



Legislation Details (With Text)

**File #:** 17-243      **Version:** 1      **Name:** AUTHORIZATION TO ENTER INTO AMENDMENT NO. 2 WITH CLIFTONLARSONALLEN FOR EXTERNAL AUDIT SERVICES

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**On agenda:** 6/13/2017      **Final action:** 6/13/2017

**Title:** AUTHORIZATION TO ENTER INTO AMENDMENT NO. 2 WITH CLIFTONLARSONALLEN FOR EXTERNAL AUDIT SERVICES  
Staff Contact: Vicki Rios, Director, Budget and Finance

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Amendment No. 2

| Date      | Ver. | Action By    | Action   | Result |
|-----------|------|--------------|----------|--------|
| 6/13/2017 | 1    | City Council | approved | Pass   |

**AUTHORIZATION TO ENTER INTO AMENDMENT NO. 2 WITH CLIFTONLARSONALLEN FOR EXTERNAL AUDIT SERVICES**

Staff Contact: Vicki Rios, Director, Budget and Finance

**Purpose and Recommended Action**

This is a request for City Council to authorize the City Manager to enter into Amendment No. 2 of contract #C-8574-2, an agreement with CliftonLarsonAllen, for external audit services. The amendment extends the term of the contract for one year, ending July 4, 2018 and increases the contract not to exceed amount by \$50,000 from \$475,400 to \$525,400.

**Background**

Article VI, Section 16 requires the City of Glendale to obtain an independent annual audit of its financial statements. Specifically, Section 16 reads as follows:

Sec. 16. Independent annual audit.

Prior to the end of each fiscal year the council shall designate qualified public accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidences of financial transactions of the city government and shall submit their report to the council and to the city manager. This section shall not preclude the city council from executing a contract with an accounting firm for more than one year subject to annual appropriation and a maximum three-year agreement.

Such accountants shall have no personal interest, direct or indirect, in the fiscal affairs of the city government or of any of its officers. They shall not maintain any accounts or records of the city business, but, within

specifications approved by the council, shall post-audit the books and documents kept by the city and any separate or subordinate accounts kept by any other office, department or agency of the city government.

In February 2013, the City issued a request for proposal (RFP) from qualified firms of certified public accountants to provide external audit services. CliftonLarsonAllen was selected as the top vendor for these services. The contract had an initial term of three (3) years with an option to renew for two (2) additional years on an annual basis.

### **Analysis**

Under the terms of the amendment, CliftonLarsonAllen, a certified public accounting firm, would perform the annual financial audit of the City in accordance with generally accepted auditing standards, Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); provide an opinion on the City's fair presentation of the financial statements in conformity with accounting principles, generally accepted in the United States of America; provide an independent auditors' report on compliance and on internal control over financial reporting based on an audit of the financial statements; provide an independent auditors' report on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with the Uniform Guidance; audit and provide an opinion on the City's Annual Expenditure Limitation Report; provides an opinion on compliance with the use of Highway User Revenue Funds in accordance with Arizona Revised Statutes; perform an attestation on Housing and Urban Development Financial Data Schedule (FDS); performs agreed-upon procedures and evaluate the City's compliance with the financial test option for its landfill as included in the Code of Federal Regulations (CFR), Subpart G, Title 40, Part 258, Section 74 (40 CFR 258.74); prepare the Internal Revenue Service (IRS) form 990 for the City's Municipal Property Corporation; prepare a letter to governance of auditors' comments and recommendations regarding internal control; prepare a management letter which identifies recommendations to enhance operational efficiency, implement best practices and plan for emerging issues (if applicable); present audit results to management and City Council; and serve as a resource to the City throughout the term of the contract.

Amendment No.2 extends the terms of the contract for one year, ending July 4, 2018 and increases the contract not to exceed amount by \$50,000 from \$475,400 to \$525,400. The original agreement approved by the Council included the option for CliftonLarsenAllen to perform additional services for the city at agreed upon hourly rates. During the fiscal year 2012-13 audit, the City incurred additional audit fees due to significant changes in key personnel and unexpected circumstances that required significant additional time to complete the financial audit. The City also engaged CliftonLarsonAllen's assistance to review the accounting for the refunding bonds issued in fiscal year 2014-15.

### **Previous Related Council Action**

On February 7, 2017, staff and Mr. Dennis Osuch, a partner with CliftonLarsonAllen, presented the June 30, 2016 CAFR and reviewed the audit results.

On February 2, 2016, staff and Mr. Dennis Osuch, a partner with CliftonLarsonAllen, presented the June 30, 2015 CAFR and reviewed the audit results.

On January 20, 2015, staff and Mr. Dennis Osuch, a partner with CliftonLarsonAllen, presented the June 30, 2014 CAFR and reviewed the audit results.

On January 21, 2014, staff and Mr. Dennis Osuch, a partner with CliftonLarsonAllen, presented the June 30, 2013 CAFR and reviewed the audit results.

On June 25, 2013, the Council approved the agreement with CliftonLarsonAllen for external audit services.

**Community Benefit/Public Involvement**

The annual financial audit and issuance of a Comprehensive Annual Financial Report (CAFR) is an important element to the City's commitment to financial stability and transparency. In addition, the CAFR contains information on the results of the financial transactions for the fiscal year and the rating agencies and investors use this report to analyze the financial health of the City.

**Budget and Financial Impacts**

Amendment No. 2 increases the contract not to exceed amount by \$50,000 from \$475,400 to \$525,400.

| Cost     | Fund-Department-Account                         |
|----------|---|
| \$50,000 | 1000-11320-518200, Professional and Contractual |

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?