

MEETING DATE: November 15, 2018

TITLE: Selection of Vendor and Authorization to Enter into a Contract for Audit Services

RESOLUTION NUMBER: 18-114

PREPARED BY: Cathy Reynolds

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REVIEWED BY: Administrator Counsel Program Mgr. (Name): _____
 Board Committee Engineer Other:

WORKSHOP ACTION:

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date): _____	<input type="checkbox"/> Refer to taskforce or committee (date): _____
<input type="checkbox"/> Return to staff for additional work.	<input type="checkbox"/> No further action requested.
<input checked="" type="checkbox"/> Other (specify): Final Action on November 15, 2018	

PURPOSE or ACTION REQUESTED:

The District is requesting the Board to approve selection of the audit vendor for the 2018 and 2019 audits and authorize the District Administrator to enter into a contract with the selected vendor, subject to counsel review and approval.

PROJECT/PROGRAM COST:

The operations budget for accounting services in 2019 is \$85,000. This includes general accounting services and the conduct of the audit.

PAST BOARD ACTIONS:

The Board authorized the District to solicit proposals for audit services at the September 13, 2018 Board meeting. The Board requested that staff obtain further clarifying information on the Redpath proposal at the November 8, 2018 meeting.

SUMMARY:

Pursuant to Minnesota Statute 103B.227 a watershed district is required to solicit interest proposals for legal, professional, or technical consultant services at least every two years. MCWD's audit services are subject to this requirement. Pursuant to resolution 18-088 the District solicited proposals for audit services. The Request for Proposals was posted on the District, State and League of Minnesota Cities websites. In addition notice of the proposal was sent to companies that had expressed an interest in competing for our audit services.

Responses to the Request for Proposals were due on October 26, 2018. The District received responses from six qualified vendors Redpath and Company, Abdo, Eick & Meyers LLP, CliftonLarsonAllen LLP, CarlsonSV LLP, Schlenner Wenner & Co., and Erichsen, Kallsen & Associates, CPA's, LLP. Staff reviewed the proposals based on experience, knowledge, ability to meet the April deadline and cost. During reviews staff noted that

**DRAFT for discussion purposes only and subject to Board approval and the availability of funds.
Resolutions are not final until approved by the Board and signed by the Board Secretary.**

Redpath has completed the audit in the past and has typically completed year-end accounting work with the audit and the proposed cost reflected the additional accounting work. Based on the review of the audit proposals staff recommended to the Board at the November 8, 2018 the selection of Abdo, Eick, & Meyers, LLP as the District auditor for 2018 and 2019.

At the Board meeting on November 8, 2018 the Board requested that staff ask Redpath for an updated cost proposal based on staff's information regarding the year-end accounting work historically completed with the audit. Redpath provided the requested information and the comparison table of the proposals has been updated and provided below for Board consideration.

Company	Watershed District Experience	Government Experience	Schedule (meet April)	2018 Price	2019 Price	2018 Updated Price*	2019 Updated Price*
Redpath	Yes	Yes	April	\$34,150.00	\$34,900.00	\$23,040.00	\$23,445.00
Erichsen, Kallsen, & Associates, CPA's	No	Yes	meet client need	\$36,090.00	\$36,090.00		
Clifton Larson Allen	No	Yes	May	\$29,650.00	\$30,320.00		
Carlson	No	Yes	May	\$28,764.00	\$29,483.00		
Schlenner Wenner & Co	No	Yes	April	\$26,500.00	\$27,560.00		
Abdo Eick & Meyers	Yes	Yes	April	\$25,000.00	\$25,800.00		

*Updated price includes estimate for GASB 68 which is included in other audit cost proposals. Price reflects the reduction of work and closure of fund 600 for Cold Storage.

Staff requests that the Board make a final selection for the District's auditor for 2018 and 2019 and authorize the District Administrator to enter into a contract with the selected auditor with the review and assistance of counsel. This selection will allow the staff to move forward with scheduling pre-audit meeting with the auditor to ensure that the audit can stay on schedule and meet the April deadline.

