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MEMORANDUM

To: Mayor and City Council
From: Audit Committee
Date: February 28, 2011
Subject: **Appointment of City of Dunwoody Internal Auditor**

ITEM DESCRIPTION

Appointment to the City of Dunwoody Internal Auditor position.

BACKGROUND

Section 3.12 of the City Charter specifies that Council "shall appoint an internal auditor to audit the financial records and expenditures of city funds and to report the results of such audits in writing to the city council at times and intervals set by the city council but no less than quarterly." During the November work session, Council authorized the release of a RFP to identify candidates to fill this position. Council also requested the Audit Committee to review the RFP responses and make a recommendation.

EVALUATION

The RFP was released as instructed. On November 19, 2010, Dunwoody received three responses; from Adam|Harris, William Mulcahy, and UHY Advisors. All three proposals were just under the budgeted \$16,000 for the first year of services with comparable quotes for years two and three. It was the opinion of the audit committee and me that each proposer was qualified.

The proposals were distributed to each member of the Audit Committee along with instructions typically provided to a RFP review team. Most importantly within those instructions was a distinction that unlike Request for Bids where price is the only determination, Request for Proposals responses should be judged on a qualitative manner where both price and other components are considered. The difference between the highest and lowest priced proposal was only \$300 over the three year period. It was determined that price not be a factor in selecting the best proposal. The Purchasing Manager and Finance Director deemed all proposals to be responsive and qualified.

The Audit Committee then reviewed each of the three proposals. After reviewing, the Audit Committee unanimously preferred the proposal from William Mulcahy. The committee

Ken Wright Mayor

Denis Shortal City Council Post 1
Adrian Bonser City Council Post 2
Doug R. Thompson City Council Post 3

Robert Wittenstein City Council Post 4
Danny Ross City Council Post 5
John Heneghan City Council Post 6

chose to shortlist his firm and to bring Mr. Mulcahy in to be interviewed. After interviewing, the committee was again unanimous in their decision. **It was the consensus of the Audit Committee that Council award the contract for Internal Audit to William Mulcahy** based on the facts that the vendor is qualified and local.

ALTERNATIVES

Council has multiple options with its selection of an internal auditor. One, you could accept the recommendation of the Audit Committee and choose William Mulcahy. Two, you could choose to appoint an alternative review team to report back to Council with a recommendation. Three, Council could choose to review the proposals and come to its own conclusion and recommendation. Four, Council could choose to conduct interviews to review the proposals and address any concerns it has based on this memo or otherwise. Five, it could reject all proposals and instruct staff to reissue the RFP. With this last option, we may receive more responses, but I'm not sure we would receive more qualified responses unless the budget was changed. Obviously a larger budget would attract more firms. It is my opinion though the amount suggested by Council is sufficient.

RECOMMENDED ACTION

Council direction or appointment of the internal auditor is requested.