



Legislation Details (With Text)

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Title: A resolution designating an independent auditor as required under section 3-160 of the Charter of the City of Colorado Springs

Presenter:
Denny Nester, City Auditor

Sponsors:

Indexes:

Code sections:

Attachments: 1. Independent Auditor Designation Resolution.pdf, 2. 2020 Independent External Auditor.pdf, 3. Signed Resolution 27-20.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|----------------------|----------|--------|
| 5/12/2020 | 1 | City Council | adopted | Pass |
| 4/27/2020 | 1 | Council Work Session | referred | |

A resolution designating an independent auditor as required under section 3-160 of the Charter of the City of Colorado Springs

Presenter:
Denny Nester, City Auditor

Summary:
The City Auditor and the Audit Committee are respectfully asking that City Council designate BKD CPAs & Advisors as the Independent Auditor for the City of Colorado Springs for a period of three (3) years, with the option of extending that designation for three (3) additional one-year periods.

Background:
City Charter states:
3-160.Independent Audit. The Council shall provide for an independent annual audit of all City accounts and may provide for more frequent audits as it deems necessary. Such audits shall be made by a certified public accountant or firm of such accountants who have no direct personal interest in the fiscal affairs of the City government or any of its officers. The Council may, without requiring competitive bids, designate such accountant or firm annually or for a period not exceeding three (3) years, provided that the designation for any particular fiscal year shall be made not later than six (6) months after the beginning of such fiscal year. If the State makes such an audit, the Council may accept it as satisfying the requirements of this section. (1977; 1985)

BKD, LLP has been the City's independent auditor for the last six years. Their contract term started in 2014 and was for a three-year period with three one-year periods possible under the contract.

Therefore, the contract with BKD, LLP is set to expire this year.

Earlier this year, the City Auditor worked with Nicole Spindler, Procurement Services Manager along with members of the Finance Department and the Office of the City Auditor to develop the Request for Proposal (RFP) for Professional Auditing Services. A copy of that RFP is attached. The RFP was issued on February 10, 2020 with a proposal due date of March 12, 2020.

An evaluation committee was formed to review all four proposals that were received. The reviewers included:

Denny Nester, City Auditor

Shawn Alessio, Senior Auditor

Kerry George, Assistant Finance Director

Tracy Peters, Accounting Manager

Chris Wheeler, Budget Manager

The evaluation committee met on April 8, 2020 to compare their evaluation of each of the proposals. At that meeting, they found that all five reviewers had rated BKD CPAs & Advisors as #1--the most desirable respondent. The total annual cost proposed for the 2020 audit ranged from \$146,250 to \$262,600. BKD CPAs & Advisors was the lowest bidder for all proposed years and was deemed the best value for the City of Colorado Springs.

On April 16, 2020, the Audit Committee met and discussed the recommendation of the evaluation committee. The City Auditor and the Procurement Services Manager responded to questions from the Audit Committee. The Audit Committee voted unanimously in favor of asking City Council to designate BKD CPAs & Advisors as the City's Independent External Auditor.

Previous Council Action:

City Council designated BKD, LLP as the City's independent auditor in 2014 and per the contract the agreement was renewed for three one-year periods.

Financial Implications:

The total annual cost proposed for the 2020 audit is approximately \$20,000 less than the projected 2019 audit cost. The actual amount of savings will be determined based on federal grant audit requirements, which can vary from year to year. BKD CPAs & Advisors was the lowest bidder for all proposed years and was deemed the best value for the City of Colorado Springs.

City Council Appointed Board/Commission/Committee Recommendation:

The Audit Committee respectfully ask that City Council designate BKD CPAs & Advisors as the Independent Auditor for the City of Colorado Springs for a period of three (3) years, with the option of extending that designation for three (3) additional one-year periods.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Approve BKD CPAs & Advisors as the Independent Auditor for the City of Colorado Springs for a period of three (3) years, with the option of extending that designation for three (3) additional one-year periods.

N/A