

ORDINANCE NO. 20-093

AN ORDINANCE AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE AN EXTENSION AGREEMENT BETWEEN THE AUDITOR OF STATE, CITY OF SANDUSKY, ERIE COUNTY, AND REA & ASSOCIATES, INC. FOR AUDITING SERVICES FOR THE FISCAL YEAR 2020; AND DECLARING THAT THIS ORDINANCE SHALL TAKE IMMEDIATE EFFECT IN ACCORDANCE WITH SECTION 14 OF THE CITY CHARTER.

WHEREAS, the Auditor of the State of Ohio relies on the assistance of and contracts with Independent Public Accountants (IPA) to satisfy their obligation to perform statutorily required audits of each public office in Ohio; and

WHEREAS, Rea & Associates, an Independent Public Accountant (IPA), submitted a formal proposal, subsequent to a Request for Proposals issued on January 19, 2011, for the audit of the City of Sandusky pursuant to Sections 117.11 and 115.56, Revised Code, for fiscal years 2010 through 2014, and it was determined Rea & Associates, Inc. had submitted the proposal most advantageous to the Auditor and City; and

WHEREAS, the Auditor of State, City of Sandusky, Erie County, and Rea & Associates, Inc. entered into a Memorandum of Agreement on March 25, 2011, for the purposes of auditing and subsequently executed a five (5) year Extension Agreement that expired on December 31, 2019; and

WHEREAS, IPA firms are typically limited to auditing entities for no more than ten (10) consecutive years, however, the City received a waiver for an additional one (1) year extension; and

WHEREAS, the total cost of the auditing services for fiscal year 2020 is \$50,160.00 of which \$25,080.00 will be paid with General Funds, \$12,540.00 will be paid with Water Funds, and the remaining balance of \$12,540.00 will be paid with Sewer Funds; and

WHEREAS, this Ordinance should be passed as an emergency measure under suspension of the rules in accordance with Section 14 of the City Charter in order to immediately execute the Extension Agreement and return to the IPA as requested so the agreement can be in place prior to the need for the required auditing services; and

WHEREAS, in that it is deemed necessary in order to provide for the immediate preservation of the public peace, property, health, and safety of the City of Sandusky, Ohio, and its citizens, and to provide for the efficient daily operation of Municipal Departments, including the Finance Department, of the City of Sandusky, Ohio, the City Commission of the City of Sandusky, Ohio, finds that an emergency exists regarding the aforesaid, and that it is advisable that this **Ordinance** be declared an emergency measure which will take immediate effect in accordance with Section 14 of the City Charter upon its adoption; and NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SANDUSKY, OHIO, THAT:

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Section 1. The City Manager is authorized and directed to execute an Extension Agreement between the Auditor of State, City of Sandusky, Erie County, and Rea & Associates, Inc. for auditing services for the fiscal year 2020, a copy of which is marked Exhibit "A" and is attached to this Ordinance and is specifically incorporated as if fully rewritten herein, together with such revisions or additions thereto as are approved by the Law Director as not being substantially adverse to the City and as being consistent with carrying out the terms of this Ordinance.

Section 2. The City Manager and/or Finance Director is authorized and directed to expend funds to Rea & Associates, Inc. of New Philadelphia, Ohio, to expend funds in an amount **not to exceed** Fifty Thousand One Hundred Sixty and 00/100 Dollars (\$50,160.00).

Section 3. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 4. This City Commission finds and determines that all formal actions of this City Commission concerning and relating to the passage of this Ordinance were taken in an open meeting of this City Commission and that all deliberations of this City Commission and of any of its committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 5. That for the reasons set forth in the preamble hereto, this Ordinance is hereby declared to be an emergency measure which shall take immediate effect in accordance with Section 14 of the City Charter after its adoption and due authentication by the President and the Clerk of the City Commission of the City of Sandusky, Ohio.



RICHARD R. BRADY
PRESIDENT OF THE CITY COMMISSION



ATTEST: KELLY L. KRESSER
CLERK OF THE CITY COMMISSION

Passed: June 22, 2020

MANDATORY ELEMENTS Required Affirmations

PUBLIC OFFICE: _____ City of Sandusky _____ COUNTY: Erie

CONTRACT NUMBER: _____ CONTRACT PERIOD: January 1, 2020 to December 31, 2020

To be considered, the proposal must address every one of the elements. When these are not fully addressed, proposals will be considered non-responsive to the RFP and will not be evaluated further. Please ensure these affirmations are the first element of your firm's proposal and indicate your firm's agreement with the affirmation by checking the respective box for each affirmation.

