



CITY of NOVI CITY COUNCIL

Agenda Item B
April 20, 2015

SUBJECT: Approval of recommendation from Consultant Review committee to award a contract for annual audit services to Plante & Moran, PLLC for a three year term and two one year renewal option and adoption of associated fees effective May 1, 2015.

SUBMITTING DEPARTMENT: Finance Department

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

The City of Novi recently issued a request for proposal (RFP) to secure the services of an independent audit firm to provide professional auditing services in accordance with generally accepted auditing standards. The State of Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968 requires a local unit of government having a population of 4,000 or more to obtain an audit of its financial records, accounts and procedures on an annual basis.

Seven firms submitted proposals and were evaluated by staff based on their level of expertise and experience within the municipal sector as well as their response to the mandatory elements included within the RFP. The staff review team included members from Finance, Treasury and IT.

Based on the results of the staff evaluations and input from the City Manager's Office, three firms were selected for consideration by the Consultant Review Committee (CRC) based on an evaluation of the firm's qualifications, experience, audit approach, and fees:

1. Yeo & Yeo, PC
2. Plante & Moran, PLLC
3. Rehmann Robson

	Proposed Audit Fees					Total
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	
Yeo & Yeo	\$ 47,000	\$ 48,500	\$ 50,000	\$ 51,500	\$ 53,000	\$ 250,000
Plante & Moran	70,200	71,955	73,754	75,598	77,488	368,995
Rehmann Robson	58,900	61,100	63,300	65,500	67,700	316,500

Single Audit is not expected and has been excluded from above proposed fees.

The CRC convened on this matter on March 23 and April 13, 2015. After the firm interviews and deliberation, the CRC selected Plante & Moran as the firm to be recommended to the City Council for consideration of the award of a three year contract, with two one year renewal options, beginning May 1, 2015.

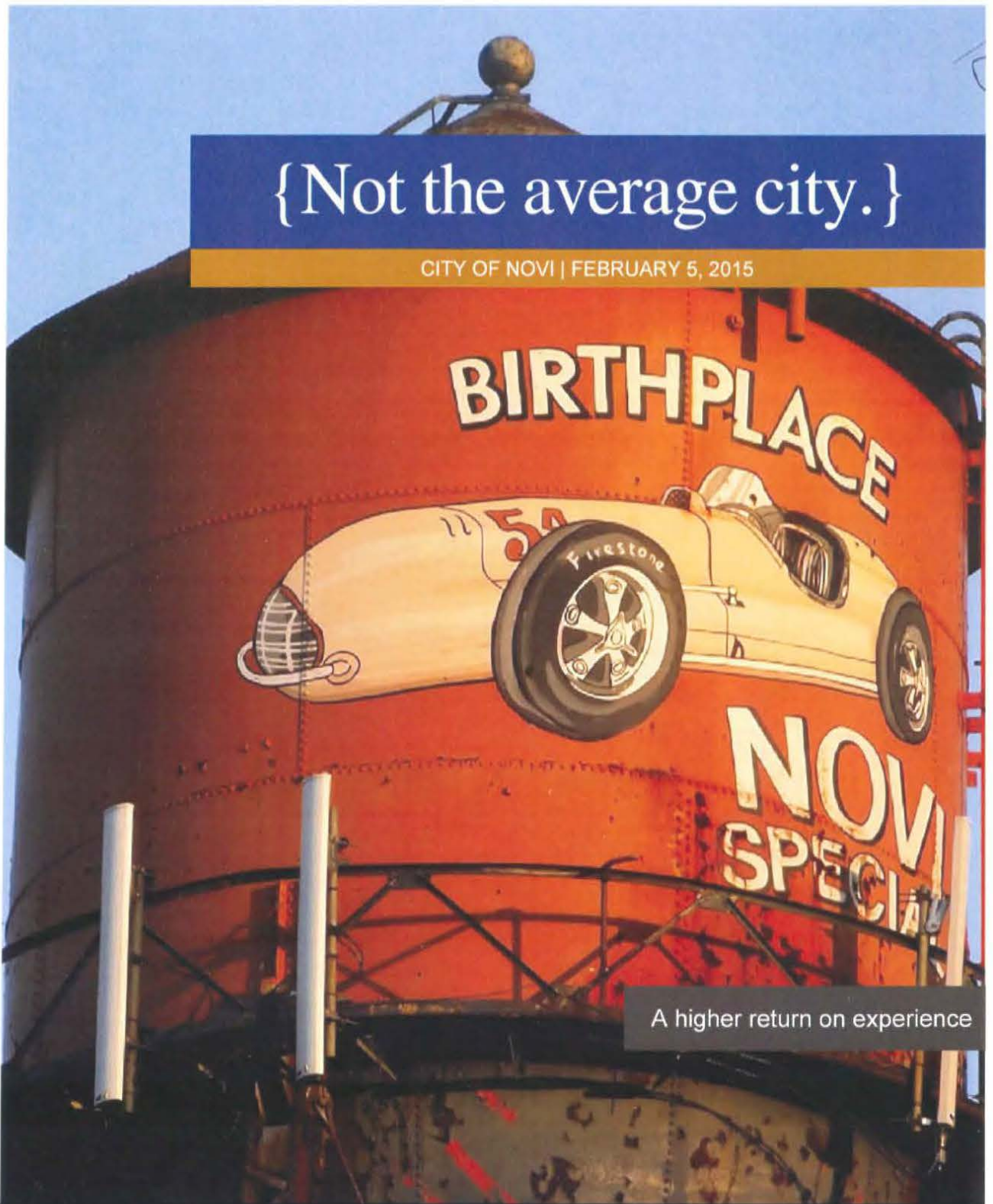
RECOMMENDED ACTION: Approval of recommendation from Consultant Review committee to award a contract for annual audit services to Plante & Moran, PLLC for a three year term and two one year renewal options and adoption of associated fees effective May 1, 2015.

	I	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Markham				

	I	2	Y	N
Council Member Mutch				
Council Member Poupard				
Council Member Wrobel				

{ Not the average city. }

CITY OF NOVI | FEBRUARY 5, 2015



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moran

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CITY OF NOVI

**RESPONSE TO REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES**

SUBMITTED BY:

PLANTE & MORAN, PLLC
27400 NORTHWESTERN HIGHWAY
PO BOX 307
48037-0307
SOUTHFIELD, MI

February 5, 2015

YOUR CONTACT:

Douglas Bohrer, CPA
Engagement Partner
248.223.3407
douglas.bohrer@plantemoran.com

I acknowledge that this proposal responds to the RFP as presented on the website, MiTN info, along with all addenda subsequently posted there.



Douglas Bohrer
Partner & Authorized Representative
Plante & Moran, PLLC



February 5, 2015

TRANSMITTAL LETTER

Ms. Sabrina Lilla
Senior Financial Analyst
City of Novi
45175 Ten Mile Rd.
Novi, MI 48375

Dear Ms. Lilla,

Thank you for the opportunity to present our proposal for audit services for the City of Novi ('the City'). Novi is not the average city, and you deserve an accounting firm that's similar—one with expertise and depth, and an emphasis on personal service built on relationships and understanding.

We are confident we can earn your trust and ensure your satisfaction. Below are some ways we will provide the service you deserve:

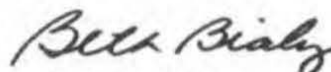
- **Industry leadership and depth.** *Twenty partners who are dedicated to presenting industry-shaping thought leadership and delivering insightful guidance to our more than 400 government entities. Because we have 200 professionals who focus exclusively on government clients, we are able to offer you industry insights and share best practices gained from our vast experience with financial statement and A-133 audits, and overall governmental operations.*
- **High degree of visibility.** *To ensure that you are satisfied at the highest level and that you receive the greatest value, we take full ownership of your engagement and commit to being proactive in giving you white-glove treatment—including in-person visits, both planned and spontaneous.*
 - *Our team will be with you every step of the way to resolve issues and answer questions in a timely, comprehensive manner, and strive to identify opportunities to benefit the City.*
 - *Our no-surprises methodology, personal attention, higher level of partner involvement, and immediate access to firm-wide resources have led to client satisfaction ratings above the best service delivery companies in the country, including Apple and Nordstrom.*

Overall, we deliver the best of both worlds: the resources and depth of a national firm combined with the personal service philosophy of a local firm. Again, we thank you for the opportunity and we will follow up with you to answer questions you might have about our firm or our proposal.

Sincerely,



Douglas Bohrer, CPA
Engagement Partner



Beth Bialy, CPA
Colleague Partner

SCOPE & COMMITMENTS

If engaged, we will meet the requirements of the City Charter and State law, and of the Single Audit Act and related OMB Circular A-133, if applicable. The auditor's reports related specifically to the single audit would be issued under separate cover.

Our audit would include our opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information including the discretely presented component unit (EDC) of the City of Novi in conformity with generally accepted accounting principles (GAAP). We also will take responsibility to perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards (GAAS).

We will also prepare the CAFR and GASB 40 footnotes.

We would commit to performing the work within the time periods described in your January 15, 2015 Audit Services RFP, or within time periods agreed to at the outset of the engagement.

The offer contained in this proposal is firm and irrevocable for 90 days from the date of this transmittal.

Learn how the City of Novi + our experience add up to...

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OUR ANSWERS TO YOUR QUESTIONS, 1-45

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100% of our clients say Plante Moran advisors are honest and trustworthy.

Plante Moran independent client satisfaction survey

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The 30,000-foot view.

