

Council Agenda Report

Date: May 11, 2020
Submitted by: Patrick Comiskey, City Manager
Prepared by: Patrick Comiskey, City Manager

Subject: Auditing Firm Proposals

RECOMMENDATION: The city commissioners accept the recommendation of Roy Geiser to select PKS as the city auditors for the next three years based on their updated proposal amounts: June 30, 2020 of \$22,500; June 30, 2021 of \$23,000; and June 30, 2022 of \$23,600. The single audit cost, if applicable for the year, is \$3,500.

DISCUSSION: The City solicited proposals for auditing services at the beginning of the calendar year. We received five (5) proposals. We later hired one of the five, TGM Group, to serve as our finance director. We then advised this to the remaining four (4) firms and offered each the opportunity to reduce their initial proposal fees. All four (4) of the firms did so. The lowest, revised proposal is the one offered by PKS. The firms revised proposal is provided as an attachment. PKS's revised proposal is for \$69,100 over three (3) years. As a comparison, the same firm's initial proposal was for \$122,000 a difference of \$52,900.

The three (3) other updated price summaries submitted by the other three (3) firms are also provided.

Fiscal Impact: A reduction in auditing costs of \$8,500 in the first year from what we paid last year.

Approved by: Patrick Comiskey, City Manager

Patrick Comiskey

From: Roy J. Geiser <rgeiser@tgmgroupllc.com>
Sent: Thursday, May 07, 2020 10:37 AM
To: Patrick Comiskey
Cc: Tom Bolan
Subject: Auditor Recommendation

Patrick,

After our review of the audit proposals we recommend selecting PKS as the auditors for the years ending 2020-2022 based on the following:

- Price (lowest price for all 3 years)
- Local firm (Based out of Salisbury, MD)
- Strong reputation
- History with City (last audit of the City was in 2015)
- Familiarity (I know several of the members on the engagement team and have worked with them in the past)

Thank you

Roy Geiser, CPA
Member
TGM Group LLC
955 Mount Hermon Road
Salisbury, MD 21804
(410) 742-1328



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Patrick Comiskey

From: Michael C. Kleger <MKleger@pkscpa.com>
Sent: Thursday, March 19, 2020 9:30 AM
To: Patrick Comiskey
Subject: RE: Chance to Update proposal amounts City of Cambridge
Attachments: Updated Proposal.pdf

Patrick,

Thank you for the opportunity to resubmit our 3 year proposal based on TGM Group assuming the role of City finance director. Attached is the revised fee page. If you need a complete copy of the proposal, please let me know.

Best regards,

Mike

Michael C. Kleger, CPA | Partner
PKS & Company, P.A. | 1801 Sweetbay Dr. | P.O. Box 72
Salisbury, MD 21803-0072
P: 410.546.5600 Ext. 121 | F: 410.548.9576



From: Patrick Comiskey <pcomiskey@chooscambridge.com>
Sent: Wednesday, March 18, 2020 9:35 AM
To: tim.murphy@murphycpallc.com; kstank@zallc.org; Pat Kirk <PKirk@zallc.org>; Michael C. Kleger <MKleger@pkscpa.com>; Leslie A. Michalik <lmichalik@pkscpa.com>
Subject: FW: Chance to Update proposal amounts City of Cambridge

Dear All:

We had a question as to what TKM would prepare. Roy Geiser's response is provided for your information.

-Patrick

From: Roy J. Geiser <rgeiser@tgmgrouppllc.com>
Sent: Wednesday, March 18, 2020 9:27 AM
To: Patrick Comiskey <pcomiskey@chooscambridge.com>
Subject: RE: Chance to Update proposal amounts

We will be providing a full draft with note disclosures for their review. Basically they will be responsible for the audit opinion.

PROPOSED PROFESSIONAL FEES

Fiscal Year Ending	Basic Financial Statements	Uniform Guidance (If applicable)
June 30, 2020	\$ 22,500	\$ 3,500
June 30, 2021	\$ 23,000	\$ 3,500
June 30, 2022	\$ 23,600	\$ 3,500

These fees include all out-of-pocket expenses such as travel costs, printing, etc.

