

**CITY OF WARRENSBURG
FINANCE**

August 9, 2021

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

SUBJECT: An Ordinance Authorizing the Interim City Manager and City Clerk to Execute a Contract for annual audit services with KMP CPAs.

BACKGROUND:

Request for Proposals for annual audit services were solicited from seven area audit firms as well as posted on the city website and published in the paper. This request resulted in three qualifying bids from CLA(CliftonLarsonAllen), Cochran Head Vick & Co, and KPM CPAs. Two firms submitted letters respectfully declining the opportunity and no response was received from two firms.

ISSUE:

Section VI(2) of the current financial policies as set by Council states that "An independent annual audit will be performed by a public accounting firm, which will issue an official opinion on the annual financial statements and a management letter detailing areas needing improvement".

Generally, a request for proposal is sent for audit services every five years allowing an opportunity for another firm to have the option to complete the annual audit report. The request for proposal sent in June requested proposals be received by July 9, 2021.

The audit firms submitting proposals followed the conditions to be considered. Mason Floyd, Administrative Intern, Rachel Denfeld, Accountant, and Marcella McCoy, Director of Finance reviewed the submitted proposals and completed an evaluation sheet for each firm. Attached is the scoring criteria and the summary of score determining the best firm.

The term of the engagement is for an initial three years with an option to renew annually for an additional two years. Usually a five-year commitment for services. KPM has completed the city annual audit report since 2012. Based on the scoring criteria, KPM received the best average score of 95.52.

STRATEGIC PLAN:

Focus III: Growth and Development. Goal: Continued development to make our community more attractive, economically stronger, and more social diverse. Objective 1 to improve and maintain rankings and ratings that result in community savings and efficiencies.

FISCAL IMPACT:

This proposal includes the cost of annual audit plus costs for single audit as required. Fiscal Year 2021 including single audit requirement is projected to cost \$30,450. This is an annual recurring expenditure and is included in the adopted annual budget.

RECOMMENDATIONS:

Staff recommends the acceptance of KPM CPAs proposal for audit services, and adoption of the ordinance submitted.

Sincerely,

Marcella McCoy

Marcella McCoy
Director of Finance

Attachment: 1. Audit Services Ordinance
2. Evaluation Criteria

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE A CONTRACT WITH KPM CPAs TO PROVIDE AN ANNUAL FINANCIAL AUDIT REPORT BEGINNING WITH THE YEAR ENDING SEPTEMBER 30, 2021

BE IT ORDAINED AS FOLLOWS BY THE COUNCIL OF THE CITY OF WARRENSBURG, MISSOURI, AS FOLLOWS:

Section 1. That the City Manager and City Clerk are hereby authorized to execute a contract with KPM CPAs to provide an annual financial audit report beginning with the year ending September 30, 2021, and subsequent two years.

Section 2. That the amount of contract shall be a maximum of \$30,450 the first year with an approximate four percent increase in subsequent years.

Section 3. That this ordinance shall be in full force and effect from and after its passage by the City Council

Passed in open session this ____ day of August 2021.

Scott Holmberg, Mayor

ATTEST:

Cindy Gabel, City Clerk

Audit Firm: _____

Date: _____

Audit Firm Evaluation	Yes	No	Points
1. Mandatory Elements (Maximum Points - 25)			
a. The audit firm is independent and licensed to practice in Missouri.			
b. The firm has no conflict of interest about any other work performed by the firm for the City of Warrensburg.			
c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.			
d. The firm possesses the required amount of professional liability insurance coverage.			
e. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.			
2. Technical Quality: (Maximum Points - 50)			
a. Expertise and Experience			
(1) The firm's experience and performance on comparable government engagements			
(2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.			
(3) The ability to perform the audit in a paperless environment.			
b. Audit Approach			
(1) Adequacy of proposed staffing plan for various segments of the engagement			
(2) Adequacy of sampling techniques			
(3) Adequacy of analytical procedures			
3. Price: (Maximum Points - 25)			
Total Points:			0

Audit Firm	Rachel Denfeld	Mason Floyd	Marcella McCoy	Average Score
KPM CPAs	100	88.61	97.96	95.52
Cochran Head & Vick	98	81	89.42	89.47
CliftonLarsonAllen LLP	75	90.81	96	87.27