1. General Requirements

OUR UNDERSTANDING OF YOUR NEEDS

Throughout the following proposal, our team outlines what we heard from you and why we are the best choice for the City. The following table provides an overview of the benefits you will experience by working with Plante Moran:

THE CITY'S NEEDS	BENEFITS YOU WILL EXPERIENCE
<p>Industry authorities</p>	<ul style="list-style-type: none"> • <i>Help you meet your goals and objectives by discussing industry trends and solutions</i> • <i>Hand-picked team who has dedicated their careers to serving the government industry and play leadership roles in organizations that impact industry standards</i> • <i>Year-round thought leadership on industry issues via seminars, webinars, publications, podcasts, legislative updates, and alerts</i> • <i>Strong advice from a national leader in governmental and A-133 single audits</i>
<p>Efficient approach that respects your budget</p>	<ul style="list-style-type: none"> • <i>Tailored processes based on a strong understanding of your organization, strategies, and unique risks</i> • <i>Proactive communication, thorough planning, technical expertise, and significant senior-level involvement that ensures your engagement is delivered on time and within scope</i> • <i>No year-end surprises, because our professional standards team is active in the planning and issue-resolution processes</i> • <i>Served by advisors who return to your engagement year after year and become increasingly familiar with your business. This service team continuity is a principal reason we have been named to FORTUNE magazine's list of the "100 Best Companies to Work For" for 16 consecutive years</i>
<p>Client-focused service</p>	<ul style="list-style-type: none"> • <i>Service orientation that places your needs ahead of our own</i> • <i>Diverse, expert, and well-rounded thinking to solve your challenges and complex issues, because our colleague partner model provides at least two partners on your engagement team</i> • <i>Superior client satisfaction according to your peers and the American Customer Satisfaction Index (ACSI) who rate the Plante Moran experience on par with the world's best client service companies, including Apple and Nordstrom</i>
<p>Flexible, proactive solutions</p>	<ul style="list-style-type: none"> • <i>Direct access to the best resources for your specific needs regardless of geographic location, because we operate without office-level profit centers (i.e., "one-firm firm" approach)</i> • <i>Forward-thinking perspective that keeps you abreast of upcoming developments</i> • <i>Wide range of in-house capabilities with an ability to consult on large and small projects and scale our approach to your specific needs</i>

2. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City of Novi or any of its agencies or component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City of Novi written notice of any professional relationships entered into during the period of this agreement.

We have evaluated the relevant considerations under the AICPA Code of Ethics and the GAO rules, and we are confident that we are independent to perform the audit of the City of Novi.

Plante Moran has formal policies and procedures to assure our independence. Professional staff are required to annually affirm independence on all attest clients and additional confirmation of independence is required as a component of each engagement. On a weekly basis, we are required to submit pertinent data prior to the pursuit of new clients. All partners and managers are provided with a listing (referred to as a conflict check) in our weekly notifications and are required to identify any potential conflict immediately to the partner pursuing the opportunity. Our firm also has an extensive client acceptance process and procedures that would further identify any potential conflicts.

Our records indicate that from January 1, 2010 to the present, we have performed the following services for the City:

Time period	Services	Explanation of why such service does not impair independence
Jan/Feb 2010	I, T. Segregation of Duties analysis	In connection with the City's implementation of a new financial management system, we provided advice for the City's consideration related to IT general controls. This did not involve performance of any management functions.
Sept 2012	Assisted with finance director interviews	Plante Moran provided input and comments, but did not vote on candidates; therefore it did not make any management decisions.
Dec 2012 thru Mar 2013	Provided accounting services in connection with the vacant assistant finance director position	These services would likely have impaired our independence to perform the audit of the FYE June 30, 2013. We have evaluated the circumstances, and see no impact beyond June 30, 2013.
Aug/Oct 2013	Assisted with preparation for the audit of the FYE June 30, 2013	These services would likely have impaired our independence to perform the audit of the FYE June 30, 2013. We have evaluated the circumstances, and see no impact for future periods.
Oct 2013 to Jan 2014	Performed senior accountant position functions	These services would likely have impaired our independence to perform the audit of the FYE June 30, 2014. We have evaluated the circumstances, and see no impact for future periods.

3. License to Practice in Michigan

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Michigan.

We are the largest accounting and business advisory firm in Michigan, and have been calling the region home for more than 90 years.

We affirm that Plante Moran is licensed to practice in Michigan and all assigned professional staff are licensed to practice in the state of Michigan.



4. Debarment, Suspension, Ineligibility, and Voluntary Exclusion

The firm shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract. Additionally, the Consultant shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended or ineligible under the provisions of 24 CFR Part 24.

Plante Moran is in compliance with provisions of 24 CFR Part 24 and the firm and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract. Nor will Plante Moran employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended, or ineligible under the provisions of 24 CFR Part 24.

5. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific governmental engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

FIRM OVERVIEW

Founded in 1924, Plante Moran is the 13th largest certified public accounting and management consulting firm in the nation. We have 2,000 staff members, including 279 partners, in 23 offices throughout Michigan, Ohio, Illinois, Mexico, India, and China. We provide our clients with financial, human capital, operations improvement, strategic planning, technology selection and implementation, and family wealth management services. Plante Moran has been recognized by numerous organizations, including FORTUNE magazine as one of the "100 Best Companies to Work For" for 16 consecutive years.

STAFF FOR THIS ENGAGEMENT

Our engagement with the City of Novi would be conducted from our **Southfield** office, where the engagement partner, colleague partner, IT consulting partner, senior manager, and technical specialist are based.

STAFF ASSIGNED BY LEVEL/TIME

<i>Staff assigned</i>	<i>Part-time</i>	<i>Full-time</i>
<i>Partner</i>	<i>N/A</i>	<i>2</i>
<i>Manager</i>	<i>N/A</i>	<i>1</i>
<i>Staff</i>	<i>N/A</i>	<i>3</i>

NOVI: WHERE HOME IS

More than 30 Plante Moran staff proudly call Novi home. Many are active in the community, having made a long-term investment in keeping it a great place to live and do business.

BY THE NUMBERS

We understand the structural, financial, and operational issues you face, and our team delivers effective solutions. Let us put our experience to work for you.

1	Number one priority is bringing value to our clients
2	Second largest OMB Circular A-133 single audit provider in the nation
20	Partners dedicated to serving governmental clients
35	States where we serve government clients
70	Years of serving government organizations
200	Staff dedicated to serving governmental clients
400	Governmental clients served
450	CAFR Audits conducted over the last 25 years
500	OMB Circular A-133 audit reports filed annually
1,300	Public sector clients
230,000	Hours dedicated to serving public sector clients annually
\$500K – \$1.2B	Range of annual expenditures for government programs audited

Experience With a Wide Range of Government Organizations

- | | | |
|-----------|----------------|-------------------|
| Cities | Counties | Authorities |
| Townships | State Agencies | Libraries |
| Villages | Airports | Special Districts |

COST REDUCTION OPPORTUNITIES

We provide clients of our firm access to our proprietary resources. For example, we developed a **Revenue Producing and Cost Reduction Checklist** and a whitepaper on **Lean**. The ideas in this checklist have resulted in many of our clients reducing costs or generating revenues in ways not previously considered. Our team of auditors and consultants frequently update this list with new ideas and best practices. We welcome an opportunity to share these ideas and practices with your management team.

INCREASED FEDERAL REVENUE - LET US HELP

The identification and retention of federal grants has become a high priority action item for all communities. Meanwhile, the complexities surrounding the receipt of these highly sought-after revenues are rapidly increasing. Combine that with the impact of the new Uniform Grant Guidance (known by many as the Super Circular), and you have an area where technical expertise and in-depth grant knowledge is critical. Plante Moran is the **second largest single audit provider in the nation**. As a result, we guide you through the continuing compliance requirements for the grants you may receive and share our expertise in obtaining new funding sources. Since the Super Circular was rolled out in December 2013, we have been providing webinars, detailed checklists, and individualized trainings to our clients to ensure the entities we serve are well-prepared for these significant reforms. Our firm is also a founding member and past Executive Committee member of the AICPA's Government Audit Quality Center. This entity exists to promote the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services.

WEBINARS, PUBLICATIONS, AND ONLINE CONTENT

We continuously monitor the status of proposed legislation and offer input on behalf of our clients. We distribute frequent updates to bring you the technical aspects of recent legislation and initiatives and to analyze what it means to you and your organization. We deliver this thought leadership via CPE-approved webinars, podcasts, and publications. Our monthly e-newsletter, Government Perspectives, provides clients with updates on finance, technology, and operations issues, and includes ideas for maximizing limited resources.

Government.

Whitepaper.
Cyber Security Latest Risks & Solutions
[learn more](#)

Perspectives: December 2014

OMB's Uniform Grant Guidance: A Deeper Dive into Pass-through Entities' Responsibilities for Subrecipient Monitoring and Risk Assessment
This final article in our series, "A Deeper Dive into OMB's Uniform Grant Guidance," focuses on requirements related to pass-through entity responsibilities for subrecipients. [Read more](#)

Protecting Your Personal Identity in a Digital World
It's important that we can complete digital transactions yet still be reasonably sure that the information we share is secure. [Read more](#)

Is Your Corporate Culture a Catalyst for Innovation?
Plante Moran's 2014 Innovation Survey revealed how elite organizations take innovation to new heights. [Download now](#)

Events

- Michigan Townships Association Annual Conference and Expo**
January 27-30
- Michigan Local Government Management Association Winter Institute**
January 27-30
- California Society of Municipal Finance Officers Annual Conference**
February 17-20
- Michigan Government Finance Officers Association Spring Seminar**
February 20

Webinars

Extreme Makeover: OMB Remodels Grant Management Guidance, Part 1

GASB 67 and 68: Challenges and Implementation Issues
webinars.plantemoran.com

OUR AUDITORS DON'T JUST ATTEND CONFERENCES; THEY LEAD THE CLASS

We are a recognized leader in governmental accounting and consulting. Our involvement with professional organizations is a key component to maintaining and growing our technical expertise. Our experts facilitate training sessions for municipal, county, and state executives; board and council members; and other CPAs. Our participation in government associations allows us an advance view of upcoming changes that will affect our clients.