1.	<p><u>CPA Licensure Laws</u></p> <p>Our firm is licensed by the Ohio Accountancy Board to do business in Ohio and will remain in compliance with Ohio CPA licensure laws and rules.</p>	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
2.	<p><u>CPE requirements</u></p> <p>Our firm and all assigned key professional staff are, and will remain, in compliance with governmental qualification standards, including governmental continuing education requirements.</p>	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
3.a.	<p><u>Peer Review (Opt. 1)</u></p> <p>Our firm has undergone an external quality control peer review, conducted in accordance with generally accepted government auditing standards, within the last three years and received a pass rating. The current report is on file with the Auditor of State's Office.</p>	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
3.b.	<p><u>Peer Review (Opt. 2)</u></p> <p>In accordance with GAGAS 3.97, our firm is not yet required to have an external quality control peer review, conducted in accordance with generally accepted government auditing standards. When required, our firm will have the appropriate peer review conducted and provide a copy of the report to the Auditor of State's Office.</p>	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
4.	<p><u>Ohio Ethics Laws</u></p> <p>Our firm and all assigned key professional staff are, and will remain, in compliance with the requirements of Ohio's Ethics Law, as applicable and found at § 2921.42 and in Chapter 102 of the Ohio Revised Code.</p>	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
5.	<p><u>Rules and Laws Regarding Conflicts of Interest</u></p> <p>Our firm and all assigned key professional staff are, and will remain, in compliance with laws and rules regarding conflicts of interest.</p>	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
6.	<p><u>Unresolved Findings for Recovery</u></p> <p>Our firm is not subject to any unresolved finding for recovery issued by the Auditor of State under Ohio Rev. Code § 9.24, or our firm has taken appropriate remedial steps required under R.C. § 9.24. Our firm agrees that if this statement is deemed to be false, the contract shall be declared "void ab initio" between the parties, and <u>City of Sandusky</u> will not be obligated to pay for goods or services rendered under the contract. Any funds paid under the contract shall be remitted by our firm to <u>City of Sandusky</u> or an action for recovery of such payments may result.</p>	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
7.a.	<p><u>Independence - Nonaudit Services Provided (Opt. 1)</u></p> <ul style="list-style-type: none"> ➤ Our firm has listed and described in our proposal any and all nonaudit services that have been provided to <u>City of Sandusky</u> over the previous five (5) years from the date of our proposal or are expected to be provided during the contract term; ➤ Our firm and all assigned key professional staff are independent of <u>City of Sandusky</u> as defined by U.S. Government Accountability Office's <i>Government Auditing Standards</i>; ➤ Our firm and all assigned key professional staff are, and will remain, in compliance with GAO rules relating to auditor independence; and ➤ In providing such nonaudit services, our firm did not perform management functions, make management decisions for <u>City of Sandusky</u> nor led reasonable third parties, with knowledge of the relevant facts and circumstances, to conclude our firm would be auditing our own work. 	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
7.b.	<p><u>Independence - Nonaudit Services NOT Provided (Opt. 2)</u></p> <ul style="list-style-type: none"> ➤ Our firm and all assigned key professional staff are independent of <u>City of Sandusky</u> as defined by U.S. Government Accountability Office's <i>Government Auditing Standards</i>; ➤ Our firm has not provided nonaudit services affecting the audit periods that involved performing management functions or making management decisions for <u>City of Sandusky</u>; and ➤ If selected, our firm will not provide nonaudit services to <u>City of Sandusky</u> during the term of the contract that would require our firm to perform management functions or make management decisions for the entity, or would lead reasonable third parties, with knowledge of the relevant facts and circumstances, to conclude that our firm would be auditing our own work. 	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A
8.	<p><u>Independence - Entity's Components</u></p> <ul style="list-style-type: none"> ➤ Our firm and all assigned key professional staff are independent of the entity's components listed in Section III (G); of the Request for Proposal. 	<input checked="" type="checkbox"/> Affirmed <input type="checkbox"/> N/A

