CITY OF NOVI CITY COUNCIL
APRIL 8, 2024

SUBJECT: Approval to award a contract for annual audit services for a three-year term ending with the June 30, 2026 fiscal year with two one-year renewal options and adoption of associated fees effective April 8, 2024.

SUBMITTING DEPARTMENT: Finance

BACKGROUND INFORMATION:

The City of Novi recently issued a request for proposal (RFP) to secure the services of an independent auditing firm to provide professional auditing services in accordance with generally accepted auditing standards. The State of Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968 requires a local unit of government with a population of 4,000 or more to obtain an audit of its financial records, accounts, and procedures on an annual basis.

Six firms submitted proposals and were evaluated by finance staff based on their level of expertise and experience within the municipal sector, as well as their response to the mandatory elements included within the RFP. Based on the evaluations, two firms stood out above all others that submitted bids. The top two firms are well known for being some of the top-rated accounting firms in the state and ones that could provide outstanding service to the City. The two firms being recommended to the Mayor and City Council for consideration are Yeo & Yeo, PC, and our current auditors, Rehmann Robson (both were finalists five years ago when the last RFP was issued for audit services). The fees proposed over the five years requested in the RFP are listed below (the audit fee for the year ended June 30, 2023, was $59,900):

	6/30/2024	**6/30/2025**	**6/30/2026**	**6/30/2027**	**6/30/2028**	**Total**
Yeo & Yeo, PC	$60,000	$62,500	$65,000	$67,500	$70,000	**$325,000**
Rehmann Robson (current auditor)	$65,900	$69,200	$72,700	$76,300	$80,100	**$364,200**

The finance team has favorable experience working with both firms and feels either firm would provide outstanding service to the City.

RECOMMENDED ACTION: Approval to award a contract for annual audit services to _____________ for a three-year term ending with the June 30, 2026 fiscal year with two one-year renewal options and adoption of associated fees effective April 8, 2024.