SOME RECENT WEBINARS

- Move Over, Culture. Make Room for Innovation.
- Extreme Makeover: OMB Remodels Grant Management Guidance, Part 2
- Extreme Makeover: OMB Remodels Grant Management Guidance, Part 1
- Retirement Plan Sponsor — What's a Fiduciary to Do?
- Taking a closer look at GASB's new pension standards

NATIONAL-LEVEL INVOLVEMENT

American Institute of CPAs (AICPA)	Past Chair; Current Board member	Served as the Chair of the AICPA in 2008, and a partner currently serves on the Council
	Government Audit Quality Center (GAQC)	Founding member of the Quality Center, serve Executive Committee
	Government Expert Panel	Serve on the panel, which writes state and local government audit guide, and responds to GASB exposure drafts
Governmental Accounting Standards Board (GASB)	Publications	Assisted as editor to GASB Implementation Guides
	Due Process System	Actively respond to significant proposals for new governmental accounting rules
Federal Single Audit Roundtable	Member	Participate in semiannual single audit roundtable with invited members from GAO, OMB, and various federal agencies.
Government Finance Officers Association (GFOA)	Training Development & Facilitation	Facilitate training sessions at the annual conference
International City/County Manager Association (ICMA)	Training Development & Facilitation	Provided training at the annual conference, and have presented a webinar for ICMA members
	Publications	Authored ICMA white paper <i>Successful Approaches for Local Government IT Outsourcing</i>
Public Technology Institute (PTI)	Training Development & Facilitation	Facilitated educational webinars
	Publications	Government consulting leader authored a chapter a PTI book entitled <i>CIO Leadership for Cities and Counties</i>

STATE LEVEL INVOLVEMENT

Illinois Government Finance Officers Association (IGFOA)	Membership	Active membership, attend annual conferences
Michigan Association of Counties (MAC)	Training Facilitation	Facilitated seminars on current topics for the Annual Legislative and Summer Conference sessions
Michigan Association of CPAs (MACPA)	Training Facilitation	Regularly present training to other CPA firms (including our competitors) on governmental accounting, auditing and reporting
Michigan Committee on Governmental Accounting and Auditing (MCGAA)	Board of Directors	Board advises the State Treasury Department on auditing and accounting requirements for municipalities
Michigan Government Finance Officers Association (MGFOA)	Board of Directors	Member
	Committees	Legislative, Membership, and Conference Committees
	Committees	Legislative, Accounting Standards (Chair), Technology Committee (Chair), Professional Development, and Inter-Governmental Collaboration Committees
Michigan Municipal League (MML)	Analysis and Special Report	Hired by the MML to analyze the interaction between the Headlee Amendment and Proposal A and authored a report describing the plight of the Michigan Municipal Finance Model
	Training Facilitation	Conduct an annual workshop at the Advanced Weekender Program on the topic of inter-governmental collaboration in Michigan
Michigan Local Government Management Association (MLGMA)	Committees	Professional Development and Annual Winter Institute Planning Committees and the only non-local government member to serve on these committees
	Training Facilitation	Facilitate seminars for the Annual Winter Institute and Summer Workshop sessions
Michigan State Board of Accountancy	Board Chair	Our government practice leader is the Immediate Past Chair, and another government team member is a current board member
Michigan Townships Association (MTA)	Training Facilitation	Facilitate training at the Annual Education Conference and other seminars, including the annual Auditor Institute
Ohio Women in Finance	Membership	Active membership
Ohio Government Finance Officers Association	Membership	Active membership and attend conferences

QUALITY OF SERVICES

Plante Moran takes great pride in the quality of services we provide to our clients. We have a rigorous set of quality controls designed to provide assurance that professional standards are followed and our clients receive a high quality product. We have no active or pending state or federal desk reviews or disciplinary actions from state regulatory bodies or professional associations.

DEDICATION TO QUALITY CONTROL

Plante Moran has a peer review performed every third year by an independent CPA firm. This firm selects a sample of audit engagements from all of the industries served by Plante Moran and ensures that the audits were performed in accordance with professional standards. The most recent peer review was completed for the fiscal year ended June 30, 2013 and included review of a governmental audit engagement. The firm received a rating of "pass." Firms can receive a rating of pass, pass with deficiency, or fail. Below is our most recent peer review report:



System Review Report

To the Partners of Plante & Moran, PLLC
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, audits performed under FDICIA and examinations of service organizations (SOC 1 and SOC 2).

In our opinion, the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC, applicable to non-SEC issuers in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a rating of *pass*.

Baton Rouge, Louisiana
November 15, 2013

6. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Michigan. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

This firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

OUR TEAM SERVING YOU



Douglas Bohrer, Beth Bialy, Raj Patel, Timothy St. Andrew, Michelle Watterworth

DOUGLAS BOHRER, CPA ENGAGEMENT PARTNER

Doug Bohrer is a partner with Plante Moran and has served a variety of firm clients over the past 25 years. His primary practice areas include advisory consultations, organization succession planning, accounting, auditing as well as organizational governance and strategic planning services. Doug has significant experience as an expert in advising larger governmental and special purpose entities.

Doug's governmental experience includes various audit and attest engagements and special projects including: rate studies, budget assistance, job profiles, franchise contract compliance, departmental staffing assessments, arbitration fact witness testimony, deficit elimination consulting and municipal finance training. He is currently assisting several clients with the planning and adoption of GASB 67 and 68.

Some of the governmental clients Doug has served over the years include: City of Farmington Hills, SMART, Oakland County Budget Finance Corp., City of Northville, City of South Lyon, City of Taylor, City of Garden City, City of Trenton, City of Rockwood, City of Hazel Park, SWOCC and BACB.

Doug currently serves as an impact team leader in the firm's largest office, which is in Southfield. Doug also is the Diversity Council chairman for Plante Moran serving the past seven years, where he has helped lead multiple initiatives focused on hiring, developing and promoting diverse talent to enhance the firm's ability to identify creative solutions for clients.

He is a member of the American Institute of Certified Public Accountants (AICPA) and the Michigan Association of Certified Public Accountants, and is Certification Chairman of the Michigan Minority Supplier Development Council.

Doug is licensed to practice as a CPA in the state of Michigan.

BETH BIALY, CPA

COLLEAGUE PARTNER—GOVERNMENTAL PRACTICE GROUP LEADER

Beth Bialy is the firm leader of Plante Moran's Governmental Services Group. With 30 years of experience, Beth focuses on governmental auditing and consulting. Within the municipal industry, Beth works with clients to help them remain fiscally sustainable. She works with large government entities, such as the City of Columbus, OH, Franklin Park, IL, Wayne County, City of Detroit pension systems, MERS of Michigan, and cities of Warren, Riverview, Berkley, Auburn Hills, Lincoln Park, Southgate, Gibraltar, and Wyandotte, as well as the Wayne County Airport Authority, Downriver Community Conference, Downriver Mutual Aid, Brownstown, Orion and Huron townships.

She has extensive experience in long-range planning and has developed a specialization in legacy costs, including pension and retiree health care. Beth also has ongoing involvement in fact witness testimony for union negotiations, utility rate studies, administrative cost allocation plans, host and franchise fee reviews and arbitrage calculations.

Beth was a member of the Michigan State Board of Accountancy, which issues licenses for CPAs, for eight years and is the immediate past board chair. She is also a member of the American Institute of Certified Public Accountants (AICPA) and Michigan Association of Certified Public Accountants (MACPA) as well as the Wayne County Treasurers Association, MAPERS and the Metropolitan Affairs Coalition, and serves on the board of directors for the Michigan Government Finance Officers Association. Beth also oversees our PMGAP group that works with many Emergency Managers throughout the State.

Beth is licensed to practice as a CPA in the state of Michigan.

RAJ PATEL, CCA, CISM, CISA, CRISC

COLLEAGUE PARTNER—IT CONSULTING

Raj is the leader of Plante Moran's IT consulting practice. He has 20 years of experience working with clients to solve their IT needs, including dozens of colleges and universities. Before joining Plante Moran, he worked for a Big 4 firm. Areas of expertise include: Information Security Risk Assessment, Information Systems Auditing, Cyber Security Assessments, Systems Integration and Controls, and SOC / SSAE 16 Assessments. Raj holds a BS degree in Accounting and is also a Fellow Chartered Certified Accountant. Raj is a certified in various information security certifications, including CISA, CISM and CRISC. He has presented on security related topics in various white papers, newsletters, magazines and at various conferences. Raj was awarded the "American Dreamers" award in 2007 and the "40 under 40" award in 2009 by Crain's Detroit Business in recognition to his professional accomplishments.

TIMOTHY ST. ANDREW, CPA

SENIOR AUDIT MANAGER

Tim is a manager with ten years of experience providing assurance and consulting services to clients. Tim is licensed to practice as a CPA in the State of Michigan and specializes in local government auditing and consulting. Recent experience beyond job organization and management and training and supervision of staff includes preparation of long-range financial forecasts, administrative cost allocation plans, assistance with annual budgets, performance of compliance audits of federally funded programs, internal control reviews, and GASB 63, 65, and 67 implementation assistance.

Tim works with large governmental entities such as the counties of Oakland and Ingham, the cities of Farmington Hills, Birmingham, Brighton, Eastpointe, Southgate, and Rockwood, the Oakland County Zoological Authority, the Oakland County Public Transportation Authority, and the Oakland County Art Institute Authority.

Tim is a member of the AICPA, MACPA, and the Oakland County Treasurers' Association and a presenter at Plante Moran training courses on technical and legislative issues.

**MICHELLE WATTERWORTH, CPA
TECHNICAL SPECIALIST**

Michelle is our firm's lead technical expert in the governmental services group, charged with ensuring audit quality, educating our staff, and increasing our technical compliance. She has more than 20 years of experience with the firm auditing governmental entities including several large governmental pension systems (including MERS), various cities, townships and other special-purpose governments. Michelle is frequently sought after to share her technical expertise with clients and non-clients alike. Michelle's past experience includes GASB consulting assignments, water and sewer rate studies, five-year financial forecasts, budgeting assistance, and assistance with internal controls.

