

**FINANCIAL AUDIT ADVISORY COMMITTEE  
AND  
FINANCE COMMITTEE**

**REPORT**

**Monday, January 13, 2014**

Financial Audit Advisory Committee Members Present: Ald. Fuller (Chairman), Ald. Gentile, Ald. Danberg, Gail Deegan, Robert Fox and Howard Merkowitz

Finance Committee Members Present: Ald. Gentile (Chairman), Ciccone, Salvucci, Rice, Blazar, Fuller and Lappin; absent: Ald. Norton

Also present: David Wilkinson (Comptroller), Sue Dzikowski (Director of Finance; School Department)

Financial Audit Advisory Committee's Annual Report to the Finance Committee

The chairs of each of the relevant Financial Audit Advisory Committee sub-committees had an opportunity to review their section of the annual report and agreed with the report. The Chair of the Financial Audit Advisory Committee suggested that members of the Committee review the report and submit edits within 24 hours. (Note: The Chair did not receive any edits and the final report is attached.)

Financial Audit Advisory Committee's 2014 Work Plan and Calendar

The 2014 Calendar for the Financial Audit Advisory Committee is attached. The calendar does not include meetings of the sub-committees, as they have not been set. The calendar will be updated as sub-committee meetings are added. The calendar will not include an Executive Session to talk with the external auditors regarding any issues or concerns that they may have with City employees. The Chairs of the Financial Audit Advisory Committee and Finance Committee will meet with the external auditors off line on a yearly basis to discuss any issues.

The work plan for the Accounting and Audit Advisory Sub-committee is straightforward and relates to the 2013 external audit concerns and comments. The sub-committee will also look at how to address new financial reporting requirements implemented by the Governmental Accounting Standards Board, such as Other Post Employment Liabilities and Pension Liabilities. The Risk Assessment, Monitoring, and Compliance Sub-Committee will be looking closely at developing a citywide approach to manage risk as it relates specifically to cash receipts. For a number of years, the City's independent auditor has recommended that a risk assessment be performed by city management with knowledge of the city's operations. The sub-committee will work with the Comptroller, Chief Financial Officer, Treasurer, and any other management level employees that could contribute to the discussions.

The sub-committee is also charged with developing a multi-year plan for general risk assessment and monitoring. There will be a big picture plan and will include how to proceed, who will be responsible for the risk assessments, and how much work the assessments will entail. The sub-committee will consider a number of questions that are included in the attached 2014 Work Plan.

### Review of Proposals for Auditing Services

The Chair of the Financial Audit Advisory Committee explained that the Finance Committee was meeting jointly with the Committee in order review the proposals, and provide input on the interview process. The Financial Audit Advisory Committee is responsible for making a recommendation to the Board of Aldermen through the Finance Committee on the appointment of a firm for the external audit. The Financial Audit Advisory Committee worked with Comptroller David Wilkinson and Purchasing Agent to develop a Request for Proposals (RFP) for financial audit services. The RFP was advertised and the City received three responses for services. The request for proposals and responses are available on the Financial Audit Advisory Committee web page, which are accessible through the following link: <http://www.newtonma.gov/gov/aldermen/special/audit/default.asp>.

The Committees decided it was appropriate to interview all three firms that responded to the RFP. All firms meet the basic criteria as laid out in the RFP. (The Minimum Criteria – Written Proposals Sheet provided by Comptroller David Wilkinson is attached. One of the proposals did not include a signed W-9 Tax ID Form; however, that is not a material omission and will be obtained prior to the interview.) The Committees would like to meet the management level staff and partner(s) that would be working on the city’s audit, if selected, during the interview. Each firm will be given ten to fifteen minutes for introductions and a presentation. At the conclusion of the presentation, there will be a 40-minute question and answer period. The committees will be asking questions of both the partners and management staff. The Financial Audit Committee will rank each of the firms at the conclusion of the interviews.

