

3G-2

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: June 3, 2008

Consent Regular
 Workshop Public Hearing

Department:

Submitted By: Office of Financial Management and Budget

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: First Amendment to Agreement (R-2006-1183) with McGladrey & Pullen, LLP for External Auditing Services, increasing the compensation by \$90,000 for the third and final year of the initial three year contract for a total of \$750,000 in audit services for FY 2008.

Summary: On May 8, 2008 the External Auditor Selection Committee met to consider a request from McGladrey & Pullen, LLP to increase fees for additional work required by new auditing standards. Though less in scope than the rules for public company audits these new standards parallel many of the key themes of Sarbanes-Oxley and require the auditors to perform additional work. The request was for an additional \$99,000, a 15% increase in the current annual compensation. The Selection Committee discussed the request and approved an increase of \$90,000 (13.6%), bringing the total annual compensation for FY 2008 audit services to \$750,000. Countywide (PFK)

Background and Policy Issues: The Board entered into a Contract with McGladrey & Pullen, LLP on June 20, 2006 (R-2006-1183). The initial contract was to provide audit services for fiscal years ending September 30, 2006, 2007 and 2008 for a fee of \$600,000, \$630,000 and \$660,000, respectively. This amendment increases the fee for FY 2008 audit services to \$750,000. The County's External Auditor Selection Committee, consisting of the Constitutional Officers, Commissioner Koons representing the Board, the County Administrator, Director of OFMB and the Internal Auditor, met on May 8, 2008 to discuss the fee increase. The consensus of the Committee was to increase the fee for the remaining audit services period. Staff concurs with the Committee recommendation. The cost of the increase will be \$90,000. This represents an increase of 13.6%.

Attachments:

1. Contract Amendment

Recommended by: Elizabeth B. Reese
Department Director

5/28/08
Date

Approved By: [Signature]
County Administrator

5/29/08
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2008	2009	2010	2011	2012
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	90,000	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	90,000	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No N/A _____
 Budget Account No.: Fund _____ Agency _____ Org. _____ Object _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:
 Additional audit fees will be included in the proposed FY 2009 budget.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

atwillhite 5.28.08 OFMB
Jan. J. [Signature] 5/29/08 Contract Dev. and Control

B. Legal Sufficiency:

Paul F. [Signature] 5/29/08
 Assistant County Attorney

This amendment complies with our review requirements.
 At the time of our review, the Amendment was not executed.

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

DRAFT

AMENDMENT 1 TO CONTRACT WITH

McGLADREY & PULLEN, LLP

THIS AMENDMENT NUMBER 1, DATED THIS _____ **day**
of _____, 2008 to the contract (R-2006-1183) of June 20, 2006 by and between Palm
Beach County, a political subdivision of the State of Florida, by and through its Board of
Commissioners, hereinafter referred to as the COUNTY, and McGladrey & Pullen, LLP hereinafter
referred to as the AUDITOR.

WHEREAS, the parties entered into the contract dated June 20, 2006 under which the
AUDITOR was to provide certain professional Auditing Services for the County; and

WHEREAS, new auditing standards established by the American Institute of CPAs – the body
that establishes standards for audits of nonpublic entities – passed new standards that revise auditing
principles for audits of nonpublic entities and require the AUDITOR to perform additional work to
complete the audit; and

WHEREAS, in accordance with Article 3 of the Contract the parties desire to increase the
compensation amount for the final year for FY 2008 audit services.

NOW THEREFORE, in consideration of the mutual promises contained herein the parties
agree as follows:

1. For the period May 1, 2008 through April 30, 2009 the revised Exhibit C, Fee Schedule,
attached hereto and incorporated herein, shall apply to all charges for services performed
by the AUDITOR.

Except as expressly modified above, the Contract is hereby confirmed and remains in full force and
effect.

IN WITNESS WHEREOF, the Board of County Commissioners of Palm Beach County, Florida has made and executed this Contract on behalf of the COUNTY and CONTRACTOR has hereunto set its hand the day and year above written.

ATTEST:

SHARON R. BOCK, Clerk & Comptroller

By: _____
Deputy Clerk

**PALM BEACH COUNTY, FLORIDA
BY ITS BOARD OF COUNTY
COMMISSIONERS**

By: _____
Addie Greene, Chairperson

WITNESS:

By: _____
Signature

McGLADREY & PULLEN, LLP

By: _____
Title:

**APPROVED AS TO FORM
AND LEGAL SUFFICIENCY**

County Attorney

**APPROVED AS TO TERMS AND
CONDITIONS**

OFMB

Exhibit C

**Schedule For Payment And Proposed Budget
For Audit Services**

FY 2006 \$ 600,000

FY 2007 \$630,000

FY 2008 \$750,000

The AUDITOR may invoice the COUNTY for work performed under this agreement for FY 2006 and each succeeding year as follows:

- 15% on August 31
- 15% on September 30
- 15% on October 31
- 15% on November 30
- 15% on December 31
- 15% on January 31
- 10% on April 30

The Auditors final invoice for each fiscal year shall indicate the hours worked by the several classes of professional levels of the firm and a distribution of the total fee to the Water Utilities, Airport, each Constitutional Officer and the Board and Single Audit Act Area.

It is expressly understood that any incidental or out-of-pocket costs incurred by the AUDITOR are covered by the total annual compensation and are not to be billed separately.

The AUDITORS rate to be used to determine any price adjustments under Article 26 MODIFICATIONS OF WORK for the FY 2006 audit will be following hourly rates:

Partner	\$300
Director	\$260
Manager	\$175
Senior Associate	\$120
Associate	\$100

For subsequent fiscal years the hourly rate(s) will increase 5% per year.