COUNTY AGENDA REQUEST

Department:	Finance	Presenter(s):	Mary S Parrott
Meeting Date:	Tuesday, March 10, 2015	Type of Request:	Consent

Wording for the Agenda:

Approval of staff's request to contract professional services with Nichols, Cauley & Associates for performance of the annual audit by an outside independent audit firm for Fiscal Year 2015, at a total cost of $74,350.00, with two one-year options to renew the contract, and approval for the County Administrator to sign all required documents.

Background/History/Details:

Each year, the County is required to undergo a financial audit conducted by an independent audit firm. The County's current auditors have provided two options to continue their service to Fayette County. The proposed services provides for a 7.2% discount in the first year, with a net 3.7% discount in the second year, and a net 0.2% discount in the third year. An attached spreadsheet provides more detail as to the pricing proposals.

Maintaining this established relation with our current auditors will result in a cost effective and efficient means to meet audit requirements.

What action are you seeking from the Board of Commissioners?

Approval of staff's request to contract professional services with Nichols, Cauley & Associates for performance of the annual audit by an outside independent audit firm for the years ending June 30, 2015, 2016 & 2017, at a total cost of $231,015.00, and approval for the County Administrator to sign all required documents.

If this item requires funding, please describe:

Funds are budgeted in Account Number 10010510-521210 and 50541010-521210.

Has this request been considered within the past two years?	No	If so, when?	
Is Audio-Visual Equipment Required for this Request?*		Backup Provided with Request?	

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing	Yes	County Clerk's Approval	
Administrator's Approval			

Staff Notes:

Fayette County
"Where Quality Is a Lifestyle"
Purchasing Department
140 Stonewall Avenue West, Ste 204
Fayetteville, Georgia 30214
Phone: 770-305-5420
www.fayettecountyga.gov

To: Steve Rapson

From: Ted L. Burgess

Date: February 26, 2015

Subject: Proposed Contract #939-N: Annual Audit Services

Georgia law at O.C.G.A. § 36-81-7 requires "an annual audit of the financial affairs and transactions of all funds and activities of the local government." To satisfy this requirement, the county contracts with an independent audit firm to conduct the annual audit.

Section 200.01 of the county's Policies and Procedures Manual is titled *Procuring Goods / Services*. Part E. (Professional Services) says:

> "At times, the county will need to enter into contracts for services that require special skills or present other circumstances in which bids or proposals might not produce the best outcomes. In these instances where it is in the county's best interest, a professional services contract may be <u>negotiated</u>, rather than executed through a <u>sealed competitive process</u>, unless in conflict with existing laws, rules, or regulations" {emphasis added}.

The article titled *Common Law Exceptions to Competitive Bidding Requirements in Public Contracts*, published by the William and Mary Law Review, explains the rationale behind this procedure. It states that constitutional or statutory provisions that require competitive bidding "are not intended to apply to contracts for personal services requiring special skill or training." It provides a lists of professional occupations that have been held exempt from competitive bidding requirements, including accountants, architects, artists, attorneys, auditors, engineers, musicians, and others.

Nichols, Cauley & Associates, LLC is the firm that conducted the county's most recent annual audit. Their fee for the Fiscal Year 2014 audit was $80,111. The Finance Department is pleased with their performance, and has negotiated a discounted three-year price structure for the Board's consideration, as shown in the letter from them which is included in the backup for the agenda request. Funds are located in budget #10010510-521210 and 50541010-521210.

I support the Finance Department's recommendation to contract with Nichols, Cauley & Associates, LLC at the negotiated three-year total price of $231,015. To receive the discounts, this contract would be automatically renewable for two terms, for a total contract period of three years. Its Terms and Conditions, however, would contain the traditional clauses that the county could terminate (1) for cause, (2) for the convenience of the county, or (3) as provided in O.C.G.A. 36-60-13 which states that any multi-year contract obligates the county only for those sums payable during the calendar or fiscal year of execution, or for any renewal term.

NICHOLS, CAULEY & ASSOCIATES, LLC

A Professional Services Firm of:
Certified Public Accountants
Certified Internal Auditors
Certified Financial Planners®
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February 5, 2015

Fayette County, Georgia
140 Stonewall Avenue West
Fayetteville, Georgia

Thank you for providing us the opportunity to continue providing audit services for the Board of Commissioners and the citizens of Fayette County. We value our relationship and are excited continue our relationship. As requested, we have prepared a pricing proposal options for a one year and a three year extension. We have presented separate proposed fees by year for each of the types of services.

Option 1: 1 Year Extension

	2015
Financial Statement Audit	$ 69,000.00
Single Audit*	3,850.00
Drafting Financials Statements and Notes	5,000.00
	$ 77,850.00

Option 2: 3 Year Extension

	2015	2016	2017
Financial Statement Audit	$ 65,500.00	$ 68,120.00	$ 70,845.00
Single Audit*	3,850.00	3,850.00	3,850.00
Drafting Financials Statements and Notes	5,000.00	5,000.00	5,000.00
	$ 74,350.00	$ 76,970.00	$ 79,695.00

*The Single Audit fees are contingent on the County meeting the requirements to have a single audit

Once the Board has considered both options, please notify us of their decision and we will prepare the 2015 engagement letters accordingly. Should you have any questions regarding the pricing or services provided, please don't hesitate to contact me.

I certify by signing below that I am entitled to represent Nichols, Cauley & Associates, LLC, empowered to submit the bid, and authorized to sign a contact with Fayette County, Georgia.

William Sammons
Member
Nichols, Cauley & Associates, LLC

Annual Financial Audit Proposal

	One Year	%	Three Years	%	Single Audit	Total	%
2013 Actual	$ 73,078		$ 73,078		$ 3,650	$ 76,728	
2014 Actual	$ 76,261	*4.4%*	$ 76,261	*4.4%*	$ 3,850	$ 80,111	*4.4%*
2015 Proposal	$ 74,000	*-3.0%*	$ 70,500	*-7.6%*	$ 3,850	$ 74,350	*-7.2%*
2016 Proposal			$ 73,120	*3.7%*	$ 3,850	$ 76,970	*3.5%*
2017 Proposal			$ 75,845	*3.7%*	$ 3,850	$ 79,695	*3.5%*