



## MEMORANDUM

To: Board of Directors  
Southeast Metro Stormwater Authority

Date: February 18, 2016

Subj: Auditor Selection

The RFP for audit services was issued on January 14, 2016. The State Auditor's Office provided the names of firms that audit similar entities in the Denver metro area.

Five proposals were received. These included: Poysti & Adams, LLC; Wagner Barnes & Griggs, PC; Marc, James and Associates, PC; Swanhorst & Company, LLC; and Hamblin and Associates, LLC.

Staff recommends that the Board appoint Hamblin and Associates as SEMSWA's audit firm based on the following:

- The firm followed the RFP in presenting its information
- The firm is familiar with SEMSWA and its work plan is very good
- The firm's use of technology was discussed and is superior
- The firm's fee is reasonable (less than the other firm by \$1,000) and is not expected to increase other than by inflation

If the Board wants to make a change in audit firms, staff would be fine with the appointment of Poysti & Adams as SEMSWA's auditors.

The following summarizes the proposals from Poysti & Adams, LLC, and Hamblin and Associates, LLC:

### **Poysti & Adams, LLC**

#### **SEMSWA Requirements**

Firm is experienced in providing auditing services in the local government sector, in particular stand-alone enterprise funds.

Firm is independent; properly licensed to practice in Colorado; no complaints filed with state board of accountancy; unqualified system review report.

#### **Firm Qualifications**

Staff assigned to the engagement have significant local government audit experience.

Firm meets all of these requirements.

**Poysti & Adams, LLC (continued)**

**SEMSWA Requirements**

Firm has a good approach to the audit.

Firm's fee is reasonable.

Firm followed instructions in the RFP.

**Firm Qualifications**

Work plan seems good. The firm plans to cover all of the required elements including: risk assessment, understanding of accounting procedures and internal control, response to audit risk, compliance with laws and regulations, substantive audit procedures where appropriate. The firm's use of technology in performing the audit was not discussed.

The firm proposed \$10,500 for the 2015 audit with expected increases of 2-5% in future years.

Although the firm covered most of the RFP elements, they were not presented in a fashion that was easy to review. The firm's use of technology was not discussed in the proposal.

**Hamblin and Associates, LLC**

**SEMSWA Requirements**

Firm is experienced in providing auditing services in the local government sector, in particular stand-alone enterprise funds.

Firm is independent; properly licensed to practice in Colorado; no complaints filed with state board of accountancy; unqualified system review report.

Firm has a good approach to the audit.

Firm's fee is reasonable.

Firm followed instructions in the RFP.

**Firm Qualifications**

Staff and the firm are have significant local government audit experience.

Firm meets all of these requirements.

The firm's work plan is good. Standard electronic audit tools are used and customized templates have been built for SEMSWA.

The firm proposed \$9,500 for the 2015 audit with expected increases not more than the rate of inflation.

The firm mirrored the RFP in laying out its proposal and was complete in its responses.

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

RESOLUTION 16-05

Approval of \_\_\_\_\_ as Auditor

WHEREAS, The Local Government Audit Law (Section 29-1-601 et seq., C.R.S.) requires Colorado local governments to have an annual audit of their financial statements; and

WHEREAS, the Audit Law states that the audit must be performed by an independent Certified Public Accountant (CPA) and be in accordance with generally accepted auditing standards; and

WHEREAS, at its meeting on September 23, 2015, the Board decided to pursue a bid process for the 2015 audit contract and passed Resolution 15-29 Approving an RFP for Audit Services; and

WHEREAS, an RFP was issued requesting proposals from qualified CPA firms to perform SEMSWA's 2015 audit; and

WHEREAS, staff has reviewed the proposals and believes that \_\_\_\_\_ meets all of the necessary qualifications to perform the 2015 audit; and

WHEREAS, staff recommends that \_\_\_\_\_ be hired to perform SEMSWA's 2015 audit for a fee not to exceed \$ \_\_\_\_\_; and

WHEREAS, upon satisfactory completion of the 2015 audit, it is the desire of the Board to hire \_\_\_\_\_ to perform subsequent audits for an additional five years.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Board authorizes the Executive Director to enter into an agreement with \_\_\_\_\_ to perform the audit of SEMSWA's 2015 financial statements for a fee not to exceed \$ \_\_\_\_\_.

BE IT FURTHER RESOLVED THAT:

Upon satisfactory completion of the 2015 audit, the Executive Director is authorized to enter into additional agreements to perform the 2016 through 2019 audits upon substantially the same terms as the 2015 audit without further approval from the Board if, in the opinion of the Executive Director, the previous audit was satisfactorily completed and the financial terms of such subsequent agreements are favorable to SEMSWA.

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairperson

APPROVED AS TO FORM:

Attorney for  
Southeast Metro Stormwater Authority

By \_\_\_\_\_  
Edward J. Krisor

Resolution 16-05  
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