Certified public accounting services are exempt from Massachusetts General Law Chapter 30B, which relates to the process of procurement. Therefore, the Committees do not have to use the requirements set out in Chapter 30B. The Committees can develop their own process for selecting an auditor as long as the choice can be defended logically and reasonably. The Committee agreed to look at the proposals, interview the three firms, rank the firms, look at the price proposals, do a final ranking, and check the references of the selected firm.

Purchasing Agent Nick Read provided the Committee with suggested evaluation criteria for the proposals. The Committees reviewed the criteria and felt that it would be helpful to add some additional criteria. The State developed evaluation criteria during their recent selection of an audit firm, which will be provided to the Chair of the Financial Audit Committee. The Chair of the Financial Audit Committee and Comptroller David Wilkinson will review the suggested criteria and the state’s criteria to determine what additional criteria should be added.

The Committee will be using a set of fixed questions during the interviews. Comptroller David Wilkinson provided the Committee with a list of draft interview questions. It was suggested that the Chair of the Financial Audit Committee looked at the State's questions asked during their interview process for financial audit services. It may be useful to add some of those questions. There will be opportunity for members of both Committees to ask questions to clarify any answers provided by interviewees. Questions that are not part of the set of fixed questions should be grounded in the proposals or to clarify answers. The Chair will work with David Wilkinson to fully develop interview questions and make sure at least one is answered by the on-site supervisor. The list of questions will be provided to both Committees once they are developed.

The Committees will be receiving the price sheets for each proposal. Comptroller David Wilkinson will also be providing a comparison of the prices for review by the Committees. The pricing and comparison is attached.

The Financial Audit Advisory Committee will rank the firms and have the references checked of the top firm if there is a clear first choice; however, if there is not a clear top choice, the Committee will check the references of both firms and make a selection.

Respectfully submitted,

Ruthanne Fuller, Chair of the Financial Audit  
Advisory Committee

Leonard J. Gentile, Chair of the Finance Committee

## Financial Audit Advisory Committee

### 2014 Annual Report

January 3, 2014

In December 2010, the Board of Aldermen established a Financial Audit Advisory Committee and it met for the first time in March 2012. The purpose of the Committee is to assist the Comptroller and the Board's Finance Committee in the review of audit and fiscal accountability matters. One of its duties is to report annually confirming that its responsibilities have been carried out.

The Committee consists of nine members. In 2013, its membership consisted of the Finance Committee chair (Lenny Gentile) as well as three other Aldermen appointed by the President of the Board of Aldermen (Ruthanne Fuller, Vicki Danberg, and Scott Lennon). The President of the Board of Aldermen, with input from the Board, appoints four citizens of the City with financial expertise (Gail Deegan, Bob Fox, Howard Merkowitz, and Tony Logalbo). The President of the Board of Aldermen, upon the recommendation of the Chair of the School Committee, also appoints one School Committee member (Matt Hills). The President of the Board, in consultation with the Finance Committee Chair, appoints the Chair of this Financial Audit Advisory Committee from among the members of the Board of Aldermen on the Committee (Ruthanne Fuller).

In calendar year 2013, the Committee met five times. In these meetings, the Committee concentrated on:

- Reviewing the updated Investment Policy and the new Whistleblower Policy, both of which were subsequently approved and adopted by the City.
- Reviewing and updating policies for affiliated and discretely presented component units of the City.
- Meeting with the external auditor three times to develop the scope of the audit, get a status update and review the audit.
- Developing a process and schedule for selecting the external auditor (the current contract ends in December 2013), including working with the Comptroller on a Request for Proposal. In early 2014, working with the Finance Committee, the submissions will be reviewed, interviews conducted and a recommendation made.
- Discussing with departments and the Administration findings from the 2012 audit.

In addition, the following sub-committees met:

(1) Accounting and Audit Sub-Committee (Committee Chair: Gail Deegan; Committee Members: Howard Merkowitz, Vicki Danberg, Ruthanne Fuller (ex officio)): This sub-committee met twice. It reviewed responses by City personnel to specific concerns in the Auditor's Management letter (student activity funds, police details, water and sewer billings, Newton Community Development Authority, Parks and Recreation cash policies, the disaster recovery plan, old outstanding and unclaimed checks, service organization controls). Significant progress was made in all areas.

