

4. AUDITING SERVICES -- FINANCE DEPARTMENT**FUNDING -- FINANCE DEPARTMENT**

(Request sent to 24 vendors)

RFP #16-0068 Contract

	Allen, Gibbs & Houlik, L.C.	BKD, LLP	RSM US, LLP	Rubin Brown, LLP
Audit Services				
2016				
CAFR	\$94,500.00	\$115,130.00	\$130,000.00	\$146,300.00
OMB Circular A-133	\$25,000.00	\$20,370.00	\$15,000.00	\$34,700.00
AUP - HUD Financial Data Schedules	\$4,750.00	\$6,500.00	\$5,000.00	\$5,500.00
SRS Grants	\$3,500.00	\$3,500.00	\$3,000.00	\$2,500.00
Subtotal	\$127,750.00	\$145,500.00	\$153,000.00	\$189,000.00
2017				
CAFR	\$97,335.00	\$118,584.00	\$135,200.00	\$151,000.00
OMB Circular A-133	\$25,750.00	\$20,981.00	\$15,600.00	\$35,900.00
AUP - HUD Financial Data Schedules	\$4,893.00	\$6,695.00	\$5,200.00	\$5,700.00
SRS Grants	\$3,605.00	\$3,605.00	\$3,120.00	\$2,600.00
Subtotal	\$131,583.00	\$149,865.00	\$159,120.00	\$195,200.00
2018				
CAFR	\$100,255.00	\$122,438.00	\$140,608.00	\$157,000.00
OMB Circular A-133	\$26,523.00	\$21,663.00	\$16,224.00	\$37,300.00
AUP - HUD Financial Data Schedules	\$5,039.00	\$6,913.00	\$5,408.00	\$5,900.00
SRS Grants	\$3,713.00	\$3,722.00	\$3,245.00	\$2,700.00
Subtotal	\$135,530.00	\$154,736.00	\$165,485.00	\$202,900.00
2019				
CAFR	\$104,767.00	\$126,723.00	\$146,232.00	\$163,000.00
OMB Circular A-133	\$27,716.00	\$22,421.00	\$16,873.00	\$38,800.00
AUP - HUD Financial Data Schedules	\$5,266.00	\$7,155.00	\$5,624.00	\$6,100.00
SRS Grants	\$3,880.00	\$3,852.00	\$3,375.00	\$2,800.00
Subtotal	\$141,629.00	\$160,151.00	\$172,104.00	\$210,700.00
2020				
CAFR	\$110,005.00	\$131,159.00	\$152,082.00	\$169,000.00
OMB Circular A-133	\$29,102.00	\$23,206.00	\$17,548.00	\$40,100.00
AUP - HUD Financial Data Schedules	\$5,529.00	\$7,405.00	\$5,849.00	\$6,300.00
SRS Grants	\$4,074.00	\$3,987.00	\$3,510.00	\$2,900.00
Subtotal	\$148,710.00	\$165,757.00	\$178,989.00	\$218,300.00
Grand Total	\$685,202.00	\$776,009.00	\$828,698.00	\$1,016,100.00
Annual Estimated Audit Hours				
Partners	Partner-65 Technical Review Partner-10	104	110	160
Managers	180	302	220	200
Seniors	370	604	420	450
Other supervisory Staff	Compliance Specialist-180	No Bid	60	No Bid
Staff	300	270	380	600
Other (specify)	Clerical-20	No Bid	Administrative Staff-40	Administrative Staff-400
	Allen, Gibbs & Houlik, L.C.	BKD, LLP	RSM US, LLP	Rubin Brown, LLP
2016 (Standard Hourly Rates)				
Partners	\$295.00-\$350.00	\$275.00-\$350.00	\$400.00	\$295.00
Managers	\$175.00-\$210.00	\$190.00-\$250.00	\$250.00	\$175.00
Seniors	\$130.00-\$160.00	\$115.00-\$190.00	\$175.00	\$150.00
Other Supervisory Staff	\$125.00-\$141.00	No Bid	\$175.00	No Bid
Staff	\$110.00-\$130.00	\$115.00-\$165.00	\$120.00	\$135.00
Other (specify)	No Bid	\$115.00	\$75.00	\$100.00