Michelle is also the leader of our single-audit practice. She is responsible for quality control and implementation of new standards in this area. She has been on the leading edge of the implementation of the new Uniform Grants Guidance, which has provided our clients with a leg up in implementing these massive reforms.

Michelle has been the speaker at seminars sponsored by the MiCPA, Michigan Government Finance Officers Association, Public Pension Financial Forum (P2F2), MPPOA and the Michigan Townships Association. Michelle's most recent speaking engagements have overwhelmingly focused on the new pension standards (GASB 67/68) and the Uniform Grant Guidance. She not only educates those working in the public sector, but also teaches other auditors and CPAs.

Michelle is a member of the AICPA State and Local Government Expert Panel, the MGFOA Standards Committee, and is a Leadership Oakland XIII graduate.

She is licensed to practice as a CPA in the state of Michigan.

STAFF QUALITY ASSURANCE

Plante Moran assures the quality of its staff in several ways.

- *With greater partner involvement on engagements than you will find with other firms, our partners are able to work closely with staff and continually boost their knowledge of regulations and processes, resulting in greater productivity, efficiency, and effectiveness.*
- *After just a few years with the firm, most staff are encouraged to find an area to specialize in. They are thoroughly training, with all staff required to fulfill at least 40 hours of CPE training annually.*
- *As one of FORTUNE magazine's "100 Best Companies to Work For," for 16 years, Plante Moran is able to hire and retain some of the best talent coming out of the nation's business and finance programs today.*
- *We also boast a robust professional development program, helping staff continually improve their accounting skills as well as their understanding of the organizations they serve.*

Our experts have already started to put their minds to work for you.

PUT THE EXPERTS IN YOUR COURT

Regulatory and other changes are on the horizon, and that will mean changes in the way you handle your compliance paperwork, from your pension plans to your single audit. But our experts are ready to personally guide you through these changes.

- **GASB Statement No. 68** – *Accounting and Financial Reporting for Pensions*. This standard has significant implications for the City of Novi. For the fiscal year ended June 30, 2015, it will require the City to report its unfunded pension obligations in the government-wide statement of net position and for its proprietary funds. At the most recent measurement (December 31, 2013), the City's unfunded amount was \$26.8 million. This new rule is designed to help local units count the cost of pensions as they are earned, rather than as they are funded. Because some of the information that your financial statements will be based on is out of your control (inactive and retiree data is in the possession of MERS), you will need skilled and knowledgeable professionals at your side as you implement this standard for the first time. Plante Moran worked on the AICPA task force that developed its three whitepapers regarding the implementation issues presented by GASB 68. We are also the auditors for MERS.
- **Federal Grants Reforms**. Significant changes in A-133 audits and federal grants means you will want a capable firm at your side to ensure compliance.
- **IT best practices in Michigan**. The Michigan Society of Accountants is developing best practices around cloud computing and other information technology issues. One of Plante Moran's partners in information technology consulting is on the group's board and is playing a lead role in developing the best practices manual.
- **Technology**. Are you considering new systems that would provide greater efficiency? Online commerce and all that entails? We can help you make sound decisions with strong data and expertise.
- **Other value-added services**. You might also be interested in how we have helped some other municipalities similar to yours. Our work with the City of Farmington Hills provides one example. We helped Farmington Hills coordinate and develop an implementation plan and related process step timeline with respect to GASB 67 and 68 implementation. We also actively contributed to its 2020 Strategic Planning/Visioning process. Grant compliance, pension reporting, and other similar activities are also regularly on our agenda with them.

You deserve expertise like Plante Moran's to keep you ahead of the curve.

YOUR TEAM'S CPE RECORD

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Bialy	Bohrer	Patel	St. Andrew	Watterworth
12/22/2014	AICPA National Construction Industry Conference 2014		12.5					12.5				X	
12/16/2014	Service Industry Regional Meeting 2015		2.5					2.5			X		
12/8/2014	Municipal Excel Training 2014		2.5					2.5					X
12/8/2014	P2F2 11th Annual Conference		12					12					X
12/2/2014	Annual Professional Standards Team Meeting - Dec. 2, 2014		8					8					X
12/1/2014	Engagement Quality Reviewer Training 2014		4.5					4.5					X
11/11/2014	MGFOA - Back to Basics (Session 3)	18						18				X	
10/30/2014	IND 014: 2014 Real Estate & Construction University - Level 303		7.5					7.5			X	X	
10/30/2014	MC Annual Meeting		3.5					3.5			X		
9/24/2014	MGFOA Fall Conference	2	6.5					8.5	X				X
9/15/2014	Grants Reform Overview Partner/Manager Training 2014	2.5						2.5	X	X		X	
8/27/2014	Presenter Credit: IND 014 Municipal Bootcamp Training	3						3					X
8/27/2014	Presenter Credit: IND 014 Municipal Bootcamp Training - Teaching	4.5						4.5				X	X
8/26/2014	PPA and Performance Planning Workshop			2				2			X		X
8/18/2014	OTH 014 Behavioral Based Interviewing (by appointment only)		7					7		X			
8/6/2014	A&A 014 Partner Manager Workshop	9						9	X	X		X	X
7/24/2014	Basics of Derivative Investments	1.5						1.5	X				X
7/14/2014	MC WIL Training and Reception			4.5				4.5	X				
6/18/2014	Ethics: Bank of Little Beach - You are the Valuation Specialist		1					1				X	
6/17/2014	IND 014 A-133 Bootcamp	8						8					X
6/17/2024	Presenter Credit - Webinar - Extreme Makeover: OMB Remodels Grant Mngt Guidance, Part 2		3					3					X
6/11/2014	IND 014 Governmental / Wayne County Client Combined Training		1	1				2	X				
6/11/2014	IND 014 Governmental / Wayne County Client Combined Training	3.5	1	1	0.5	1		7		X			
6/5/2014	Instructor Credit: New Partner Orientation	3						3	X				
5/28/2014	Partner Meeting-Variou Speakers			1	3	1		4.5	X	X			
5/18/2014	GFOA	4		3				7	X				
5/15/2014	IND 014 Governmental/K-12 Annual Industry Training	5		2		1		8	X	X			
5/15/2014	Presenter Credit - IND 014 Governmental/K-12 Annual Industry Training	3						3				X	X
5/7/2014	A&A 014 EBP-2014 Regional Technical Training	4.5	2.5					7		X			
5/6/2014	Presenter Credit - Webinar - Cyber Security "What You Don't Know Could Hurt You" - Teaching		3					3			X		
4/14/2014	MC 014 MC Partner Meeting Spring 2014		3.5					3.5			X		
4/4/2014	MC 014 FI Information Security Training, Teaching		3					3			X		

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Bialy	Bohrer	Patel	St. Andrew	Watterworth
4/2/2014	Presenter Credit - Webinar- Extreme Makeover: OMB Remodels Grant Mngt Guidance, Part 1		3					3					X
3/7/2014	MGFOA Spring Seminar	1	4					5					X
2/4/2014	IND 014 PMGAP Winter 2014 Technical Training	3.5	3.5	0.5				7.5	X				X
2/4/2014	Presenter Credit IND 014 PMGAP Winter 2014 Technical Training	6						6					X
1/16/2014	A&A 014 Peer Review Update- Webinar-Make Up Replay		2					2		X		X	
1/13/2014	FRM 013 Roadshow for Tax and Audit Associates		2					2				X	X
1/10/2014	MC 013 Bank/Lender Topics: Swap Agreements		1					1		X			
12/16/2013	A&A 013 Peer Review Update - Webinar		2					2		X			
12/4/2013	Presenter Credit-Taking a closer look at GASB's new pension standards	3						3					X
11/25/2013	FRM 013 Roadshow for Tax and Audit Associates		2					2				X	
11/22/2013	FRM 013 HR - PPA Workshop (3W Impact Group)		2					2	X	X			X
11/19/2013	IND 013 Inaugural Commercial Team Workshop		5					5		X			
11/6/2013	TAX 120 TWT - Individual Year End Tax Planning						2	2	X				
10/31/2013	FRM 013 Roadshow for Tax and Audit Partners		3.5					3.5	X	X			
10/24/2013	MC 013 MC Annual Meeting		2.5					2.5			X		
10/22/2013	OTH 012 Employment Law - What Every Supervisor Needs to Know about Legal Risk Avoidance (Invitation Only - New Partner Session)		3					3		X	X		
10/17/2013	LDR 013 Partner Meeting "Keynote Address"			1.5				1.5	X				
10/13/2013	IND 013 Real Estate & Construction University Level 302	.5	10					10.5				X	
9/30/2013	MGFOA Fall Conference		10.5					10.5					X
9/30/2013	MGFOA Fall Conference				4			4					X
8/28/2013	IND 013 Municipal Bootcamp Training	6.5						6.5					X
8/28/2013	IND 013 Municipal Bootcamp Training	3.5						3.5				X	
8/29/2013	IND 013 Municipal Bootcamp Training	4.5						4.5				X	
8/28/2013	Presenter Credit - IND 013 Municipal Bootcamp Training	18.5						18.5				X	X
8/26/2013	A&A 013 Partner Manager Training - FASB and AICPA Update presented by Loscalzo	7	1					8		X			
8/21/2013	Presenter Credit - OTH 013 Plante Moran Alliance Annual Conference		3					3			X		
8/20/2013	IND 013 - Governmental Client Training	4	3.5					7.5	X				X
8/20/2013	Presenter Credit - Governmental Client Training	3						3	X				
8/17/2013	Presenter Credit-COR 013 Core Introductory Training		6					6				X	
8/15/2013	IND 013 Governmental Caseware Financial Statement Technology Training		3.5					3.5		X			
8/6/2013	A&A 013 Partner Manager Training - FASB and AICPA Update presented by Loscalzo	7	1					8	X			X	X
7/16/2013	A&A 013 - 2013 Independence Update (Moderated Replay: all offices)					2		2			X		
6/21/2013	A&A 013 Independence Update (Moderated Replay: All offices)					2		2		X			

