

AUDIT COMMITTEE
TOWN OF SOUTH WINDSOR

Minutes

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February 18, 2020

Madden Room – South Windsor Town Hall

Roll Call

Members Present: Mary Justine Hockenberry, Town Council
Karen Lydecker, Town Council
Janice Snyder, Town Council

Members Absent: None

Also Present: Michael Maniscalco, Town Manager
Patricia Perry, Director of Finance

1. Call Meeting to Order

The meeting was called to order at 6:35 pm.

2. Approval of Minutes (February 7, 2019 and February 3, 2020)

Councilor Janice Snyder made a motion to approve the minutes of February 7, 2019. Councilor Mary Justine Hockenberry seconded the motion, and it was approved unanimously.

Since there was no quorum for the February 3, 2020 meeting, and therefore no official meeting minutes, Councilor Snyder made a motion to provide the meeting notes for the record. Councilor Hockenberry seconded the motion, and it was approved unanimously.

3. Discussion Items

A. Auditor RFP Responses

The Committee reviewed the three responses that were received for the Auditor RFP (**Attachment A**). Councilor Lydecker asked why the prices between Blum Shapiro and the other two firms were so drastically different. Ms. Perry said that Blum Shapiro only raised their prices by \$500 from last year, since they are familiar with the Town. They are recommending fewer work hours than the other firms, again because of their familiarity with the Town. Councilor Snyder acknowledged that Blum Shapiro is a very reputable firm, and that the Town has not had any problems with them, but the question remains if it would be a good idea to switch auditors just to get a new perspective on the Town books. Ms. Perry said that the

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last time the Town did an auditor RFP, they switched partners within Blum Shapiro. The Town has not had the same partner for a long period of time.

Councilor Lydecker asked if the choice of firm would affect the Town's bond rating. Mr. Maniscalco said that the results of the audit would affect the rating, but the particular firm would not. Councilor Lydecker said that maybe a fresh set of eyes on the Town files would be a good idea since the Town is trying to improve its bond rating, but she does not like the significant price difference. Councilor Snyder said that since there is a new partner at Blum Shapiro, there would be a set of fresh eyes. Councilor Lydecker questioned if the Town is essentially making it difficult for other firms to access this audit opportunity because Blum Shapiro is giving a significantly lower price due to their familiarity. Councilor Snyder said that if the Town switches to a new firm, that new firm would also give a lower price for the next RFP as they build familiarity. Ms. Perry added that in that situation, Blum Shapiro would have higher prices for the next RFP since they would lose familiarity.

Councilor Hockenberry pointed out the difference in the number of hours proposed by Blum Shapiro compared to the other firms. Mr. Maniscalco said that there are fewer hours because Blum Shapiro is familiar with the Town already. It is a huge undertaking to change auditors. A new firm would have to spend time getting to know the Town staff and bookkeeping methods, while Blum Shapiro would be able to start with the audit process right away.

Councilor Snyder asked for confirmation that the contract would be for three years with potential for two one-year extensions. Ms. Perry confirmed. Councilor Snyder said that if the Town decides to go with Blum Shapiro, not only for the lower cost but also for their familiarity, the Town can go back out for RFP after three years if deemed necessary.

Councilor Lydecker asked if the Town has the ability to go back to the other firms who responded to the RFP and ask them for a better price. Councilor Snyder said that the Town can attempt to negotiate a price with the selected firm, but cannot go back and ask for new bids. Ms. Perry said that the Town attempted price negotiation with Blum Shapiro last year, but was unsuccessful.

Councilor Lydecker expressed concern that the Town has been working with Blum Shapiro for 11 years now, as most towns only keep auditors for 7-10 years at the most (referenced on Attachment A). Councilor Snyder reiterated that since there is a new partner, there would be a new set of eyes. Councilor Lydecker pointed out that the new partner has been trained by the same company and would most likely use the same methods as the previous partner. Councilor Snyder said that personally she would pick Blum Shapiro at least for another three years, because they have a new partner, the prices are good, and there have been no issues with

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the firm. The prices proposed by the other firms are too much. Councilor Lydecker agreed. She is disappointed in the prices of the other two firms, and would go with Blum Shapiro. Councilor Hockenberry also opted for Blum Shapiro.

B. Audit Firm Fiscal Year 2019-2020

Councilor Hockenberry made a motion that the Committee choose Blum Shapiro as the continued audit firm for the Town of South Windsor, to be contracted for a three-year term with the potential for two one-year extensions. Councilor Lydecker seconded, and the motion was approved unanimously.

4. Other Business

None

5. Executive Session

None

6. Motion to Adjourn

Councilor Snyder made a motion to adjourn the meeting. Councilor Lydecker seconded the motion, and it was approved unanimously. The meeting was adjourned at 6:54 pm.

Respectfully submitted,

Samara Haddock
Recording Secretary

Attachments:

A: Town of South Windsor Proposals for Auditing Services

TOWN OF SOUTH WINDSOR
PROPOSALS FOR AUDITING SERVICES

Firm Name	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	# CT Municipal Audit Clients with pop 20,000+	# All CT Municipal clients	Assigned Staff	Estimated Annual Hours
RSM (formerly McGladrey-New Haven)	65,000	69,000	72,000	76,000	79,000	19	30	5	Partner 60 Manager 150 Staff 300 510
Blum Shapiro (West Hartford)*	56,000	57,000	58,000	59,000	60,000	27	52	4	Partner 40 Manager 130 Staff 195 365
O'Connor Davies (Wethersfield)	67,500	69,200	70,900	72,600	74,500	8	22	5	Partner 60 Manager 120 Staff 420 600

* Current auditor since 2008

FY 2019 cost \$55,500; FY 2018 cost \$54,800; FY 2017 cost \$54,000

A posting on the GFOA CT website was done to ask how long Town's keep their auditors 15 Towns responded with the average term being 7 to 10 years. Contracts were for three to five years with two one-year extensions. All towns except Glastonbury allowed the incumbent auditor to submit an RFP. Berlin was the only town that did not exercise it's extensions.