



Legislation Details (With Text)

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Title: Resolution authorizing the examination of the City of Milwaukee's financial activity for the years 1999-2002.

Sponsors: THE CHAIR

Indexes: AUDITS, COMPTROLLER

Attachments:

Date	Ver.	Action By	Action	Result	Tally
9/28/1999	0	COMMON COUNCIL	ASSIGNED TO		
9/29/1999	0	FINANCE & PERSONNEL COMMITTEE	REFERRED TO		
10/4/1999	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
10/13/1999	0	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR ADOPTION	Pass	5:0
10/19/1999	0	COMMON COUNCIL	ADOPTED	Pass	16:0
10/28/1999	0	MAYOR	SIGNED		

990957
ORIGINAL
871363
THE CHAIR
Resolution authorizing the examination of the City of Milwaukee's financial activity for the years 1999-2002.
- Analysis -

This resolution:

1. Directs the City Clerk to issue a new request for proposal for the audit of the City's financial activity for the years 1999 through 2002, hold a bidders conference, evaluate responses and select an auditing firm.
2. Provides that the City's audit selection policy shall permit engagement of the services of an independent auditor for a 4-year period without competitive selection at the City's sole option, and subject to satisfactory performance and contract negotiation, and that auditors selected may succeed themselves for consecutive 4-year terms without limitation provided there is a competitive bidding process every 4 years.

Whereas, An examination of the financial activity of the City of Milwaukee by an independent auditor is an essential element of financial control and accountability; and

Whereas, In November, 1987, the Common Council by Resolution File Number 871363 adopted a City policy regarding the engagement of the services of an independent auditor which includes a requirement for competitive selection every four years with an annual renewal option, subject to satisfactory performance and contract negotiation while prohibiting the participation of any independent auditor in the bid selection process that would allow that firm to audit the city's financial activity more than 8 consecutive years; and

Whereas, The City's audit selection committee observed that when Resolution File Number 871363 was adopted it was current industry practice to rotate auditors periodically to insure auditor independence in fact and perception; and

Whereas, The audit selection committee noted that since the adoption of File Number 871363 the Government Finance Officer's Association issued a policy which does not preclude an auditor from succeeding itself provided there is a periodic competitive process; and

Whereas, The audit selection committee further noted that since the adoption of File Number 871363, the American Institute of Certified Public Accountants has issued Statement of Auditing Standards #60, which requires the auditor to report certain conditions to the governing body's audit committee and has a lower threshold than previous standards required; and

Whereas, The audit selection committee further reviewed the current Continuing Education Policy requirements of the American Institute of Certified Public Accountants which policies were adopted after the adoption of File Number 871363, and noted that an auditor working on a government engagement must obtain 80 continuing professional education hours every two years and that auditors working on government engagements must obtain 24 of such 80 hours in continuing education and training in subjects directly related to the government environment; and

Whereas, The audit selection committee noted the effect that such requirements have on a firm's ability to propose on a government engagement; and

Whereas, The audit selection committee noted that the potential for a longer term relationship with the City could result in lower audit fees; and

Whereas, The committee reviewed the auditor rotation policy and is desirous of recommending a change in such policy; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City Clerk is directed to issue a new request for proposals for the audit of the City's financial activity for the years 1999 through 2002, hold a bidders conference, evaluate responses and select an auditing firm; and, be it

Further Resolved, That City audit selection policy shall permit the engagement of the services of an independent auditor for a 4-year period without competitive selection at the City's sole option, and subject to satisfactory performance and contract negotiation; and, be it

Further Resolved, That the independent auditors selected may succeed themselves for consecutive 4- year terms without limitation provided there is a competitive process every 4 years; and, be it

Further Resolved, That the committee shall so notify all prospective vendors prior to the submission of requests for proposals.

Comptroller's Office
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9/24/99