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2017 (Standard Hourly Rates)				
Partners	\$295.00-\$350.00	\$275.00-\$350.00	\$400.00	\$305.00
Managers	\$175.00-\$210.00	\$190.00-\$250.00	\$250.00	\$181.00
Seniors	\$130.00-\$160.00	\$115.00-\$190.00	\$175.00	\$155.00
Other Supervisory Staff	\$125.00-\$141.00	No Bid	\$175.00	No Bid
Staff	\$110.00-\$130.00	\$115.00-\$165.00	\$125.00	\$140.00
Other (specify)	No Bid	\$115.00	\$75.00	\$105.00
2018 (Standard Hourly Rates)				
Partners	\$295.00-\$350.00	\$275.00-\$350.00	\$400.00	\$316.00
Managers	\$175.00-\$210.00	\$190.00-\$250.00	\$250.00	\$190.00
Seniors	\$135.00-\$165.00	\$115.00-\$190.00	\$175.00	\$160.00
Other Supervisory Staff	\$125.00-\$141.00	No Bid	\$175.00	No Bid
Staff	\$115.00-\$135.00	\$115.00-\$165.00	\$125.00	\$145.00
Other (specify)	No Bid	\$115.00	\$75.00	\$107.00
2019 (Standard Hourly Rates)				
Partners	\$295.00-\$350.00	\$285.00-\$375.00	\$420.00	\$327.00
Managers	\$185.00-\$220.00	\$205.00-\$265.00	\$260.00	\$195.00
Seniors	\$135.00-\$165.00	\$125.00-\$200.00	\$180.00	\$166.00
Other Supervisory Staff	\$125.00-\$141.00	No Bid	\$180.00	No Bid
Staff	\$115.00-\$135.00	\$125.00-\$180.00	\$130.00	\$150.00
Other (specify)	No Bid	\$125.00	\$80.00	\$111.00
2020 (Standard Hourly Rates)				
Partners	\$295.00-\$350.00	\$285.00-\$375.00	\$420.00	\$340.00
Managers	\$185.00-\$220.00	\$205.00-\$265.00	\$260.00	\$200.00
Seniors	\$140.00-\$170.00	\$125.00-\$200.00	\$180.00	\$175.00
Other Supervisory Staff	\$125.00-\$141.00	No Bid	\$180.00	No Bid
Staff	\$120.00-\$140.00	\$125.00-\$180.00	\$130.00	\$155.00
Other (specify)	No Bid	\$125.00	\$80.00	\$115.00
	Allen, Gibbs & Houlik, L.C.	BKD, LLP	RSM US, LLP	Rubin Brown, LLP
Policy and Procedure Review				
2016 Rates Proposed	\$39,025.00	\$50,000.00 to \$65,000.00	\$56,250.00 to \$61,875.00	\$49,850.00
2017 Rates Proposed	\$40,105.00	\$25,000.00 to \$35,000.00	\$16,537.50 to \$18,900.00	\$49,850.00
2018 Rates Proposed	\$41,570.00	\$25,000.00 to \$35,000.00	\$17,364.20 to \$19,844.80	\$49,850.00
2019 Rates Proposed	\$42,695.00	\$25,000.00 to \$35,000.00	\$18,232.90 to \$20,837.60	\$49,850.00
2020 Rates Proposed	\$44,115.00	\$25,000.00 to \$35,000.00	\$19,144.30 to \$21,879.20	\$49,850.00
Hourly Rates	\$140.00 for services as defined	\$360.00 to \$430.00 Partner, Managing Director \$220.00 to \$265.00 Senior Manager, Director \$165.00 to \$215.00 Associate, Senior Associate II, Manager + additional travel and administrative fees¹	\$225.00 + Additional travel and administrative fee + additional 5% each additional year ²	Same as hourly prices stated above
No bids	Busby Ford & Reimer, LLC	Dunn & Company, LLC	Andover CPAs, PA	KCoe Isom, LLP
	Larson & Company, P. A.		Regier Carr & Monroe, LLP	

On the recommendation of Kara Kingsley, on behalf of the Finance Department, Tim Kaufman moved to **accept the proposal from BKD, LLP for the policy and procedures review at the rates listed, for the fiscal years ending December 31, 2016, 2017, and 2018, with options to renew for two (2) subsequent fiscal years.** Jennifer Dombaugh seconded the motion. The motion passed unanimously. Linda Kizzire moved to **accept an alternate recommendation for auditing services to BKD, LLP (BKD) for fiscal years ending December 31, 2016, 2017 and 2018 with options to renew for two (2) subsequent fiscal years.** David Spears seconded the motion. The motion passed unanimously.

Note- The original recommendation was Allen, Gibbs & Houlik, L.C.

Auditing Services:

A review committee comprised of Rick Durham - Deputy CFO, Sara Jantz - Director of Accounting, Marty Hughes - Revenue Manager, Kathy Wegner - COMCARE Operations Manager, Debbie Rogers - Treasurer's Office and Kara Kingsley - Purchasing evaluated the audit services responses submitted for thoroughness, methodology and cost. Allen Givvs & Houlik, L.C. (AGH) provided the best overall proposal for services requested.

