



## Legislation Text

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File #: 20-156, Version: 1

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**TO: Mayor Bien-Willner and Town Council Members**

**FROM: Jill Keimach, Town Manager  
Douglas Allen, CPA**

**DATE: April 9, 2020**

**DEPARTMENT: Finance**

**AGENDA TITLE:**

**Approval of Contract CON-20-105-FIN for Auditing Services with Henry + Horne, LLP  
Beginning Fiscal Year Ending June 30, 2020**

**RECOMMENDATION:**

Approve contract CON-20-105-FIN for auditing services with Henry + Horne, LLP beginning fiscal year ending June 30, 2020

**SUMMARY STATEMENT:**

**I. MOST RECENT AUDIT 2019**

The accounting firm of CliftonLarsonAllen LLP conducted the annual financial audit for the year ended June 30, 2019 and concluded the Town's financial statements present fairly in all material respects, the financial positions of the governmental activities, each major fund, and the aggregate remaining fund information for the Town of Paradise Valley.

The Town received a clean audit opinion and the Comprehensive Annual Financial Report (CAFR), Annual Expenditure Limitation Report (AELR) and the Highway User Revenue Fund (HURF) Compliance Letter.

**II. PRIOR YEARS' AUDITS 2009-2019**

The Town has had the same auditing firm since 2011 and had changed the lead and senior auditors for the last audit year 2019

CliftonLarsonAllen LLP has the Town's audit firm since from FY2019 to FY2011. FY2009 and FY2010 were audited by LaronAllen LLP. Cronstrom, Osuch & Company were the Town's auditors from FY2006 to FY2008.

Though the Town has a long-standing relationship with this audit firm and individual auditors, following industry standards the Town conducted an RFP for audit services beginning with its FY2020 financial statements.

### **III. NEXT AUDITS 2020-2024**

A finance department directive was to hold a competitive procurement for auditing services. The department issued a Request for Proposal (“RFP”) for Auditing Services due on February 3, 2020. While the main purpose of this solicitation is for the standard Arizona audit and attestation services, additional CPA services were requested under this proposal. Such services included the Municipal Courts audit and the federal single audit in the event the Town receives federal funding exceed the threshold requiring an audit.

Four (4) responses were received and evaluated based on the criteria set forth in the RFP. The Evaluation committee comprised of the Towns Chief Financial Officer, Senior Finance & Budget Analyst and the new Procurement Coordinator. All the Firms demonstrated their ability to meet the requirements and the evaluation committee decided to invite all of firms to hold oral interviews/presentations.

The Evaluation Committee recommends awarding the contract to Henry + Horne based on their qualifications & experience, high interview score, their ability to meet all of Town’s requirements, and lowest cost.

The recommended contract follows GFOA recommended practices of three (3) years, with the option for two (2) additional renewal options up to a total contract term of five (5) years. The first audit would be for the fiscal year ending June 30, 2020.

### **IV. PROCESS REVIEW INITIATIVE**

With a new auditing firm comes a new fresh look. Where some financial processes in the Town may have been “the way it’s been done” and fine under prior audits, a new look is expected to bring new and improved ideas. Town staff have development many new procedures, enhance many existing processes and have identified various opportunities for improvements.

As part of the Finance Department’s 2020 initiatives, a Request for Qualifications (“RFQ”) has been posted for a “business process and performance review”. This will examine various aspects of the Town’s business processes including quality and internal controls to make assessments of their performances and recommendations for improvements.

However, with recent fiscal events facing the Town, this process will most likely be deferred until after the FY2020 audit. How long will depend on availability of human and fiscal resources and a cost/benefit analysis for strategic improvements that could be implemented. One example that might be cost effective is implementing a process to pay an invoice from “paper and pen” to vendors providing invoices electronically with the Town approving and paying through an automated workflow.

Both the Audit and Process Review are integral components of improving business processes to meet best practices in the industry, professional standards, quality and internal controls, and costs

effective and efficiencies.

## **COSTS**

Standard audit service costs are not to exceed \$172,016 over a 5-contract (3 Years, with 2 one-year options to extend)

## **ATTACHMENT(S):**

01 PowerPoint Outline

02 RFP and CON-20-105-FIN

03 Henry + Horne's proposal