



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

April 25, 2017

SUBJECT: EXTENDING CONTRACT WITH FINANCIAL AUDITOR FOR ONE YEAR

PREPARED BY: Rex E. Miller, Director of Administrative Services

Recommendation: Staff recommends that the City Council consider the extension of the contract with Don Cole and Company to include the audit of the City's financial statements for the fiscal year ending June 30, 2017.

Background/Discussion: When the City entered into the contract with Don Cole and Company it was for a period of three years with the provision of two, one year extensions. That five year period was completed with the audit as of June 30, 2016.

It is customary in this field, however not mandatory, to change your audit firm at least every five years to preclude the possibility of a certain auditor to become too familiar and entrenched with the accounting habits of the City and not retain their independent review of the City's accounting transactions. Change could be made every year, however this would be very inefficient as it takes a new auditor at least one year to understand the system and transactions that they are reviewing.

With my imminent retirement from the City, it has been suggested that the existing audit firm be retained for one additional year to provide for continuity in the accounting records and processes. Don Cole has agreed that he would be willing to provide these services for one additional year. The contract amount would need to be negotiated.

I do not see any major downside to the extension of the contract for at least one additional year. Our records are rather simple to review and audit with no major transactions involved. Hopefully this may change in the future.

Alternatives: If the City Council decides that it wants to solicit proposals for a different audit firm, then please inform me and we will solicit proposals from firms in the surrounding area.