

# Executive Summary



**To: Jim Scholl, City Manager**

**From: Mark Z. Finigan, Finance Director**

**Date: June 12, 2016**

**RE: Audit Services -- Contract Extension**

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## **Action:**

This is a request to exercise the two year extension option for audit services, between the City of Key West and Keefe, McCullough & Co., LLP.

## **Background:**

The City entered into a three (3) year contract, for external/independent audit services, with Keefe, McCullough & Co., LLP in 2013 for a term of three fiscal years. The contract also included an additional 2 year option to extend.

“This contract provides for professional auditing services for the fiscal years ending, September 30, 2013, 2014 and 2015. CITY shall have the option to engage AUDITOR’S services for one two-year period, corresponding to the fiscal years ending September 30, 2016 and 2017. “

## **Advantages/Disadvantages:**

### **Advantages:**

1. The firm is already knowledgeable of the City and its financial practices. They have been extremely diligent and independent in conducting annual City audits as well as providing constructive feedback on means and methods in improving the City’s financial reporting requirements as well as improving the City’s operations as it relates to financial processes and policies.
2. Exercising the option will result in no loss of staff time or cost to extend the current contract versus going out to bid.

### **Disadvantages:**

1. No bid process to compete for fees.

## **Options:**

1. The Commission can approve the extension of the contract as recommended by staff.
2. The Commission can disapprove the extension of the contract and direct staff to go out to bid for audit services.

**Financial:**

The contract includes a yearly 1.67% increase to the maximum gross that can be charged. The first year extension amount is \$122,000 for FYE 2016. The second year extension amount is \$124,000.

**Recommendation:**

Staff supports exercising the contract extension of audit services to Keefe, McCullough & Co., LLP. The 1.67% increase amount has a minimal financial impact.

**Attachments:**

Audit Services Contract

Keefe, McCullough & Co., LLP Letter