

# CITY COUNCIL AGENDA ITEM



500 West Big Beaver  
Troy, MI 48084  
troymi.gov



Date: February 3, 2020

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager  
Robert C. Maleszyk, Chief Financial Officer  
Lisa Burnham, Accounting Manager  
MaryBeth Murz, Purchasing Manager

Subject: Contract Extension – Audit Services

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## History

- April 18, 2005 Troy City Council awarded a three-year contract with an option to renew for three (3) additional years to provide Audit Services to *Rehman Group* as a result of the competitive bid process; (Resolution #2005-04-182).
- December 17, 2007, Troy City Council exercised the option to renew the contract with the *Rehmann Group* for fiscal years ended June 30, 2008 through 2010; (Resolution 2007-12-366-F4d).
- February 7, 2011, City Council unanimously agreed to accept a three year extension for Audit Services to be provided by the *Rehmann Group* for fiscal years ended June 30, 2011 through 2013; (Resolution 2011-02-021).
- March 3, 2014, City Council unanimously agreed to accept another three year extension for Audit Services by the *Rehmann Group* for fiscal years ended June 30, 2014 through 2016; (Resolution 2014-03-026-J-4e).
- March 20, 2017 Troy City Council unanimously agreed to accept another three year extension for Audit Services by the *Rehmann Group* for fiscal years ending June 30, 2017 through 2019; (Resolution 2017-03-049).

## Purchasing

- January 23, 2020, the City received a letter from the *Rehmann Group* indicating their interest in continuing to provide audit services for fiscal year 2020 at a rate of \$63,700.
- Based upon the management turnover with the City's financial team and upcoming GASB pronouncements the extension of this contract for one (1) additional year is being recommended.
- The *Rehmann Group* continues to meet all expectations and consistently has delivered timely Audit Services.
- Individuals assigned to the City audit have been knowledgeable and have been of great assistance in helping the City successfully adopt the ever changing pronouncements in governmental accounting standards.
- The *Rehmann Group* is the largest public accounting firm with offices located in the City of Troy and a top 5 accounting firm in Southeast Michigan according to Crain's List.
- After the 2020 Audit, the City intends to competitively bid Audit Services.

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## **Financial**

- The base audit fee of \$63,700 will be allocated to the following funds/component units based on estimated hours to complete the audit:

General Fund	\$56,800
Downtown Development Authority	3,100
Brownfield Redevelopment Authority	1,800
Local Development Authority	<u>2,000</u>
Total	\$63,700

- Fees for the Single Audit (\$4,000), *if required*, will be charged to the fund receiving the largest portion of federal grant funding and deemed as a major program for audit purposes.
- Note that the audit fee for 2020 fiscal year is \$4,000.00 less than last fiscal year.

## **Recommendation**

City management recommends awarding a one (1) year contract extension to the *Rehmann Group of Troy, MI* to provide independent auditing services for the fiscal year ending June 30, 2020 for a fee of \$63,700 and if required \$4,000 for the Single Audit; for an estimated grand total of \$67,700.