

OFFICE OF THE COUNTY ADMINISTRATOR

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February 20, 2019

TO: Mahesh Sharma, County Administrator

CC: Board of Supervisors
Roxanna Moritz, Auditor
Mike Fennelly, Treasurer
Wes Rostenbach, Accounting and Tax Manager
Megan Petersen, Financial Management Supervisor

FROM: David Farmer, CPA, Director of Budget and Administrative Services

SUBJ: County Audit Services – Baker Tilly Virchow Krause, LLP

The County's current contract with Baker Tilly Virchow Krause, LLP for annual audit services expired with the conclusion of the fiscal year 2018 audit. The County subsequently requested RFP's for audit services (professional services) according to County policy. Five responses were received by the County for evaluation by an audit committee. The committee included representatives from the Board of Supervisors, County Administration, County Auditor, County Treasurer, and the public.

The audit committee's recommendation is to remain with Baker Tilly Virchow Krause, LLP for the professional services of audit services for fiscal years 2019, 2020, 2021, with optional years of 2022 and 2023. The County has previously contracted for Audit services with Baker Tilly Virchow Krause, LLP in June, 2010 for five years (2010 – 2014), April 2014 for three years (2015 – 2017), and February 2018 for one year. Baker Tilly was previously chosen by a seven person Audit Selection Committee that considered technical quality, price and quality of presentation.

The 2019 evaluation committee considered reputation, experience, depth of staffing within the proposing firm, and quoted fees. Based on the evaluation by the 2019 committee members and overall audit experiences by the County from 2010 – 2018, the committee is recommending to retain Baker Tilly Virchow Krause, LLP for 2019-2023 audit services.

Price proposal

Baker Tilly responded with contract prices of \$70,000, \$70,000, \$72,500, \$75,000 and \$77,500 over the next five years, under current and known standards. The 2018 audit contract prices was \$75,000. The cumulative cost is proposed to be \$365,000 over five years. Other vendors ranged

from \$363,200 to \$372,500; however some vendors would require additional fees if the county had more than one major program of federal awards per year.

Technical Quality Update

Audit firms are audited by other audit firm in a form of a peer review. The purpose of this report is to test and report on the system of quality control. In the opinion of the independent auditors, the system is suitably designed and complied to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a pass, pass with deficiency(ies) or fail. Baker Tilly Virchow Krause, LLP received a peer review rating of pass as of September 26, 2018. This is the most recent review available.

Recommendation

At this time, the committee is recommending an audit services contract with Baker Tilly Virchow Krause, LLP. I will be at March 5, 2018 Board of Supervisors Committee of the Whole meeting if you or the Board have any questions.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

March 7, 2019

APPROVAL OF FIVE YEAR AGREEMENT WITH BAKER TILLY VIRCHOW KRAUSE,
LLP FOR FINANCIAL AUDIT SERVICES

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the engagement letter from Baker Tilly Virchow Krause, LLP for, Fiscal Year 2019, in the amount of \$70,000; Fiscal Year 2020, in the amount of \$70,000; Fiscal Year 2021, in the amount of \$72,500; Fiscal Year 2022, in the amount of \$75,000; and Fiscal Year 2023, in the amount of \$77,500 for financial statement audit services is hereby accepted and approved. Contract years are for one year increments.

Section 2. That the Director of Budget and Administrative Services is hereby authorized to sign the audit engagement letter on behalf of the Board.

Section 3. This resolution shall take effect immediately.