From: Cheryl Hendricks <cheryl.hendricks@murphycpallc.com>
Sent: Wednesday, March 18, 2020 3:54 PM
To: Patrick Comiskey <pcomiskey@chooscambridge.com>
Subject: RE: Chance to Update proposal amounts City of Cambridge

Patrick,

We wanted to know if it would be okay to submit our revised price via email to you. Or do you want us to change the price proposal and resubmit.

Cheryl Hendricks



www.murphycpallc.com

108 La Grange Avenue
La Plata, MD 20646
301.609.7515 office
301.609.7510 fax



From: Tim Murphy <Tim.Murphy@murphycpallc.com>
Sent: March 18, 2020 10:33 AM
To: Cheryl Hendricks <cheryl.hendricks@murphycpallc.com>; Lisa Brown <Lisa.Brown@murphycpallc.com>
Subject: FW: Chance to Update proposal amounts City of Cambridge

From: Patrick Comiskey <pcomiskey@chooscambridge.com>
Sent: March 18, 2020 9:35 AM
To: Tim Murphy <Tim.Murphy@murphycpallc.com>; kstank@zallc.org; Pat Kirk <PKirk@zallc.org>; Michael C. Kleger <MKleger@pkscpa.com>; Leslie A. Michalik <lmichalik@pkscpa.com>
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Sent: Wednesday, March 18, 2020 9:27 AM
To: Patrick Comiskey <pcomiskey@chooscambridge.com>
Subject: RE: Chance to Update proposal amounts

Patrick Comiskey

From: Pat Kirk <PKirk@zallc.org>
Sent: Wednesday, March 18, 2020 10:31 AM
To: Patrick Comiskey
Cc: Kim Stank
Subject: RE: Chance to Update proposal amounts
Attachments: City of Cambridge Proposal 2-20-20.pdf

Mr. Comiskey

As a follow up to the email below the following fees will replace the fees on page 21 of the attached original proposal except that the fee of \$3,500 for a Single Audit of one major program remains the same. In addition all other language on page 21 remains unchanged. The revised fees are as follows:

<u>Year End</u>	<u>Fee</u>
June 30,2020	\$26,750
June 30.2021	\$27,325
June 30,2022	\$27,910

If you have any questions please contact myself or Kimberly Stank

Patrick Kirk, CPA, CGMA, CGFM
Principal
Zelenkofske Axelrod LLC
830 Sir Thomas Court
Suite 100
Harrisburg, Pa 17109
Phone: 717-561-9200 Ext.5003
Fax: 717-561-9202

From: Patrick Comiskey <pcomiskey@chooscambridge.com>
Sent: Monday, March 16, 2020 1:01 PM
To: tim.murphy@murphycpallc.com; Kim Stank <KStank@zallc.org>; Pat Kirk <PKirk@zallc.org>; Karen Dojan <karend@wscpa.com>; Michael C. Kleger <MKleger@pkscpa.com>; Leslie A. Michalik <lmichalik@pkscpa.com>
Cc: Roy J. Geiser <rgeiser@tgmgroupllc.com>
Subject: Chance to Update proposal amounts

Proposed Fee

Being sensitive to the challenges local municipalities face, our Governmental Services rate structure is discounted from our normal hourly rates. Fees presented are all-inclusive and presented on a not to exceed basis. This includes the preparation of all reports, including the Uniform Financial Report, presentation to the City Council, report production, and other out-of-pocket expenses:

YEAR ENDING	ANTICIPATED FEE
June 30, 2020	\$ 25,000
June 30, 2021	\$ 25,750
June 30, 2022	\$ 26,500
Total Projected Fees	\$ 77,250

Should you require an audit in accordance with the Single Audit Act and Uniform Guidance, we will provide an estimate of the additional fees required based on the nature of the major program triggering the Single Audit and its compliance requirements. However, we typically see fee increases ranging from \$6,000 - \$10,000 for a Single Audit.

WC&S' policy is to invoice our clients monthly as work progresses and invoices are due upon receipt. Providing a high level of value for the price you pay is integral to our basic engagement philosophy.