



## AGENDA ITEM SUMMARY

City Council

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### STAFF

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Blaine Dunn, Accounting Director  
Gerry Paul, Purchasing Director  
John Duval, Legal

### SUBJECT

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**Resolution 2023-088 Authorizing the Procurement of Services for an Annual Independent Audit of the City's Financial Records.**

### EXECUTIVE SUMMARY

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The purpose of this item is to authorize City staff to enter into a professional services agreement with Plante Moran PLLC, the independent audit firm recommended by the Council Finance Committee. The Committee interviewed three finalists at the August 16, 2023, special meeting and adopted a motion to recommend Plante Moran for the Council's selection.

### STAFF RECOMMENDATION

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Staff recommends adoption of the Resolution.

### BACKGROUND / DISCUSSION

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An annual, external audit by an independent Certified Public Accounting ("CPA") firm is required by Colorado statute, City Charter (Article II, Section 17), City debt covenants on outstanding bonds and leases, and most grant agreements for which the City is a recipient.

Per City Code:

- A competitive selection process was undertaken given that the current audit contract is in its fifth and final year (City Code Sec. 8-186)
- The Finance & Audit Committee completed interviews of finalists in a public meeting (Code Sec. 8-158)
- There is a limit of two consecutive five-year contract terms on audit services, and as such the incumbent auditor was eligible for selection.(Code Sec. 8-158)

Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens' confidence in their local government. Best practices published by the Government Finance Officers Association and the American Institute of CPAs, strongly recommend that the selection of auditing services be conducted by governing and oversight bodies (rather than by employees of the auditee) as an important measure to preserve auditor independence. It is also ideal for auditor independence to require that auditors be replaced after a defined contract term, as is often the case in the private sector.

A request for proposals (“RFP”) for financial audit services was publicly posted (Code Sec. 8-158) for a four-week period. The City received five proposals and a cross-functional team comprised of representatives from the City, Poudre Fire Authority (“PFA”), and Library District staff evaluated the proposals based on the criteria stated in the RFP. The team recommended three finalists for evaluation by the Finance Committee. Intergovernmental agreements with PFA, the Library District, the Urban Renewal Authority (“URA”), and Downtown Development Authority (“DDA”) defer to the City for selection of service providers on internal services within Finance and Human Resource functions.

The criteria for evaluation and selection of the financial audit firm were:

- Scope of Proposal
- Assigned Personnel Qualifications
- Cost and Work Hours
- Firm Capability & Reputation

Plante Moran was the top-ranked firm and determined to be best suited to provide audit services. The Finance Committee recommended a contract with Plante Moran, and the proposed Resolution authorizes the Purchasing Agent to enter into a professional services agreement for audit services with Plante Moran for the 2023 year-end audit, and renewable on an annual basis through 2027 with the approval of the Finance/Audit Committee. The agreement can be terminated if the auditing services are deemed unsatisfactory.

## **CITY FINANCIAL IMPACTS**

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The selected auditor’s cost is slightly higher than the incumbent cost. Audit fees for 2022 totaled \$106,900 with the incumbent, while the recommended firm’s 2023 proposal is for \$209,250 with an annual increase of 3 percent, pending contractual negotiations. The fees proposed appear to be reasonable and competitive with the other RFP respondents.

## **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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Council Finance Committee supported adoption of this Resolution at its August 16, 2023, special meeting.

## **PUBLIC OUTREACH**

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None.

## **ATTACHMENTS**

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1. Resolution for Consideration
2. Financial Audit Services Request for Proposal
3. Plante Moran Technical Proposal
4. Plante Moran Cost Proposal