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Bialy	Bohrer	Patel	St. Andrew	Wattenworth
6/18/2013	Detroit CIO Executive Summit	2	4					6			X		
6/18/2013	Perry School of Business	3	3					6			X		
6/18/2013	GFOA Conference	6						6			X		
6/17/2013	A&A 013 Clarity Standards Refresher: Clarifying Common Areas of Confusion	2						2	X				
6/13/2013	IND 013 Understanding Governmental Financial Statements		7.5					7.5		X			
6/12/2013	A&A 013 Clarity Standards Refresher: Clarifying Common Areas of Confusion	2						2	X				
6/12/2013	A&A 013 Clarity Standards Refresher: Clarifying Common Areas of Confusion - Teaching	6						6					X
6/10/2013	A&A 013 Independence Update		2					2	X			X	X
6/7/2013	IND 013: Wayne County Training "Client Training"	3	4					7					X
6/7/2013	IND 013: Wayne County Training "Client Training"	5	2			1		8	X				
6/6/2013	Case Study Method Training "Train the Trainer" Program		8					8					X
6/6/2013	Presenter Credit - FRM 013 New Partner Orientation/Training		4.5					4.5	X				
6/6/2013	FRM 013 New Partner Orientation/Training	2.5	3.5					6	X				
5/23/2013	MACPA Governmental Accounting and Auditing Seminar	1						1					X
5/9/2013	IND 013 Governmental/K-12 Annual Industry Training	4.5	2.5					7					X
5/9/2013	IND 013 Governmental/K-12 Annual Industry Training	8	2.5					10		X		X	X
5/9/2013	Presenter Credit IND 013 Governmental/K-12 Annual Industry Training	3						3					X
3/14/2013	ICBA Convention	12	20					32			X		
2/28/2013	MC 013 IT Consulting Training: FI Group - Teaching		1.5					1.5			X		
1/22/2013	LDR 013 Women in Leadership: Partner/Manager Panel-Southfield (Invitation Only)			3.5				3.5	X				X
1/17/2013	LDR 013 Skills for Developing Leaders (Invitation only)			10				10					X
1/10/2013	FRM 400 Supervisory Wksp: Practical Skills for Inclusion & Diversity		10					10					X
12/10/2012	Group Audit Standard - Overview of the Requirements and Application Archive		2					2	X				
12/5/2012	Plante Moran Non-For-Profit Presentation	3						3			X		
11/14/2012	IND 012 REC University: Level 301		9					9				X	
11/7/2012	GASB 67 and GASB 68 - A Closer Look - Teaching credit	3						3					X
11/7/2012	Presenter Credit - 20/20 vision: A clear view of pension obligations - WEBINAR	3						3					X
10/23/2012	FRM 012 Partner Meeting Keynote Address: Staff Retention			2				2	X	X	X		
10/18/2012	IND 012 MC Annual Meeting		2					2			X		
10/17/2012	MC 012 MC College: MC Overview and Understanding MC Services and Industries		6					6			X		
9/26/2012	MGFOA 2012 Fall Conference	5.5	5.5					11					X
9/26/2012	IND 012 Overview on Trade Credit Insurance and How our PM Clients Can		1					1		X			
9/19/2012	ISACA Detroit Chapter Meeting		2					2			X		

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Blaly	Bohrer	Patel	St. Andrew	Waterworth
9/18/2012	A&A 012 Group Audit Standard - Overview of the Requirements and Application (AUDI Replay)	2						2	X			X	X
9/14/2012	Community Bankers of Michigan (CBOM) Best Conference		22					22			X		
9/7/2012	A&A 012 Group Audit Standard - Overview of the Requirements and Application		2					2	X				X
8/29/2012	A&A 012 Partner / Manager Workshop	10	0			0		10		X		X	
8/28/2012	Governmental Client Training - Teaching credit	3						3	X				X
8/28/2012	Governmental Client Training - Teaching credit		7					7	X				X
8/21/2012	IND 012 Governmental Client Training	5						5					X
8/21/2012	IND 012 Governmental Client Training	3.5	2	1.5				7	X				X
8/17/2012	A&A 012 Group Audit Standard - Overview of the Requirements & Application	2						2		X		X	
8/17/2012	A&A 012 Group Audit Standard - Overview of the Requirements & Application - Teaching credit	0	6			0		6					X
8/16/2012	IND A&A K12 Professional Standards Reviewers Update	2						2					X
8/6/2012	FRM 012 Practice Management - Billing (PowerBill) Training (SOUT)		4.5					4.5			X	X	
8/2/2012	A&A 012 Partner / Manager Workshop	10						10	X				X
7/27/2012	FRM 012 Practice Management - Job Budgeting Training	0	2					2		X		X	X
7/17/2012	FRM 012 Practice Management - Billing Training	0	4.5					4.5				X	
7/12/2012	FRM 012 Practice Management - Billing Training	0		4.5				4.5	X				
7/12/2012	FRM 012 Practice Management - Job Budgeting Training			2				2	X			X	
7/11/2012	FRM 012 Practice Management - Billing (PowerBill) Training		4.5					4.5					X
6/28/2012	FRM 012 Partner Meeting		2	2				4	X	X			
6/28/2012	FRM 012 Partner Meeting		2					2			X		
6/28/2012	OTH 100 Behavioral Based Interviewing (By invitation only)		7					7				X	
6/23/2012	Leading Professional Services Firm		34					34			X		
6/14/2012	A&A 012 Core Training Strategic Interviewing with Professional Skepticism	9						9				X	X
6/13/2012	Understanding Independence		4					4		X			X
6/8/2012	IND 012 Wayne County Training Client Training	4	1					5	X				
6/8/2012	IND 012 Wayne County Training Client Training - Teaching Credit	3						3	X				
5/22/2012	A&A 012 Accounting and Auditing Online Research Tools Demonstration - Teaching credit	0	3					3					X
5/22/2012	A&A 012 Accounting and Auditing Online Research Tools Demonstration	0	1					1	X			X	X
5/15/2012	MACPA Govt A&A Auditing Conference May 2012 - Teaching Credit	3.5						3.5					X
5/14/2012	IND 012 Municipal/K12 Annual Update (2012) - Teaching Credit	4.5	0					4.5					X
5/10/2012	IND 012 Municipal/K12 Annual Update (2012)	8.5	0					8.5	X	X		X	
5/10/2012	IND 012 Municipal/K12 Annual Update (2012)	7						7					X
5/9/2012	IND 012 EBP Regional Technical Training	7	0			0		7		X			

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Biely	Bohrer	Patel	St. Andrew	Watterworth
5/4/2012	IND 012 EBP - What you Need to Know to Start Your 12/31/11 Audits		2					2		X			
5/3/2012	OTH 100 Behavioral Based Interviewing		7					7				X	
5/3/2012	A&A 012 Accounting and Auditing Online Rsearch Tools Demonstration	1						1	X				
3/29/2012	IND 012 PMGAP Property Tax Training	8	0					8	X				
3/24/2012	A&A 012 Accounting and Auditing Online Rsearch Tools Demonstration		1					1					X
3/23/2012	MGFOA Spring Seminar	4.5	5					9.5					X
2/15/2012	IT Auditing (PCAOB, Yellow Book)	8	8					16			X		
1/10/2012	FRM 400 Supervisory Wksp: Practical Skills for Inclusion & Diversity		10					10	X				
1/5/2012	OTH 012 Employment Law - What Every Supervisor Needs to Know about Legal Risk Avoidance			2				2	X				
12/21/2011	A&A 011 Planning, Budgeting Time and Job Management Quality and Documentation Approach	1	1					2					X
12/20/2011	OTH 011 Employment Law - What Every Supervisor Needs to Know about Legal Risk Avoidance	0		2		0		2	X				
12/15/2011	A&A 011 Assurance Year End Update	2	0					2				X	X
12/15/2011	A&A 011 ITGC Update Webinar for Assurance Staff	0	1					1					X
12/8/2011	MC 011 MC Engagement Management Process & SharaePoint Training		3.5					3.5			X		
11/30/2011	IND 011 M&D Fall Assurance Technical Training		3					3		X			
11/21/2011	IND 011 Real Estate and Construction Webinar Series: #4 Common Technical Acctg & Auditing Issues "Variable Interest Entities and Fair Value	3.5						3.5				X	
11/16/2011	A&A 300 Level 3 Assurance Training		3					3				X	
11/14/2011	IND 011 Real Estate and Construction Webinar Series: #3 Construction Template Updates		2					2				X	
11/9/2011	A&A 200 Level 2 Assurance Training - Teaching			3				3	X				
10/20/2011	IND 011 REC University: Level 201		10					10				X	
10/19/2011	Presenter Credit - Service Industry Annual Update/Training		3					3					X
9/29/2011	IND 011 Manufacturing & Distribution Workshop		6					6		X			
9/20/2011	MGFOA Fall 2011 Training Institute	7	9					16					X
9/12/2011	FRM 400 Supervisory Wksp: Practical Skills for Inclusion & Diversity	0	30					30	X				
9/12/2011	FRM 400 Supervisory Wksp: Practical Skills for Inclusion & Diversity	0		10				10	X	X			
9/7/2011	GASB - Pension Proposal; An in Depth Look	3						3					X
8/26/2011	A&A 500 Assurance Partner/Manager Workshop	8	0			0		8		X		X	
8/10/2011	IND 011 Governmental Industry PSD Training - Teaching	9	0					9					X
8/9/2011	A&A 500 Assurance Partner/Manager Workshop	8	0					8	X			X	
7/27/2011	A&A 500 Assurance Partner/Manager Workshop	8	0					8					X
7/26/2011	A&A 999 ITGC Training for Auditors (Catch up Session)	7						7				X	
7/21/2011	IND 011 K12 Standards Review Training	6	0					6					X