(2) Risk Assessment, Monitoring and Compliance Sub-Committee (Committee Chair: Bob Fox; Members: Gail Deegan, Scott Lennon, and Ruthanne Fuller (ex officio)). This sub-committee met five times in 2013. The sub-committee focused on two issues. First, it finalized the internal whistleblower policies and procedures. The Finance Committee reviewed it and then the full Board of Aldermen approved it. Second, it reviewed financial policies related to affiliated organizations. The sub-committee reviewed materials from NewTV, the Newton

Municipal Credit Union, Angino Farm, the Newton Historical Society, the Newton Schools Foundation, Newton Pride, and Neighborhood Area Councils. The sub-committee made the following recommendations:

1. The policies of the City should clearly identify Affiliated Units (AUs) as independent entities, not managed by the City, and not financially “backstopped” by the City. For example, Boards that are appointed by the City need to act independently of Boards of AUs, even when the City-appointed Board supports the activities of the AU.
2. The HR Departments of the City and the Schools should have clear policies regarding city employee participation in the governance and management of AUs.
3. The Law Department should establish guidelines for AUs regarding the use of the City of Newton’s name in fundraising events, and remind city employees involved with AU’s of the prohibition with respect to fund raising activities.
4. The Public Buildings Department of the City should have clear policies regarding the use of buildings, including the appropriate charging of rent. Similarly, the School Committee should have clear policies for the use of schools and school department buildings. Along with clear policies, we would encourage the City to promote equitable treatment of AUs.
5. The Information Technology Department of the City should review the use of city e-mail addresses and access to city servers by non-City employees of AUs. In general, use of city e-mail addresses and servers should be discouraged since it erodes the independence of AUs.
6. Where practical, e.g. in charters establishing AUs, contracts or other agreements with AUs, the City should require that all AUs file annual reports with the Clerk of the Board of Aldermen and that such filings be communicated to the Board. In the absence of a charter requirement or contract, the City should request the same from all AUs. It is not our intent to require AUs to have audited financial statements; that determination should be made by the Board and Management of each AU. The financial statements will be reviewed by the Financial Audit Advisory Committee. To reduce the burden on the AUs and the Committee, we would suggest that such reviews be conducted on a rotating three-year basis. The reviews would focus on compliance with GASB 14, and maintenance of the independence of the AUs.

In closing, I would like to thank all members of the Committee for their time and insight. The expertise of our citizen members – Gail Deegan, Bob Fox, Tony Logalbo and Howard Merkowitz – has been invaluable. Quite a few staff members have invested considerable time in reviewing and improving the City’s internal policies and procedures. Our work went more smoothly and improved substantively from the wise counsel of David Wilkinson and Shawna Sullivan. Thank you.

Respectfully submitted,

Alderman Ruthanne Fuller, Chair  
Financial Audit Advisory Committee

## City of Newton Financial Audit Advisory Committee

### 2014 Calendar

Monday, January 13, 6 pm – 7 pm

Meet jointly with the Finance Committee re auditor:

Review proposals.

Decide which firms to interview.

Decide on questions to ask and criteria.

Determine goals for the Financial Audit Committee for the year, work for sub-committees, and schedule

Review and approve the annual report to the Finance Committee

Monday, January 27, 4 pm – 7 pm

Meet jointly with the Finance Committee. Interview potential auditors.

Monday, January 27, 7 pm

Finance Committee having exit interview with Rogers & Sullivan

Monday, February 10, 4 – 7 pm

Meet jointly with the Finance Committee. Finish any remaining interviews of potential auditors.

Rank order the firms.

