

**City of Newport  
Audit Committee Meeting  
City Hall, Conference Room A  
Tuesday, February 24, 2015**

**Audit Committee Members Present:** Laura Swanson & Fred Springsteen

**Committee Members Excused:** David Allen

**Alternate Committee Member Excused:** Mark Saelens

**City Staff Present:** Mike Murzynsky, Spencer Nebel & Randi Siller

**I. CALL TO ORDER**

The meeting was called to order at 1:00 PM by Swanson.

**II. INTRODUCTIONS**

Introductions were made

**III. APPROVAL OF THE MINUTES OF FEBRUARY 5, 2015**

Springsteen made a motion to approve minutes of the February 5<sup>th</sup>, 2015 meeting. The motion was seconded by Swanson, and carried unanimously.

**IV. AUDIT RFP – PROPOSAL SCORING**

Murzynsky explained that there were six proposals received in response to our request. The firms that submitted proposals are Boldt Carlisle & Smith, Grimstad & Associates, Isler CPA, Merina & Company, Talbot Korvola & Warwick, and Pauly Rogers & Company. Each proposal was scored by 3 staff members and Committee member Swanson. The scores were compiled to get the average score for each firm. The top score average is for Boldt Carlisle & Smith with 97.5, coming in 10.5 points above the score for Merina & Company, who had the second highest score of 86. Coming in third was Isler CPA with an average score of 81.75. Fourth was Talbot, Korvoa & Warwick with 78.5 average score, fifth was Grimstad & Associates with 67.75 average, and last was Pauly, Rogers & Co. with a score average of 64.

Next, Murzynsky presented the intended audit fee schedule comparison for the firms. Pauly Roger & Company came in with the lowest audit fees, but Murzynsky stated he would have to clarify with them because he does not believe the price quote includes the audit of the Urban Renewal Agency (URA). The other proposals specified that the audit fees quoted include the fee for the URA audit. The following list gives the other companies by least fee amount to greatest fee amount: Merina & Company, Isler CPA, Grimstad & Associates, Boldt Carlisle & Smith, and

last but certainly not least is Talbot Korvola & Warwick. The proposed fees range from \$34,000 per fiscal year and \$ 57,000 per fiscal year.

#### **V. AUDIT COMMITTEE COMMENTS & QUESTIONS**

Springsteen asked why Boldt, Carlisle & Smith came in so much higher than everybody else in the RFP scoring. Murzynsky explained that they provided the clearest and most concise answers to the questions that were to be answered in the proposal. Springsteen and Nebel asked if the top three firms would have their senior auditors working on our audit. Murzynsky answered and explaining that the firms did specify the people who would be working on the city audit and they are the senior auditors. Springsteen asked if there were client lists provided in the proposals, and if we would be calling the references. Murzynsky stated that there are client lists provided, and yes, we can call and get references from the firms' clients. He explained that for scoring purposes all firms were given the maximum points for references, assuming that the references would be positive. Springsteen suggests that the references be checked for the top three scoring firms and that interviews be conducted so that we can meet and see how well they communicate in person. Springsteen made a motion to interview the 3 firms who came out on top in the RFP scoring process. Swanson seconded the motion and it carried unanimously. Nebel asked if the prices are set in stone or if there is room for negotiation on the audit fees. Murzynsky stated that negotiating the fees should be feasible, but he would check with legal counsel.

#### **VI. SCHEDULE NEXT MEETING**

The next meeting will be on Tuesday, March 3 at 9:30 AM at which time the Committee will conduct in-person interviews with the leading candidate audit firms: Boldt Carlisle & Smith, Merina & Company, and Isler CPA, LLC.

#### **VII. ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at 1:25 PM.