AGH has provided auditing services for Sedgwick County for many years and has the experience and expertise of working with public sector entities the same size as the county. AGH offered the lowest pricing along with a price guarantee. AGH will offer a smoother auditing process based on their history and knowledge of Sedgwick County's practices and policies. They also offer educational opportunities for county staff through AGH University and offer eight (8) hours of training on a topic of our choice.

BKD also is a qualified firm that has a nationwide governmental group, but their pricing was higher over the life of the contract. They offer training through BKD Thoughtware, similar to AGH University, but no additional personalized training.

RSM US, LLP (RSM) was not considered due to pricing. Also, references were not of similar size of the county, lack of information regarding staffing, procedures and the office they work out of is in Oklahoma City, OK.

RubinBrown, LLP was also not considered due to the pricing. Also, references were not of similar size of engagements as the county. They would also be working out of an office in Kansas City, KS.

Rotation of the audit firm was considered due to the county having a longstanding relationship with AGH and best practices suggesting audit rotation being ideal, but it was concluded that AGH offered enough employee diversification that would satisfy any concerns.

Policy and Procedures Review:

The policy and procedures review responses were evaluated for thoroughness, methodology and cost. BKD provided the best overall proposal for services requested.

The contracted vendor will annually conduct a detailed evaluation and review of the entirety of Sedgwick County's internal financial policies, processes and procedures. The policy and procedures review will be separate from the formal audit (listed above) and will produce a report that will include:

- The evaluation of the adequacy and effectiveness of the county's internal financial policies, processes and procedures with regard to best practices and to organizations of similar size and structure.
- Identification of those county financial policies, processes and procedures that may render the county vulnerable to internal or external fraud and/or abuse.
- Evaluation of the reliability and integrity of the county's financial policies, processes and procedures.
- Identification of the strengths, weaknesses, challenges and potential risks of the county's internal financial policies, processes and procedures.
- Suggestions for improvement.

The final report will be provided to the County Manager.

BKD responded with competitive pricing, in-depth detailed description of their proposed services and included specific team members and their experience bios.

RSM was not considered because their response lacked detail in two key areas 1) RSM only stated that their team members were from their financial and risk advisory services consulting groups, no other information was given and 2) RSM listed four procedures that included understanding the policies and procedures, interviews, comparing other organizations and other. No other information was given.

AGH and RubinBrown, LLP were also not considered due to pricing.

Notes:

CAFR - Comprehensive Annual Financial Report

OMB - Office of Management and Budget

AUP - HUD- Agreed upon procedure Housing and Urban Development

SRS - Social and Rehabilitation Services

¹In addition, you will be billed travel costs, if any, and an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items.

²In addition, we will charge our direct out-of-pocket travel expenses, at the lower of actual expenses or 10% of the total hourly fees billed. We will also bill a 5% administrative charge to recover our costs for indirect administrative expenses such as technology, research and library databases, photocopying, postage and clerical assistance.

Questions and Answers

County Manager - Since the Report goes to me I would like the bid board to, before they vote, in terms of the firm that we choose, I think for my sake, a firm that can give us a fresh perspective, give us a fresh procedure and methodology far outweighs cost in this regard. So, if you could give deference, don't focus on cost, the report is going to come to me. I would like to see a fresh perspective, a fresh look, a fresh process that to me outweighs somebody whose been doing it for a long time. Granted, we have had a great relationship with AGH, they have done nothing wrong, but in light of recent events I would like a fresh perspective.

Linda Kizzire - Well as a department that has the auditors come and see us, I intend to agree with Mike that it would be nice to have a different set of eyes viewing, instead of just always having the same standardized type of procedures and checks. So, I probably won't be voting to take Allen, Gibbs and Houlik so we can possibly start fresh with a different company.

Joe Thomas - Linda, excuse me, and you realize this is a split recommendation, ma'am. We have two sections the audit services, and the one referred to by the Manager. AGH is the recommendation only for the auditing, and as Mike mentioned BKD which gives you the fresh insight look is for the policy and procedures review, so it was split.

Linda Kizzire - Under auditing services, Joe, it says it's also going to be working on our policy and procedures.

Joe Thomas - I think maybe that is just poor choice of terms, but it's not the actual policy and procedures review. But, it is looking at the current auditing, which includes looking at what we currently have for policy and procedures.

County Manager - I think in light of what you're saying I think a fresh perspective on both. I didn't make that clear, to me BKD is the logical choice for both services.

Misha Jacob-Warren - David can I make a suggestion? If it would be easier for the Bid Board to take two separate votes, one on the policy and procedures review and one on just the external auditing functions. I think that would be acceptable. Since the recommendation from staff and Purchasing are two different vendors. If you are comfortable with going with one for one portion, but not the recommended vendor for the other portion of it, if you wanted to split the vote into two I think that would be helpful to the Bid Board. Bid board is allowed to recommend someone else or, of course, you can send it back to staff for further review. Whatever it is you so choose.