Tuesday, April 8, 8:15 am

Meet with Auditor prior to field work to:

Review Committee goals for the audit

Have the auditor alert the Committee to any new issues or regulations

Receive from the Administration a status report on issues in the Management Letter

Tuesday, October 14, 8:15 am

Committee meets with Auditor to receive a status report

Tuesday, December 16, 8:15 am

Committee meets with Auditor for Exit Conference

# Financial Audit Advisory Committee

## 2014 Work Plan

Full committee meets with the auditor three times:

April: Meet prior to field work to:

Review Committee goals for the audit

Have the auditor alert the Committee to any new issues or regulations

Receive from the Administration a status report on issues in the Management Letter

October: Receive a status report

December: Exit Conference.

Continue work in two sub-committees.

Typically, policies will be drafted by City staff, reviewed by the Sub-Committee, reviewed by the Financial Audit Advisory Committee and forwarded to the Finance Committee.

### 1. Accounting and Audit Sub-Committee

- A. Review Responses by City Personnel to Specific Concerns in the Auditor's Management Letter that are not covered by the other sub-committee

#### Prior Year Comments – Partially Resolved

Student Activity Funds (2011 and 2012)

Disaster Recovery Plan (2011 and 2012)

#### Prior Year Comments – Unresolved

Police Details (2011 and 2012)

Financial Policies and Procedures Manual

#### Current Year Comments

Departmental and Other Accounts Receivable

F.A. Day Middle School and Angier Elementary School

#### Informational Comment

Pension Accounting and Financial Reporting

- B. Prepare for Accounting and Financial Reporting Requirements, including Long-Term Liabilities
- What are the potential impacts to accounting and financial reporting requirements?
  - How should Newton prepare for both reporting and communicating the financial implications?
- C. Run Process for Selecting Auditor (Current contract ends December 2013)  
Working with the Finance Committee and all members of the Financial Audit Advisory Committee,
- Review submissions
  - Do interviews
  - Recommend Auditor

Committee Members: Gail Deegan (chair), Howard Merkowitz, Vicky Danberg, Ruthanne Fuller (ex officio)

### 2. Risk Assessment, Monitoring and Compliance Sub-committee

- A. Develop an approach for risk assessment and monitoring regarding cash receipts

The external auditor has been consistently noting that all municipalities must periodically perform a risk assessment to anticipate, identify, analyze and manage the risk of asset misappropriation. Risk assessment is one element of internal control. The focus for 2014 will be on cash receipts.

The external auditor recommends that risk assessment be performed by management-level employees who have extensive knowledge of the City's operations. To quote the external auditor, "Ordinarily, the management-level employees would conduct interviews or lead group discussions with personnel who have knowledge of the City's operations, its environment, and its processes."

The external auditor also suggests questions that should be considered (e.g., What departments receive cash receipts? How could assets be stolen? How could potential misappropriation of assets be concealed?).

Working with, among others, the CFO, the Comptroller, and the Treasurer, the Committee will determine what options the City has for performing a risk assessment of cash receipts and make a recommendation.

#### B. Develop a multi-year plan for overall risk assessment and monitoring

While the focus for 2014 will be on cash receipts, the sub-committee will help develop a multi-year plan for an overall risk assessment and monitoring effort. As the external auditor suggests, questions like the following should be considered:

What assets are susceptible to misappropriation?

What departments have movable inventory?

What operations are the most complex?

How could assets be stolen?

Are there any known internal control weaknesses that would allow misappropriation of assets to occur and remain undetected?

What prior internal control issues could still continue to be problematic?

What monitoring program should be used to periodically evaluate the operational effectiveness of internal controls?