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Bialy	Bohrer	Patel	St. Andrew	Wattenworth
7/20/2011	A&A 200 Level 2 Assurance Training	0	12					12					X
6/28/2011	GAST training	3	0					3	X				
6/21/2011	IND 011 Governmental Client Training	3.5		3		2		6		X			
6/13/2011	IND 011 Governmental Financial Reporting - GASB 34	8						8		X			
6/10/2011	IND 011 Wayne County Annual Training	4	2.5			2		6	X				
6/10/2011	IND 011 Wayne County Annual Training	3	4					7					X
6/10/2011	IND 011 Wayne County Annual Training - Teaching Credit	3	0					3					X
6/7/2011	IND 011 A-133 Bootcamp	6.5	0					6.5					X
6/7/2011	IND 011 A-133 Bootcamp - Teaching Credit	4.5						4.5					X
5/26/2011	A&A 950 Partner Meeting Breakout Session		2.5			0		2.5	X				
5/25/11	A&A 950 Peer Review Update at Partner Meeting	1	0			0		1		X			
5/9/2011	EBP 011 Employee Benefits Plans Dept of Labor and A&A Update		2			0		2		X			
5/9/2011	EBP 011 Employee Benefit Plan Office Training		2					2		X			
5/9/2011	EBP 011 Replay - Employee Benefit Plan Audits-What you need to know to start your 12/310 Audits		2					2		X			
5/5/2011	IND 011 Municipal/K-12 Annual Spring Session	8.5	0					8.5	X				
5/5/2011	Ind 011 Municipal/K-12 Annual Spring Session - Presenter Credit	3	0			0		3					X
5/5/2011	IND 011 Municipal/K-12 Annual Spring Session	7.5	0			0		7.5		X			X
5/4/2011	P&M - Revenue Producing and cost-cutting ideas: Insights from 65 years of serving Government	1						1		X			
May 2011	A&A 950 Peer Review and Liability Insurance Update at Partner Mtg	3	0					3	X				
May 2011	A&A 950 Peer Review Update at Partner Meeting	5	0					5	X				
4/28/2011	Best Practices in Local government - Teaching Credit	3	0					3	X				
4/28/2011	Best Practices in Local government - speaking session	6	0					6	X				
4/14/2011	IND 011 GASB Overview - Teaching Credit	2						2					X
4/6/2011	MML Capital Conference	3	0					3	X				
3/25/2011	MGFOA Spring 2011 Seminar	4.5	0					4.5					X
2/10/2011	MAPERS spring one-day	6	0					6	X				
1/26/2011	A&A 950 2010 Peer Review Findings	14	0					14	X				
1/26/2011	A&A 950 2010 Peer Review Findings	2	0			0		2	X				X
1/21/2011	TAX 016 SurePrep Signer (SOUT)						1	1	X				
1/7/2011	A&A 011 Assurance Year End Update - REPLAY	3	3					6	X				
1/6/2011	Increasing your Return on Investment: Practice and Business Development						6	6	X				X
12/22/2010	A&A 011 Assurance Year End	3	0					3	X				X
12/9/2010	A&A 900 MATS 2 - Audit Efficiency Training	2						2	X				X
11/30/2010	TAX 010 FirmFlow Training (SOUT 2:00 - 5:00)						3	3	X				
11/11/2010	A&A 200 Level 2 Assurance Training - Teaching	12						12					X
10/6/2010	A&A 011 Assurance Webinar - Analytical Review Procedures	1						1					X

Date	Program	Accounting & Auditing	Professional Proficiency	Personal Development	Management	Ethics	Taxation	Total	Bialy	Bohrer	Patel	St. Andrew	Wattenworth
9/29/2010	P&M Government in Transition webinar	1						1	X				
9/29/2010	P&M Government in Transition webinar - Teaching							3	X				
9/28/2010	2010 AICPA National Governmental Acctg and Auditing Update	13.5	1					14.5					X

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this Request for Proposals. These engagements should be ranked on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

In addition, provide a complete list of governmental clients to which you provide audit services.

Organization/ Partners/Associates	Client contact	Scope of work	Date/Hours
Oakland County Joe Heffernan Bill Brickey Tim St. Andrew	Ms. Laurie Van Pelt Director of Management and Budget 248.858.2163	Financial Statement Audit, A-133 Audit	Client since 2004 1,800+ hours
City of Rochester Hills Joe Heffernan Lisa Manetta	Mr. Keith Sawdon Finance Director 248.841.2535	Financial Statement Audit, A-133 Audit	Client since 1999 850 hours
City of Farmington Hills Beth Bialy Doug Bohrer Michelle Watterworth Tim St. Andrew	Mr. David Gajda Finance Director/Treasurer 248.871.2440	Financial Statement Audit, A-133 Audit	Client since 1957 825 hours
City of Auburn Hills Beth Bialy Dave Helisek Michelle Watterworth	Tom Tanghe City Manager 248-370-9440	Financial statement Audit	Client since 1974 600 hours
City of Birmingham Joe Heffernan Tim St. Andrew	Mr. Joe Valentine City Manager 248.530.1809	Financial Statement Audit	Client since 1993 450 hours

Providing our public servants a higher return on experience.

- City of Auburn Hills
- Village of Augusta
- City of Belleville
- Township of Benton
- City of Benton Harbor
- City of Berkley*
- Township of Berrien
- Village of Berrien Springs
- Township of Bertrand
- Village of Beverly Hills
- City of Birmingham *
- City of Bloomfield Hills
- City of Brighton
- Township of Brownstown
- City of Buchanan
- City of Burton *
- Township of Canton *
- City of Charlotte
- City of Chelsea
- Chesterfield Township
- Township of Clay
- Township of Clinton
- City of Clio
- City of Coloma
- Township of Convis
- City of Davison
- Davison Township
- City of Dearborn *
- City of Dearborn Heights
- City of East Lansing *
- City of Eastpointe
- Village of Eau Claire
- Township of Emmett
- City of Farmington
- City of Farmington Hills *
- Fenton Township
- City of Flat Rock
- City of Flint *
- Flint Township
- Flushing Township
- Township of Fredonia
- City of Garden City
- City of Gibraltar
- Township of Grand Blanc*
- City of Grosse Pointe *
- Township of Grosse Pointe
- City of Grosse Pointe Farms
- City of Grosse Pointe Woods*
- Township of Hagar
- Township of Hamburg
- City of Hamtramck
- City of Harbor Beach
- City of Harper Woods
- Township of Hartford
- City of Hazel Park
- City of Highland Park
- Township of Highland
- Township of Huron
- Township of Johnstown
- Township of Keeler
- Township of Lake
- City of Lathrup Village
- Township of Lee
- City of Lincoln Park
- City of Livonia
- Township of Macomb
- City of Madison Heights *
- Township of Marshall
- City of Mason
- City of Melvindale
- Township of Milford
- Village of Milford
- City of Monroe*
- City of Mt. Clemens
- City of Mt. Morris
- Township of Mt. Morris
- City of Northville
- Township of Northville
- Township of Orangeville
- Orion Township
- Township of Parma
- Township of Pokagon
- City of Port Huron *
- Township of Plymouth
- Township of Redford
- City of Richmond
- City of Riverview
- City of Rochester Hills *
- City of Rockwood
- City of Romulus
- City of Roseville
- Salem Township
- City of Saline
- City of St. Clair Shores *
- Township of Scio
- Township of Shelby
- City of Southfield
- City of Southgate
- City of South Lyon
- City of Sterling Heights *
- City of Swartz Creek
- Township of Sylvan
- City of Taylor
- Thetford Township
- City of Trenton
- Tyrone Township
- Township of Van Buren
- Vienna Township
- City of Warren *
- Township of Washington
- Township of Waterford
- Township of West Bloomfield
- City of Westland
- City of Wixom *
- City of Woodhaven
- City of Wyandotte

MUNICIPALITIES

COUNTIES

- Genesee County *
- Ingham County
- Livingston County
- Macomb County
- Oakland County *
- Wayne County *

LIBRARIES

- Auburn Hills Library
- Baldwin Public Library
- Canton Public Library
- Clio-Vienna Library
- Farmington Community Library
- Flint Public Library
- Grosse Pointe Public Library
- Kalamazoo Public Library
- Northville District Library
- Redford District Library
- Romeo District Library
- Salem-South Lyon Library
- Saline District Library
- Shiawassee District Library
- The Library Network
- West Bloomfield Library
- Willard Library

COUNTY ROAD COMMISSIONS AND OTHER RELATED ENTITIES

- Berrien County Road Commission
- Kalamazoo County Road Commission
- Oakland County Road Commission
- Macomb County Road Commission

* CAFR

- Washtenaw County Road Commission
- Michigan County Road Commission Self-Insurance Pool *
- County Road Association of Michigan
- County Road Association Self-Insurance Fund (CRASIF)

STATE OF MICHIGAN

- Michigan Bureau of Lottery
- Michigan Municipal League
- Michigan State Housing Development Authority

COURTS

- 16th District Court
- 17th District Court
- 18th District Court
- 19th District Court *
- 20th District Court
- 21st District Court
- 23rd District Court
- 25th District Court
- 26th District Court
- 27-1 District Court
- 27-2 District Court
- 28th District Court
- 32A District Court
- 33rd District Court
- 34th District Court
- 35th District Court
- 39th District Court
- 40th District Court
- 41A District Court
- 41B District Court
- 42nd District Court
- 47th District Court
- 48th District Court
- 51st District Court

OTHER GOVERNMENTAL UNITS

- Aerotropolis Development Corporation
- Alpena Power
- Ann Arbor Transportation Authority
- Battle Creek Unlimited, Inc
- Benton Harbor-St. Joseph Joint Sewage Disposal Board
- Birmingham Area Cable Board
- Buchanan Dial-A-Ride
- Capital Regional Airport Authority
- Central Wayne County Sanitation Authority
- Conference-Western Wayne
- Davison Downtown Development Authority
- Davison Local Development Finance Authority
- Davison Richfield Area Fire Authority
- Davison Richfield Senior Citizens Authority
- Detroit Housing Commission
- Detroit Retirement Systems
- Downriver Community Conference
- Downriver Mutual Aid
- Downriver (Algonac) Recreation Commission
- East Lansing-Meridian Water and Sewer Authority
- Elderly Housing Corporation of Westland
- City Council of Flint
- Flint DDA
- Genesee County Drain Commission
- Genesee County Health Department
- Genesee County *

