 428,750	$ 167,050	64%	5

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