**Committee Members: Bob Fox (chair), Gail Deegan, Tony Logalbo, Ruthanne Fuller (ex officio)**



CITY OF NEWTON, MASSACHUSETTS  
RFP# 14-64 FINANCIAL AUDIT SERVICES  
MINIMUM CRITERIA - WRITTEN PROPOSALS

	<u>Melanson Heath</u>	<u>Powers &amp; Sullivan</u>	<u>CliftonLarsonAllen</u>
1 The proposer has provided all information required in Section II of the Request for Proposals, pp. 8-10, and in the format prescribed	yes	yes	yes
2 Completed Qualifications and References Form provided.	yes	yes	yes
3 Certificate of Non Collusion	yes	yes	yes
4 Signed Debarment Letter	yes	yes	yes
5 Completed IRS Form W-9	yes	pending	yes

CITY OF NEWTON

DEPARTMENT OF PURCHASING

PRICE PROPOSAL #14-64 FOR FINANCIAL AUDIT SERVICES

A. The undersigned proposes to furnish all services and perform all work in accordance with the Request For Competitive Proposals prepared by the City entitled:

INDEPENDENT FINANCIAL AUDIT SERVICES

B. This proposal includes addenda number(s) N/A, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

C. The contract price(s) will be shall be deemed to be the sum\* of the following.

\* For purposes of comparing the total fee over the proposed 5 year contract term, the City reserves the right to adjust prices of annual fees to present value by applying a discount rate of 2%.

Comprehensive Annual Financial Report – City of Newton

Table with 2 columns: Fiscal Year and Amount. Rows for years 2014-2018, each with \$87,000.

SUB TOTAL \$ 435,000

Federal Single Audit Report (cost per major program)

Table with 2 columns: Fiscal Year and Amount. Rows for years 2014-2018, each with \$23,000.

SUB TOTAL \$ 115,000

Department of Education Year-End Pupil and Financial Report Compliance Review Report

Table with 2 columns: Fiscal Year and Amount. Rows for years 2014-2018, each with \$5,000.

SUB TOTAL \$ 25,000

Grand Total Five Hundred Seventy-Five Thousand and \$ 575,000 (Written word) (Numerical)

COMPANY NAME MELANSON HEATH & COMPANY, PC

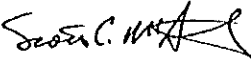
D. Prompt Payment Discounts. Bidders are encouraged to offer discounts in exchange for an expedited payment. Payments may be issued earlier than the general goal of within 30 days of receipt of the invoice only when in exchange for discounted prices. Discounts will not be considered in determining the lowest responsible bidder.

Prompt Payment Discount	<u>N/A</u>	<u>    </u> %	<u>    </u> Days
Prompt Payment Discount	<u>    </u>	<u>    </u> %	<u>    </u> Days
Prompt Payment Discount	<u>    </u>	<u>    </u> %	<u>    </u> Days

E. The undersigned agrees that, if selected, s/he will within five days (Saturdays, Sundays and legal holidays excluded) after presentation thereof by the City, execute a contract in accordance with the terms of this bid.

The undersigned further certifies under the penalties of perjury that this bid has been made and submitted in good faith and without collusion or fraud with any other person. As used in this section the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club or other organization, entity, or group of individuals.

Date 1/8/14 MELANSON HEATH & COMPANY, PC  
(Name of General Bidder)

BY: 

SCOTT C. MCINTIRE, VICE PRESIDENT  
(Printed Name and Title of Signatory)

10 NEW ENGLAND BUSINESS CENTER DR.-STE. 107  
(Business Address)

ANDOVER, MA 01810  
(City, State Zip)

978-749-005 / 978-749-006  
(Telephone) (FAX)

SMCINTIRE@MELANSONHEATH.COM  
(E-mail Address)

**NOTE:** If the bidder is a corporation, indicate state of incorporation under signature, and affix corporate seal; if a partnership, give full names and residential addresses of all partners; if an individual, give residential address if different from business address; and, if operating as a d/b/a give full legal identity. Attach additional pages as necessary.

**CITY OF NEWTON**  
**DEPARTMENT OF PURCHASING**  
**PRICE PROPOSAL #14-64 FOR FINANCIAL AUDIT SERVICES**

A. The undersigned proposes to furnish all services and perform all work in accordance with the Request for Competitive Proposals prepared by the City entitled:

INDEPENDENT FINANCIAL AUDIT SERVICES

B. This proposal includes addenda number(s)     A    

C. The contract price(s) shall be deemed to be the sum\* of the following.

\*For purposes of comparing the total fee over the proposed 5 year contract term, the City reserves the right to adjust prices of annual fees to present value by applying a discount rate of 2%.

