

CITY OF LARAMIE COUNCIL WORK SESSION September 20, 2022



Agenda Item: Agreement

Title: Professional Services Agreement with ClingerHagerman LLC for Auditing Services

Recommended Council MOTION: Approve the Agreement between the City of Laramie and ClingerHagerman LLC for professional auditing services for fiscal years 2022-2024 and authorize the Mayor and City Clerk to sign.

Administrative or Policy Goal:

State law requires the City of Laramie to publish audited financial statements within six months of fiscal year-end. The audit must be performed in accordance with generally accepted auditing standards by an independent audit firm. In addition, the City must also compile a Schedule of Federal Expenditures that is subject to Single Audit procedures by its auditors.

Background:

On August 4, 2022, the City’s former auditor, BDO LLP, acknowledged lack of staffing sufficient to complete the FY 2022 audit. City staff informed BDO LLP that it wished to terminate the existing audit contract based on the provisions contained in section 8.2., and BDO LLP accepted the contract termination request. On August 8, 2022, the City issued an RFP for audit services for FY 2022-2024. Notice was published in the Laramie Boomerang on August 10 and 17. The proposal required interested firms to submit the requested information by 5 p.m. on August 26. Firms were asked to provide a stated maximum for audit fees with billing based on actual incurred engagement costs.

The City received three responses to this RFP. Two Wyoming firms (PMCH located in Casper and ClingerHagerman LLC located in Laramie) and one Utah firm (Carver, Florek, and James CPAs located in Layton) responded. The proposals included the following base costs for audit services:

Firm	Audit Fee Type	FY 2022	FY 2023	FY 2024
ClingerHagerman LLC	Financial Statement Audit	60,000	63,000	66,150
	Single Audit	7,500	7,500	7,500
	Additional Major Programs	5,000	5,000	5,000
	Travel	-	-	-
	Added Testing – Software Implementation	-	-	10,000
	Base Cost for Audit Services	72,500	75,500	88,650
Carver, Florek, and James CPAs	Financial Statement Audit*	62,000	63,250	64,500
	Single Audit	7,500	7,700	7,900
	Additional Major Programs	4,000	4,000	4,000
	*flat fees, not as incurred	3,000	3,000	3,000
	Added Testing – Software Implementation	-	-	-
	Base Cost for Audit Services	76,500	77,950	79,400
PMCH	Financial Statement Audit	74,000	76,220	78,507
	Single Audit	8,000	8,000	8,000
	Additional Major Programs	8,000	8,000	8,000
	Travel	3,000	3,000	3,000
	Added Testing – Software Implementation	-	6,000	6,000
	Base Cost for Audit Services	93,000	101,220	103,507

Each proposal includes an option for additional assistance with financial statement preparation and/or accounting standards implementation during the City’s ERP project. Staff typically implement accounting standards and prepare the Annual Comprehensive Financial Report and Single Audit with no assistance from the City’s auditors. While software is being implemented, the auditors may provide assistance with financial statement preparation, not to exceed \$10,000 per year, billed on an as-used basis.

For base audit and financial statement services, the 3-year costs were as follows:

ClingerHagerman LLC	\$236,650
Carver Florek and James CPAs	\$233,850
PMCH	\$297,727

There is a small cost difference (+\$2,800) between the proposal submitted by ClingerHagerman LLC and Carver, Florek, and James, CPAs. However, Carver, Florek, and James did not submit a proposal that conformed with the proposal requirement that audit services be billed on an as-used basis with a not-to-exceed cap on fees; rather, this firm submitted a flat fee. Based on the City’s audit history, a flat fee is not advantageous, as the quality of audit preparation has resulted in fees billed at less than the stated maximum. For this reason, the City expects that the actual fee incurred with Carver, Florek, and James CPAs would exceed that of ClingerHagerman LLC.

Staff recommends that the contract for audit services be awarded to ClingerHagerman LLC for fiscal years 2022 - 2024. In addition to providing the lowest cost proposal for auditing services, one of the firm’s partners is the City’s former audit director Abbey Hagerman. Staff highly regards Abbey’s professional competence and recognizes the direct benefit in audit efficiency that will be gained from working with a firm with strong familiarity with the City’s financial systems and business processes.

Report issuance for the FY 2022 financial statements will be delayed due to the audit start date and firm resources. ClingerHagerman LLC expects issuance in April 2023. City staff will inform the appropriate state agencies about the unavoidable delay in audit completion.

Legal/Statutory Authority:

W.S 15-1-103

BUDGET/FISCAL INFORMATION:

EXPENSE

Proposed Project Cost.

	Amount	Funds
Project Cost	\$72,500.00	Maximum Price for FY 2022 Audit Services
	\$10,000.00	Optional Financial Statement Assistance
City's Amount	\$82,500.00	

Responsible Staff:

Jennifer Wade, Administrative Services Director

Attachments:

Agreement for Professional Services Between the City of Laramie and ClingerHagerman LLC
 Attachment A – Professional Services Between the City of Laramie and Clinger Hagerman LLC