



Legislation Text

File #: 14-0288, **Version:** 1

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

From:

Denny Nester, City Auditor, via the Audit Committee

Summary:

The 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)

Previous Council Action:

The City Auditor briefed City Council on the upcoming designation of an independent auditor at their June 9, 2014 work session.

Background:

In late 2012, Mayor Bach asked City Council to consider changing the City's External Financial Auditor to provide a fresh perspective on financial operations and controls. City Council expressed their desire to work with the Mayor and their willingness to consider a change. The process to consider a change was subsequently delayed a year with the concurrence of all parties involved.

In 2014, the Audit Committee directed the City Auditor to move forward with the process for considering a change. In March 2014, the City issued Request for Proposals (RFP) No. R14-029CR for Professional Auditing Service for the City of Colorado Springs with a closing date of April 23, 2014. The proposals that were received were reviewed by the Audit Committee along with staff from City Administration and the Office of the City Auditor. All reviewers were unanimous in the identification of a preferred responder. City Procurement Division has notified the selected responder and is formulating a contract for services.

In order to comply with the City Charter concerning the designation of an auditing firm no later than six (6) months after the beginning of the year, the resolution designates the independent auditor beginning with the year 2014 and continuing for a period not to exceed three years.

Financial Implications:

As compared with costs projected to be incurred in coming years with the current provider, the City anticipates a savings of approximately \$46,000 over three years under the contract recommended by the Audit Committee and anticipated by the designation of the selected provider.

Board/Commission Recommendation:

At the last Audit Committee meeting, the Audit Committee recommended that City Administration move forward to negotiate a contract with the preferred responder with the understanding that the next highest rated responder was acceptable if a contract could not be negotiated with the highest rated responder.

Stakeholder Process:

Stakeholders have been represented in the process. The Mayor requested the process for considering a change. City Administration has facilitated the RFP process. A member of City Administration reviewed the RFP responses and provided input to the Audit Committee. The Audit Committee, which includes both Council members and citizen members, reviewed the RFP responses. The selection of the preferred responder was unanimous.

Alternatives:

Per the Charter quoted above, "City Council may, without requiring competitive bids, designate such accountant or firm annually or for a period not exceeding three (3) years...."

Council could extend the contract with the current audit services provider.

Proposed Motion:

The Audit Committee recommends that City Council designate the selected audit firm.

N/A