- Genesee County 911 Consortium
- Genesee County Self Insurance Pool Trust
- Genesee Metropolitan Planning Commission
- Grand Blanc District Library Commission
- Grosse Pointes-Clinton Refuse Disposal Authority
- Henry McMorran Memorial Auditorium Authority
- Lansing Board of Water and Light
- Livingston County
- Livingston, Jackson and Washtenaw Counties
- Mackinac Bridge Authority
- Macomb County Zoological Authority
- Association of Public Employees Retirement Systems (MAPERS)
- Michigan Public Power Agency
- Midland City and County Joint Building Authority
- Nankin Transit Commission
- Northville Community Recreation Commission
- Oakland County *
- Oakland County Local Development Company
- Oakland County Zoological Authority
- Older Person's Commission (Rochester Hills)
- Pontiac Retirement Systems
- Port of Cincinnati
- Resource Recovery and Recycling Authority of Southwest Oakland County
- Rochester-Avon Recreation Authority
- Saline Area Fire Department
- Southeast Macomb Sanitary District
- Southeast Michigan Council of Governments (SEMCOG)
- Southeast Oakland County Resource Recovery Authority (SOCRRA)
- Southeastern Oakland County Water Authority (SOCWA)
- South Huron Valley Utility Authority
- South Macomb Disposal Authority
- Southwest Oakland Cable Commission
- SW Barry County Sewer & Water Authority
- Suburban Mobility Authority for Regional Transportation (SMART)
- City of Warren Retirement System
- Washington & Bruce Township Parks & Recreation
- Washington & Bruce Township Star Transportation
- Wayne County *
- Wayne County Airport Authority *
- Wayne County Land Bank Corporation
- West Bloomfield Parks and Recreation Commission
- Western Townships Utilities Authority
- Western Wayne County Narcotics Unit
- Wyandotte Municipal Service Commission

*CAFR

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this Request for Proposals. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

Hours per audit phase				
	<i>Planning/Risk Assessment</i>	<i>Understanding and Testing Internal Controls</i>	<i>Testing and Analysis</i>	<i>Audit Opinion and Reporting</i>
<i>Partner</i>	5	5	35	5
<i>Senior Manager</i>	15	10	60	10
<i>In-charge</i>	15	25	110	10
<i>Staff</i>	5	50	215	5
<i>Admin</i>	5	-	-	15

The following audit approach questions are answered in the narrative below:

- a. **Proposed segmentation of the audit**
- c. **Sample sizes and the extent to which statistical sampling is to be used in the engagement**
- d. **Type and extent of analytical procedures to be used in the engagement**
- e. **Approach to be taken to gain and document an understanding of the City's internal control structure**
- f. **Approach to be taken in determining laws and regulations that will be subject to audit test work**
- g. **Approach to be taken in drawing audit samples for purposes of test of compliance**
- f. **Approach to be taken in determining laws and regulations that will be subject to audit test work**
- g. **Approach to be taken in drawing audit samples for purposes of test of compliance**

AUDIT METHODOLOGY AND SEGMENTATION

Our audit approach is designed to be comprehensive in addressing the significant accounting and auditing issues and tailored to the unique needs of the City. The goal of the audit is to address your critical areas of risk and vulnerability. Our professional standards require us to perform certain mandatory auditing procedures. That being said, our approach goes beyond the mandatory requirements. We believe that audits should be more than simply a historical compliance activity — it should provide ideas and suggestions to improve accounting procedures and internal controls and include discussions with you to review your financial statements and what they should be telling you. Our approach is to deliver an efficient and effective audit by balancing risk, value, and cost.

- **Phase 1 – planning (city involvement and internal team planning)**
- **Phase 2 – understanding and testing the internal control structure**
- **Phase 3 – testing and analysis**
- **Phase 4 – audit opinion considerations and reporting**

Our audit approach is structured and segmented into the following phases:

These phases are described in more detail on the following pages.

Phase 1 – Planning

Audit planning is initiated by selecting the appropriate team based on the complexity of the client. In the initial year of an audit, our firm makes an investment in getting to know you and your systems. We budget (but do not charge you) for increased partner and manager time as our experience has shown that properly planning for a new client relationship greatly reduces your transition time and also significantly reduces the risk of audit failure. We anticipate spending approximately 50% more time in the first year of the audit. This time is not included in the recurring budgeted hours shown in the fee section as this is not time that is billed to you.

In an initial audit, planning starts with an internal kick-off meeting. Staff and partners are directed to review the prior financial statement and familiarize themselves with the key account balances and transaction cycles. We also read through prior AU 260 or AU 265 audit communications (end of audit letters). We discuss whether the City has any significant unique services. Once we gain a basic understanding of the City's finances, a team of 2-3 staff (including the audit partner) are identified to visit the offices of the predecessor auditor in order to review workpapers and determine if the opening balance sheet balances were appropriately audited by the predecessor auditor. We also ask questions of the prior auditor as required by auditing standards.

The planning process entails the following:

Audit procedure	Detailed steps
Client planning meeting	<p>After some initial internal planning to set up files and revisit issues from the previous audit, we then hold a planning meeting with City staff to accomplish the following:</p> <ul style="list-style-type: none">• <i>Conclude on timeframes for starting the audit and for completion</i>• <i>Establish communication protocol (would you like weekly status meetings?)</i>• <i>Identification of primary audit contacts and any conflicts they may have (vacations, heavy workload times, etc)</i>• <i>Obtain a listing of related parties (council, management and other key staff)</i>• <i>We will request preliminary trial balance downloads so that we may code any new funds or accounts for our audit software</i>• <i>Cover expectations of "prepared by client" workpapers</i>• <i>Discuss any changes from the prior year in terms of City staffing, changes in operations, funds, accounting method changes, software changes</i>• <i>Discuss if and how the City addressed prior year management letter comments or internal control deficiencies</i>• <i>Discuss whether the City is expected to be subject to an A-133 federal compliance audit</i>• <i>Discuss any new laws or regulations, new compliance requirements, new GASBs that need to be implemented</i>• <i>Clearly communicate City expectations for the audit process</i>• <i>Discussion surrounding the use of Plante Moran's Client Collaboration Site and how this can help to streamline document exchange between the City and the audit team</i>

<i>Summarize pertinent documents</i>	<p>As part of the audit, we are required to identify any significant contracts and agreements that impact the audit in terms of either accounting or footnote disclosures. For instance, we will ask for all union contracts so that we can summarize all pertinent sections relating to the audit such as the provisions for overtime, sick pay, vacation leave, etc.</p>
	<p>WE WILL ALSO REVIEW THE FOLLOWING:</p>
	<ul style="list-style-type: none"> • <i>debt documents such as bond official statements</i> • <i>construction agreements for ongoing projects</i> • <i>inter-governmental agreements for shared services, etc.</i>
<i>Excerpt Council minutes</i>	<p>Our team will review council meeting minutes from several months prior to the start of the year continuing through to the current date. The purpose is to further identify any actions taken that could impact the audit.</p>
<i>Consideration of Component Units and Joint Ventures</i>	<p>During the planning phase, we always readdress the standing of component units and joint ventures. We use an internally-designed decision matrix to document decisions to include or exclude potential component units and joint ventures.</p>
	<p>Under AU 260, we will perform the following procedures:</p>
<i>Fraud risk considerations</i>	<p>Communicate with those charged with governance that we are planning for the upcoming audit. This step allows the Council to communicate with us if they have concerns about fraud risks or internal control deficiencies. This also gives Council an opportunity to discuss concerns with us and to ask us to focus on any concerns that could have a material impact on the financial statements. We always have at least one face-to-face meeting with a member of the governing body and we follow up with a letter to all members.</p>
	<p>We also ask certain fraud-related questions of members of the management team.</p>
<i>Legal invoice review</i>	<p>We obtain a download of the invoices paid to all legal counsel. We review the invoices to gain an understanding of the types of cases or issues that are being handled. We then conclude as to which attorneys we should send confirmations to.</p>
	<p>Using the information gained from the above steps (significant events during the year, changes in reporting, etc.) and using the preliminary trial balance download obtained at or before the client planning meeting, coupled with the annual budget and prior year amounts, the audit team will perform baseline analytical procedures.</p>
<i>Baseline analytical review</i>	<p>We have developed a template that identifies "unusual" account balances based on specific criteria and expected relationships between accounts.</p>
	<p>For any accounts that are identified, we will follow up with management and determine if the situation results in a "significant audit risk" which means that the related transaction cycle is flagged so that we can design a specific audit step (if none already exists) to test the item at the appropriate level.</p>

Establish materiality thresholds

As a result of the above procedures and based on the reliability of the initial download, we will set planning materiality thresholds. Planning materiality is set at the financial statement opinion level. After materiality is computed, we determine values for "large item thresholds" and "individually significant items".

Identification of Outside Service Organizations

Based on discussions related to your accounting cycles, we will conclude whether the City is relying on any outside service organizations for processing of transactions that have a material impact on the financial statements. One example would be if the City is using a payroll processing company. If so, we attempt to obtain SOC-1 reports performed by outside auditors that pertain to the period under audit or a significant portion of the period supplemented by a gap letter.

Use of a Specialist

Based on discussions related to your accounting cycles and the involvement of any specialized calculations, we conclude on whether the audit team will be required to rely on work performed by specialists. One example would be actuarial calculations. If these situations exist, we perform procedures to document the credentials of the specialist.

