

**FINANCE DEPARTMENT
M E M O R A N D U M**

To: Honorable Mayor and City Commission

From: Ambreen Bhatti, City Manager

By: Steven Chapman II, Finance Director

Date: May 29, 2012

Subject: Extension of Audit Agreement with Grau & Associates

Issue:

In accordance with City Charter, Section 3.16, the City Commission shall provide for an independent annual or more frequent audit of all City accounts.

Background:

Property tax reforms have severely limited the budgetary capacity of the City. The Finance Department has the primary responsibility to coordinate and facilitate the annual audit. The City wants to maintain the stability of the audit process and is therefore requesting that the services of the present auditors be extended. New staff, including the Controller, will be better able to coordinate with audit staff that is already familiar with the accounting system.

Grau & Associates has provided an efficient and all-encompassing audit approach that requires them to look carefully at the entire picture, not just one segment of it. Their review has impacted courses of action recommended incorporating the government-wide financial statement assertion, specific audit objectives, and appropriate audit procedures necessary to achieve satisfactory audit results. Furthermore, their emphasis has focused on looking at the City's procedures and internal controls.

The annual audit fees paid to Grau & Associates, Certified Public Accountants over the last three years are as follows: FY2009 - \$45,000; FY2010 - \$46,260 FY 2011 - \$47,560, the company has agreed to only slightly increase the base fee for FY2012 due to additional audit requirements and maintain the annual single audit of grants at \$3,000 for a total cost of \$48,900. We recommend that the first one year extension (current agreement allows up to 3 one year extensions) of the agreement be executed with audit fees totaling \$48,900 for FY2012 as previously discussed.

Recommendation:

The Administration recommends Commission's consideration and approval of the attached Resolution authorizing the first one year extension of the agreement with Grau & Associates, Certified Public Accountants, as the City's external auditor for the fiscal year ending September 30, 2012, at a cost not to exceed \$48,900.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF NORTH LAUDERDALE, FLORIDA AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO AMEND THE ORIGINAL AGREEMENT BETWEEN THE CITY OF NORTH LAUDERDALE AND GRAU & ASSOCIATES, FOR ANNUAL AUDITING SERVICES TO EXTEND THE AGREEMENT FOR A ONE YEAR PERIOD BEGINNING WITH THE FISCAL YEAR ENDING SEPTEMBER 30, 2012; FOR A NOT TO EXCEED COST OF \$48,900, FOR FISCAL YEAR ENDING ON SEPTEMBER 30, 2012 RESPECTIVELY, PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Charter section, 3.16, states that the Commission shall provide for an independent post audit of all City accounts made by a Certified Public Accountant and/or firm of such accountants; and

WHEREAS, the City utilized due diligence in seeking responses for qualified firms to provide auditing services to the City; and

WHEREAS, Resolution No. 09-03-5416 dated March 31, 2009, authorized execution of an agreement with Grau & Associates (Contractor) providing for annual auditing services, a copy of said resolution and agreement is hereto on file in the City Clerk's office; and

WHEREAS, the City has contracted with Grau & Associates for the past eight years to perform the City's independent annual audit; and

WHEREAS, recent staffing changes in the Finance Department including the departure of the former Controller have resulted in a need for additional continuity in auditing services; and

WHEREAS, an extension of the agreement with Grau & Associates will provide for the necessary continuity required because of their knowledge and extensive past experience with the City of North Lauderdale; and

WHEREAS auditing services is a professional service which is exempted from competitive competition by Section 9.10 (a) of the City of North Lauderdale Charter; and

WHEREAS, Grau & Associates, formerly known as Grau & Company, PA, has provided the City with a Letter of Engagement; and

WHEREAS, the letter of Engagement provides for the first one year extension of the agreement with an annual fee not to exceed \$48,900; and

WHEREAS, available funds exist in the current budget for said purpose; and

WHEREAS, Grau & Associates, has provided qualitative auditing services in accordance with the terms of the agreement; and

WHEREAS, the Director of Finance and the Controller recommend that the agreement with Grau & Associates, be extended for the first of a possible three year renewal period to provide annual auditing services; and

WHEREAS, the City Commission of the City of North Lauderdale, Florida deems it to be in the best interests of the citizens and residents of the City of North Lauderdale to extend the contract between the City of North Lauderdale, Florida and Grau & Associates, for a period of one year as the City's external Auditor and to authorize the appropriate City officials to execute Agreement Amendment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF NORTH LAUDERDALE, FLORIDA:

SECTION 1: The foregoing "WHEREAS" clauses are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this Resolution.

SECTION 2: The appropriate City officials are hereby authorized to exercise the first renewal option between the City of North Lauderdale, Florida, and Grau & Associates, for annual auditing services.

SECTION 3: All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4: If any clause, section, other part or application of this Resolution is held by any court of competent jurisdiction to be unconstitutional or invalid, in part or application, it shall not affect the validity of the remaining portions or applications of this Resolution.

SECTION 5: This Resolution shall become effective immediately upon its passage and adoption.

PASSED and ADOPTED by the City Commission of the City of North Lauderdale, Florida, this 29th day of May, 2012.

JACK BRADY, MAYOR

DAVID G. HILTON, VICE MAYOR

ATTEST:

PATRICIA VANCHERI, CITY CLERK

APPROVED AS TO FORM:

SAMUEL S. GOREN, CITY ATTORNEY