

**FINANCIAL AUDIT ADVISORY COMMITTEE
AND
FINANCE COMMITTEE**

REPORT

Monday, January 27, 2014 at 4:00 PM

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

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

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

The Financial Audit Advisory Committee met jointly with the Finance Committee to interview the following three certified public accounting firms for the City of Newton's external auditor:

Melanson, Heath & Company
Powers & Sullivan, LLC
Clifton, Larson, Allen, LLC

The Financial Audit Advisory Committee is responsible for making a recommendation to the Finance Committee on the appointment of a firm for the external audit. Therefore, at the conclusion of the interviews, the members of the Financial Audit Advisory Committee discussed the proposals, the interviews, and the pricing. Both the Comptroller and Chair of the Financial Audit Advisory Committee will provide written ranking sheets for the interviews, pricing, and written proposals for each firm. The prices for the firms were very close when equalized for the same number of major programs and would not be a deciding factor in the recommendation.

The members of the Committee unanimously agreed that Clifton, Larson, Allen, LLC (CLA) should be the firm that is recommended to the Finance Committee. The City's current auditors, Sullivan, Rogers & Company, LLC, recently merged with Clifton, Larson, Allen, LLC (CLA). CLA is a national firm that will be providing webinars, training, and education on the Government Accounting Standards Board requirements for governmental audits to their staff and clients, which Committee members viewed as a benefit. The firm's presentation and interview displayed a thorough understanding of Newton's needs and the partners and management staff interacted effectively with members of both Committees during the interview. In addition, if CLA is selected, the firm is proposing to rotate the managing partner in order to provide a fresh pair of eyes for the next audit while the City would still have the historical knowledge within the auditing firm. Gail Deegan reported to the Committee that it is required in the private sector that partners be rotated five years; however, this requirement does not apply to municipalities. There

was a small concern that CLA did not provide any suggestions on how the City could improve its audit process. However, the benefits of choosing CLA far outweighed the minor concern.

The Financial Audit Advisory Committee voted unanimously to recommend Clifton, Larson, Allen, LLC as the external auditor for the City of Newton.

Respectfully submitted,

Ruthanne Fuller, Chair of the Financial Audit
Advisory Committee

Leonard J. Gentile, Chair of the Finance Committee