9.a.	<p><u>Independence - Entity's Components - Nonaudit Services Provided (Opt. 1)</u></p> <ul style="list-style-type: none"> ➤ Our firm has listed and described in our proposal any and all nonaudit services that have been provided to <u>City of Sandusky</u> 's components listed in Section III(G) of the Request for Proposal over the previous five (5) years from the date of our proposal, or are expected to be provided during the contract term; ➤ Our firm and all assigned key professional staff are independent of <u>City of Sandusky</u> 's components as defined by U.S. Government Accountability Office's <i>Government Auditing Standards</i>; ➤ Our firm and all assigned key professional staff are, and will remain, in compliance with GAO rules relating to auditor independence; and ➤ In providing such nonaudit services, our firm did not perform management functions, make management decisions for <u>City of Sandusky</u> 's components nor led reasonable third parties, with knowledge of the relevant facts and circumstances, to conclude our firm would be auditing our own work. 	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
9.b.	<p><u>Independence - Entity's Components - Nonaudit Services NOT Provided (Opt. 2)</u></p> <ul style="list-style-type: none"> ➤ Our firm and all assigned key professional staff are independent of <u>City of Sandusky</u> 's components as defined by U.S. Government Accountability Office's <i>Government Auditing Standards</i>; ➤ Our firm has not provided nonaudit services affecting the audit periods that involved performing management functions or making management decisions for <u>City of Sandusky</u> 's components; and ➤ If selected, our firm will not provide nonaudit services to <u>City of Sandusky</u> 's components during the term of the contract that would require our firm to perform management functions or make management decisions for <u>City of Sandusky</u> 's components, or would lead reasonable third parties, with knowledge of the relevant facts and circumstances, to conclude that our firm would be auditing our own work. 	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
10.	<p><u>Independence – Oversight Unit if Entity is a Component of Another Public Office</u></p> <p>Our firm and all assigned key professional staff are independent of the following Oversight Unit:</p> <hr/>	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
11.a.	<p><u>Independence – Oversight Unit if Entity is a Component of Another Public Office – Nonaudit Services Provided (Opt. 1)</u></p> <ul style="list-style-type: none"> ➤ Our firm has listed and described any and all nonaudit services that have been provided to _____ over the previous five (5) years from the date of the proposal; ➤ Our firm and all assigned key professional staff are independent of _____ as defined by U.S. Government Accountability Office's <i>Government Auditing Standards</i>; ➤ Our firm and all assigned key professional staff are, and will remain, in compliance with GAO rules relating to auditor independence; and ➤ In providing such nonaudit services, our firm did not perform management functions, make management decisions for _____ nor led reasonable third parties, with knowledge of the relevant facts and circumstances, to conclude our firm would be auditing our own work. 	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
11.b.	<p><u>Independence - Oversight Unit if Entity is a Component of Another Public Office - Nonaudit Services NOT Provided (Opt. 2)</u></p> <ul style="list-style-type: none"> ➤ Our firm and all assigned key professional staff are independent of _____ as defined by U.S. Government Accountability Office's <i>Government Auditing Standards</i>; ➤ Our firm has not provided nonaudit services affecting the audit periods that involved performing management functions or making management decisions for _____; and ➤ If selected, our firm will not provide nonaudit services to _____ during the term of the contract that would require our firm to perform management functions or make management decisions for the entity, or would lead reasonable third parties, with knowledge of the relevant facts and circumstances, to conclude that our firm would be auditing our own work. 	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
12.	<p><u>Personal and External Impairments</u></p> <ul style="list-style-type: none"> ➤ Our firm and all assigned key professional staff have no personal or external impairments to independence due to relationships with <u>City of Sandusky</u>, and have listed and described in our proposal all our firm's professional relationships that could affect our impartiality or the appearance of impartiality involving the <u>City of Sandusky</u> or any of its agencies/agencies or components /agencies, components or oversight unit, as applicable for the past five (5) years from the date of the proposal; ➤ If appropriate, our proposal has included a statement explaining why such relationships do not constitute an independence issue relative to performing the proposed audit. ➤ Our firm shall give <u>City of Sandusky</u> and the Auditor of State written notice of any professional relationships entered into during the period of this agreement, relative to parties connected to this proposed engagement that could affect our impartiality or the appearance of impartiality. ➤ Prior to entering into any new agreement to provide any nonaudit service to <u>City of Sandusky</u> during the term of the contract, our firm will notify the Auditor of State through completion of the IPA Nonaudit Service GAO Independence Notification/Evaluation (Exhibit E of the RFP). By filing this form, our firm asserts the non-audit service does not impair our firm's independence. 	<input checked="" type="checkbox"/> Affirmed
13.	<p><u>Inappropriate Public Office Contact</u></p> <p>Our firm and all assigned key professional staff have not made, and will not make, any contact with personnel of the <u>City of Sandusky</u> regarding this request for proposal other than allowed by Section I. C. of the RFP.</p>	<input checked="" type="checkbox"/> Affirmed
14.	<p><u>Subcontractors</u></p> <p>If subcontractors are engaged, our firm will ensure the subcontractor(s) have met all applicable elements listed in the affirmations above.</p>	<input type="checkbox"/> Affirmed <input checked="" type="checkbox"/> N/A
15.	<p><u>Irrevocable Offer</u></p> <p>Our firm's proposal is a firm and irrevocable offer for 90 days.</p>	<input checked="" type="checkbox"/> Affirmed