



DATE: August 28, 2024

TO: Assembly Finance Committee

FROM: Angie Flick, Finance Director

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SUBJECT: Audit Services Request for Proposal (RFP)

The purpose of this memo is to provide an update on the process for soliciting and procuring auditing services for the City and Borough of Juneau (CBJ) comprehensively (including the integration of Bartlett Regional Hospital (BRH) and Juneau School District (JSD) financial information) for Fiscal Years 2025-2029, with option of extension for FY 2030-2031. Staff is seeking direction from the Assembly Finance Committee (AFC) regarding the solicitation structure of audit services.

CBJ Code 57.05.070 (Independent Audit) states: "Pursuant to section 9.18 of the Charter, the assembly shall provide for an independent annual audit of all municipal accounts which shall include the school function. The assembly may designate an accountant or firm for a period not to exceed three years, providing that the designation for any particular fiscal year shall be made not later than May 1 of the fiscal year. The audit shall be completed and a report thereof, together with a management letter shall be delivered to the manager and the assembly within 210 days after the close of the fiscal year audited."

The services being solicited are different than the previous years and include:

- City and Borough of Juneau – an umbrella including BRH and JSD
 - Audit of comprehensive financial statements
 - Preparation of Federal Single Audit Report
 - Preparation of State Single Audit Report
 - Passenger Facility Charges Report
 - Function as Group Auditor – coordinating with JSD and BRH Auditors
- Juneau School District – component unit of CBJ
 - Preparation of financial statements
 - Audit of comprehensive financial statements
 - Preparation of Federal Single Audit Report
 - Preparation of State Single Audit Report
 - Preparation of DEED Tuition Rate Reports
 - Preparation of Computation of Operating Fund Compliance reporting
- Bartlett Regional Hospital – department of CBJ
 - Preparation of financial statements
 - Audit of comprehensive financial statements
 - Preparation of Federal Single Audit Report
 - Preparation of State Single Audit Report

Currently, we have one vendor performing all of the services listed above. The request made by the BRH CEO at the time in 2022; was to be able to have a different vendor prepare BRH's financial statements and perform their specific audit. The Finance Director at the time proposed a solicitation structure that vendors could bid on the entire suite of services or just a portion.

As I have worked with CBJ's Purchasing Division and the CFOs of both JSD and BRH; we have developed the attached draft RFP including the draft scoring criteria. This has brought to light some challenges with allowing vendors to bid on the whole body of work or just portions of it. We will need to review, evaluate and score proposals using the same set of criteria individually for each entity (CBJ, BRH, JSD) proposed in order to award more than one vendor. Said another way, all vendors will be evaluated and scored individually based on the RFP requirements for each entity. As an example, a vendor who may propose doing just BRH work will be evaluated based on the specific scope of work and requirements for BRH and scored. The vendor with the highest score will be awarded a contract for the BRH portion of the RFP. A vendor who proposes on the entire body of work, would be evaluated for each specific scope of work requirements (CBJ, JSD and BRH) and awarded for each entity where they are the highest scored.

The ability to meaningfully evaluate and score proposals has brought us to the conclusion that we should either solicit a full set of services to be awarded to one vendor or to solicit three different sets of required services and award three contracts. We have not started this solicitation so I do not have firm data, however, I anticipate that awarding multiple contracts will be more expensive in the aggregate than having one vendor perform the entire body of work. I am not able to predict if it is a little more expensive or double/triple the cost. If a single vendor is awarded the three contracts, we can discuss their pricing realizing that economies of scale should reduce the workload and therefore the cost.

It is recommended that the evaluation committee for this RFP be composed of five individuals: the Finance Committee Chairs for CBJ and JSD, and the three Finance Directors (CBJ, JSD and BRH). Because the firms preparing responses to this RFP will also be engaged in their regular business of financial statement preparation and auditing; we would like to begin the solicitation at the beginning of October and allow firms to respond through mid-January. The evaluation committee would conclude its work by the beginning of February with the intention to award by the beginning of March. This should allow ample time for the successful firm(s) to begin their engagements in order to accomplish timely work.

A draft copy of the RFP has been included in the packet. I would like to thank Mr. Wanner (BRH CFO) and Ms. Pearce (JSD CFO) for their collaboration on RFP including the scope, qualifications, evaluations categories and weightings. They have also briefed and provided feedback from their respective Board's President and Finance Chairs.

ACTION: Staff is seeking direction from the AFC whether to proceed with a solicitation for services with one contract for the full body of work, or to solicit three scopes of work.