	Fee for each major program	Total fee based on 3 major programs
<b><u>Comprehensive Annual Financial Report - City of Newton</u></b>		
Fiscal Year Ended June 30, 2014.....	\$	68,000
Fiscal Year Ended June 30, 2015.....	\$	68,000
Fiscal Year Ended June 30, 2016.....	\$	68,000
Fiscal Year Ended June 30, 2017.....	\$	68,000
Fiscal Year Ended June 30, 2018.....	\$	68,000
<b><u>Federal Single Audit Report (cost per major program)</u></b>		
Fiscal Year Ended June 30, 2014.....	\$ 4,400	\$ 13,200
Fiscal Year Ended June 30, 2015.....	\$ 4,400	\$ 13,200
Fiscal Year Ended June 30, 2016.....	\$ 4,400	\$ 13,200
Fiscal Year Ended June 30, 2017.....	\$ 4,400	\$ 13,200
Fiscal Year Ended June 30, 2018.....	\$ 4,400	\$ 13,200
<b><u>Department of Education End of Year Financial Report</u></b>		
Fiscal Year Ended June 30, 2014.....	\$	4,500
Fiscal Year Ended June 30, 2015.....	\$	4,500
Fiscal Year Ended June 30, 2016.....	\$	4,500
Fiscal Year Ended June 30, 2017.....	\$	4,500
Fiscal Year Ended June 30, 2018.....	\$	4,500
Total based on 3 major federal programs.....	\$	428,500

Grant Total (a) Four Hundred Twenty Eight Thousand and Five Hundred Dollars and \$428,500

(a) Based on 3 major federal programs audited each year. Our fee will be adjusted up or down based the actual number of major program(s) that are required to be audited under the Single Audit Act at the fixed rate of \$4,400 per program.

COMPANY NAME: Powers & Sullivan, LLC

D. Prompt Payment Discounts. Bidders are encouraged to offer discounts in exchange for an expedited payment. Payments may be issued earlier than the general goal of within 30 days of receipt of the invoice only when in exchange for discounted prices. Discounts will not be considered in determining the lowest responsible bidder.

Prompt Payment Discount 0 %      Days  
Prompt Payment Discount 0 %      Days  
Prompt Payment Discount 0 %      Days

E. The undersigned agrees that, if selected, s/he will within five days (Saturdays, Sundays and legal holidays excluded) after presentation thereof by the City, execute a contract in accordance with the terms of this bid.

The undersigned further certifies under the penalties of perjury that this bid has been made and submitted in good faith and without collusion or fraud with any other person. As used in this section the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club or other organization, entity, or group of individuals.

Date January 9, 2014 Powers & Sullivan LLC  
(Name of General Bidder)

BY : 

Massachusetts  
(State of Organization)

Corporate Seal:

James E. Powers, Partner  
(Printed Name and Title of Signatory)

100 Quannapowitt Parkway, Suite 101  
(Business Address)

Wakefield, MA 01880  
(City, State Zip)

(781) 914-1700 / (781) 914-1701  
(Telephone) (FAX)



CITY OF NEWTON

DEPARTMENT OF PURCHASING

PRICE PROPOSAL #14-64 FOR FINANCIAL AUDIT SERVICES

A. The undersigned proposes to furnish all services and perform all work in accordance with the Request For Competitive Proposals prepared by the City entitled:

INDEPENDENT FINANCIAL AUDIT SERVICES

B. This proposal includes addenda number(s) \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,

C. The contract price(s) will be shall be deemed to be the sum\* of the following.

\* For purposes of comparing the total fee over the proposed 5 year contract term, the City reserves the right to adjust prices of annual fees to present value by applying a discount rate of 2%.

