



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: October 18 2023

AGENDA ITEM: Consider approving a \$220,834 professional auditing service contract for 2023-2028 with CLA (Clifton Larson Allen) LLP for Grand Rapids Public Utilities

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

The City of Grand Rapids (City) and the Grand Rapids Public Utilities (GRPU) finance teams previously discussed the advantages of utilizing one auditing firm for both the City and GRPU. One audit firm will produce auditing efficiencies and coordination for the City and GRPU required annual audits of financial statements and be less costly. The City and GRPU auditing contracts ended with the 2022 audited financial statements preparation and presentation in early 2023 giving an opportunity to enter into the market with a request for professional auditing services.

On September 5, 2023 a joint request for proposal for professional auditing services was sent to ten very qualified auditing firms including both current City and GRPU auditing firms. A copy of the request for proposal for joint auditing services is attached. The City and GRPU received four qualified responses. The City and GRPU finance teams ranked the four audit firm responses using a matrix which included (1) response to the request for proposal; (2) hours allocated by audit team members; and (3) price.

The four auditing firm responses were comparable and it was decided to interview CLA as their audit team hours allocated of 450 for the City and 215 for the GRPU were more than prior audit team hours and the price was less than the City and GRPU prior auditing firms.

City and GRPU audit team members interviewed CLA audit team members on September 28, 2023 with a prepared list of questions. The City and GRPU finance teams are recommending CLA, LLP.

The GRPU recommendation is to contract with CLA for six-years which has more allocated audit team member hours with a savings of approximately \$50,000 over the contract period

compared with GRPU previous auditors. In the future if GRPU requires a federal single audit there will be an additional fee of approximately \$5,000. GRPU would need to received \$750,000 in federal funds to be required to have a federal single audit. Annually a statement of work – audit services will be reviewed and approved by the general manager.

The audit fees for 2023 audit are \$31,159 plus \$4,000 for the federal single audit, if required. Fees for 2024-2028 are listed in the attached statement of work – audit services. The required CLA, LLP insurance certificates are on file.

The City Finance Director will be presenting a contract for CLA to perform audit services for the City at next City Council meeting.

RECOMMENDATION:

Enter into a six-year professional services contract with CLA for the GRPU 2023-2028 professional auditing services of \$220,834 and authorize the general manager to sign the master agreement and statement of work.- audit services.