Comprehensive Annual Financial Report – City of Newton

Fiscal Year Ended June 30, 2014	\$ 70,000
Fiscal Year Ended June 30, 2015	\$ 75,000
Fiscal Year Ended June 30, 2016	\$ 75,000
Fiscal Year Ended June 30, 2017	\$ 75,000
Fiscal Year Ended June 30, 2018	\$ 75,000

SUB TOTAL \$ 370,000

Federal Single Audit Report (cost per major program)

Fiscal Year Ended June 30, 2014	\$ 32,200
Fiscal Year Ended June 30, 2015	\$ 35,000
Fiscal Year Ended June 30, 2016	\$ 35,000
Fiscal Year Ended June 30, 2017	\$ 35,000
Fiscal Year Ended June 30, 2018	\$ 35,000

SUB TOTAL \$ 172,200

Department of Education Year-End Pupil and Financial Report Compliance Review Report

Fiscal Year Ended June 30, 2014	\$ 4,500
Fiscal Year Ended June 30, 2015	\$ 5,000
Fiscal Year Ended June 30, 2016	\$ 5,000
Fiscal Year Ended June 30, 2017	\$ 5,000
Fiscal Year Ended June 30, 2018	\$ 5,000

SUB TOTAL \$ 24,500

Grand Total Five hundred sixty-six thousand and seven hundred dollars and \$ 566,700  
(Written word) (Numerical)

COMPANY NAME CliftonLarsonAllen LLP

D. Prompt Payment Discounts. Bidders are encouraged to offer discounts in exchange for an expedited payment. Payments may be issued earlier than the general goal of within 30 days of receipt of the invoice only when in exchange for discounted prices. Discounts will not be considered in determining the lowest responsible bidder.

Prompt Payment Discount 1 % 10 Days  
 Prompt Payment Discount \_\_\_\_\_ % \_\_\_\_\_ Days  
 Prompt Payment Discount \_\_\_\_\_ % \_\_\_\_\_ Days

E. The undersigned agrees that, if selected, s/he will within five days (Saturdays, Sundays and legal holidays excluded) after presentation thereof by the City, execute a contract in accordance with the terms of this bid.

The undersigned further certifies under the penalties of perjury that this bid has been made and submitted in good faith and without collusion or fraud with any other person. As used in this section the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club or other organization, entity, or group of individuals.

Date January 9, 2014 CliftonLarsonAllen LLP  
 (Name of General Bidder)

BY: Matthew S. Hunt

Matthew S. Hunt, CPA, Principal  
 (Printed Name and Title of Signatory)

Corporate Place I, Suite 204; 99 South Bedford Street  
 (Business Address)

Burlington, Massachusetts 01803  
 (City, State Zip)

781-229-5600 / 781-229-5610  
 (Telephone) (FAX)

matt.hunt@CLAconnect.com  
 (E-mail Address)

**NOTE:** If the bidder is a corporation, indicate state of incorporation under signature, and affix corporate seal; if a partnership, give full names and residential addresses of all partners; if an individual, give residential address if different from business address; and, if operating as a d/b/a give full legal identity. Attach additional pages as necessary.

CITY OF NEWTON, MASSACHUSETTS  
RFP# 14-64 FINANCIAL AUDIT SERVICES  
COMPARATIVE FEE PROPOSALS - (5) YEAR CONTRACT TERM

	<b><u>5 Year Total Pricing</u></b>				<b><u>Total Fee</u></b>
	<b><u>CAFR</u></b>	<b><u>Single Audit {1}</u></b>	<b><u>DESE EOY</u></b>		
Melanson Heath & Company, PC	\$ 435,000	\$ 115,000	\$ 25,000	\$	\$ 575,000
Powers & Sullivan, LLC	340,000	154,000	22,500		516,500
CliftonLarsonAllen, LLP	\$ 370,000	\$ 172,200	\$ 24,500	\$	\$ 566,700

{1} Based upon an assumption that there will be 7 major programs per year.

One firm based their pricing on (3) major programs; one on (7) and the other offered a fixed price regardless of the number of major programs.