An information technology audit consultant with knowledge of BS&A software will perform a review of the information technology control environment and test certain operations in more detail in the following areas:

GENERAL CONTROLS

- *Authentication Controls – Network and Financial Applications, User Access (Terminations, Changes, and Reviews)*
- *Segregation of Duties*
- *Administrative Access*
- *Environmental Controls*
- *Firewall Log Reviews*
- *Information Security Program*
- *Data Interfaces*
- *Backup Procedures*
- *Application controls:*
 - *Specific accounting applications*
 - *Process for authorization and approval of transactions*
 - *Ability to make changes to the software*
- *Access controls*

Schedule your IT Assessment

The person performing this assessment is a specialist in governmental systems and internal IT controls. These assessments will allow us to determine the extent to which we can utilize technology-based tools and specialized audit software in the performance of our work.

See page 40 for more information on our approach to IT and its impact on the audit

Phase 2 – Understanding and testing the internal control structure

The identification of significant risk items and the related testing response are important components of our audit approach. In assessing which risks are significant risks we consider, at least, the following during a brainstorming session with partners and staff assigned to the audit:

- *Client risk – this is a significant risk or complexity particular to a specific client such as unusual revenue arrangements, unstable political or economic environment, change in accounting system, including IT environment, material weaknesses and significant deficiencies in internal control, use of alternative investments, especially those not addressed by management, lack of personnel with appropriate accounting and financial reporting skills and turnover of key financial staff.*
- *Industry risk – these risks have been identified by our Industry Group Leader and technical specialists and can change based on trends in governmental accounting, Revenue shortfalls and resulting constrained budgets, segregation of duties concerns as staffing levels are decreased, new GASB implementation, new grant requirements, inter-fund borrowings, improper use of restricted revenues, etc. may have an impact on how we design our audit tests*
- *Inherent risk – certain balances or account cycles are more risky by their very nature. Balances and transactions that are difficult to understand or that involve large amounts or high dollar transactions or that are subject to estimation may be inherently more risky. For example, cash is inherently more risky than fixed assets as cash is more susceptible to misappropriation. In addition, accounts receivable balances that are subject to collectability concerns are more risky than prepaid account balances*
- *Engagement risk – engagement risk increases with the size and complexity of the client. Significant transactions (in terms of size and/or volume) during the year, including items such as property tax revenue, debt, vendor contracts, and payroll related items*

Based on all the above risks, having the right staff at the table with the right expertise and experience is the key to this approach and was considered in assembling the team presented in this proposal.

During the brainstorming session we focus on the above risks and identify potential misstatements that could occur within each cycle.

Fraud Risk Assessment – We further focus our brainstorming discussion on identifying the following:

- *External or internal pressures or points of stress affecting financial position*
- *Pressures or points of stress that could affect incentives or motivations in falsely reporting financial information*
- *Ways that the client could successfully manipulate financial information*
- *Level of integrity of management including a culture that enables management to rationalize fraudulent behavior*
- *Situations that call for increased professional skepticism*
- *Ability to override controls*
- *Related party transactions that may not be arms-length*

We also identify the responses to the fraud risk questions posed to those charged with governance in order to determine if our typical audit procedures are sufficient to address these concerns or whether we need to design additional procedures.

An additional fraud identification step that we perform is to undertake to perform some sort of surprise procedures each year. Our audit team brainstorms as to what we should do to make sure that there is some element of surprise by testing some balance or control that otherwise might not be tested each year.

SPECIFIC TESTING APPROACH

Plante Moran has developed tailored audit programs to test the significant transaction cycles. Your audit programs will be tailored during the planning phase of the engagement and throughout the audit. Using all of the information gathered thus far, we identify significant line items on the balance sheet and income statement (based on materiality and additional risks noted above) and we also look to the transactional cycles that produce those balances. We will review each cycle and categorize each cycle according to the size, relevance of transactions flowing through the cycle, inherent risk, industry risk, fraud risk and client risk. As a result, we categorize each key cycle as either

- *Major Cycle*
- *Material but Not Major Cycle*
- *Insignificant Audit Risk Cycle*

As noted above, during the planning phase, we use baseline analytical procedures to help assess the risk associated with each audit segment, through ratio and fluctuation analysis. This is done by comparing three years of trend history to current year results. In certain low-risk areas (cycles that are not deemed Major or Material), we may conclude to rely on these 'Baseline Analytics' for our substantive work. For these immaterial balances, we will develop further expectations for the current year balance from other audit sections and through conversations with management, and compare the actual results to this expectation. Any resulting difference that is not within an allowable range, will be tested through substantive tests of transactions.

For the City, preliminarily, we would expect the following cycles to be deemed either major or material:

- *Cash and Treasury Functions*
- *Investments and Investment Earnings and Losses*
- *Receivables, Deferred Inflows and Unearned Revenue*
- *Revenues (property tax, grants, charges for services)*
- *Capital Assets*
- *Prepaid Assets, Deposits and Other Assets*
- *Accounts Payable and Non-payroll Expenditures*
- *Employee Compensation*
- *Accrued Liabilities*
- *Debt Obligations, Leases and Guarantees*
- *Inter-fund Transactions*
- *Fund Balance/Net Position*
- *Pension and OPEB*

For each major or material cycle, we consider the internal control procedures in place in assessing the accounting and control procedures as being either

- *Reliable*
- *Limited reliability*
- *Unreliable*

We are able to make the assessments on the Accounting and Control Procedures only after we obtain an understanding of the procedures (through the use of very detailed Accounting Procedures Questionnaires and Control Procedures Questionnaires as well as flowcharts, executive summaries and other narratives). These questionnaires include documentation of procedures both within the normal computerized accounting system as well as manual systems by which the transactions are initiated, authorized, recorded, processed, corrected as necessary, transferred to the general ledger and ultimately reported in the financial statements. In other words, we review your key processes from cradle to grave.

Walkthroughs - Once the accounting procedures questionnaire and control procedures questionnaires have been reviewed by us after they are prepared by the staff of the City, our audit procedures will then include tests of transactions for all significant transaction cycles. We refer to this testing as COIN (Confirming, Observation and Inspection). COIN procedures allow us to conclude as to whether the system is really operating as management has designed. Any exceptions to controls are noted and evaluated for impact on the audit. We will also point these discrepancies out to the City's management. These procedures allow us to assess the accounting system and determine if we can place appropriate reliance on internal controls in order to streamline year-end testing procedures. These tests will have sample sizes large enough to allow us to understand the key controls and accounting procedures.

We further assess Control Risk based on performing a comprehensive Risk and Control Evaluation (RCE) of each major or material cycle. We analyze whether there are controls in place to both prevent and detect errors that could potentially occur. The RCE will bring to light situations where the internal control structure may not be properly designed or may not have specific "best practice" key controls in place.

If the City is missing a key control, we will deem there to be Significant Risk Item and we will then design additional tests to address this risk. All of these risk assessment, in concert, will drive our review of internal controls and systems, and the design of our tests of year-end balances.

Our goal is to plan and conduct examinations that are focused on areas with a risk of material misstatement, taking into account the systems, policies, and procedures that will mitigate that risk. The accounting procedures and internal controls assessment described above will be conducted by senior audit specialists. These assessments will supply additional support to our assessments of risk, prove the integrity of the information provided by these systems, and help determine the design of our tests of year-end balances.

Tests of Controls - Based on the results of the above internal control testing, we may be able to rely on further tests of controls in order to test transaction cycles or account balances that do not always lend themselves to year-end substantive balance testing, such as payroll and non-payroll related expenditures and some forms of revenue cycles. Where this is the case, we will design and perform tests of controls on an expanded sample basis. We will follow the AICPA Audit Sampling Guide to arrive at the proper number of transactions to test for controls.

Phase 3 – Testing and analysis

Using the results of Phases 1 and 2, we again revisit the concept of "what could go wrong" in terms of identifying potential financial statement misstatements. For each transaction cycle (not just Major or Material account cycles), we assess inherent risk and accounting risk to determine our planned "rest of audit" procedures. We make a determination at this point as to whether we will design our audit testing of each cycle around control testing or test of transactions. If we do not use control testing, we assess Control Risk at maximum which then requires us to perform more robust "rest of audit" procedures which typically consist of substantive test of account balances. For each procedure we perform, we assign a Level of Assurance and we perform a combination of procedures on each account or cycle such that we achieve the desired overall Assurance Level. The result is to verify that the amounts in the financial statements are fairly stated in accordance with Generally Accepted Accounting Principles.

Sampling and Substantive Tests of Transactions – In situations where we substantively test balance sheet and revenue and expense accounts, we do so by evaluating the accounting process through a sample of individual transactions. Sample sizes will be determined based on our firm's internally developed statistical models which follow the guidance set forth by the AICPA. These models provide for different levels of assurance to be obtained based on multiple input factors such as population size, multiple strata, period of greatest risk, strength of the internal control environment, and size of individual transactions. Sample selection methodology will for the most part be based on a judgmental selection of items which are of particular interest. Without the benefit of detailed knowledge of the City of Novi's relevant processes, we believe the following areas are the key testing areas based on 2014 activity in the government-wide and fund-based statements:

KEY TESTING AREA	PROCEDURES
Cash and Treasury Functions	<ul style="list-style-type: none"> • <i>Key focus on existence</i> • <i>Written confirmations of key accounts from banking institutions</i> • <i>Reconciliation to trial balance – testing of key reconciling items including verifying Deposits in Transit are clearing soon after year-end and testing of outstanding checks for validity</i> • <i>Recommendation related to stale checks</i> • <i>Testing of interbank transfers and wire transfer policy</i> • <i>Review for "held checks"</i> • <i>Computation of GASB 40 footnote disclosures</i> • <i>Review of restricted cash balances including validity of restriction and appropriate use of restricted cash</i>
Investments and Investment Earnings and Losses	<ul style="list-style-type: none"> • <i>Confirmation with investment custodian</i> • <i>Obtain SOC-1 audit report for service organization (custodian/trustee)</i> • <i>Fair market value testing or price testing</i> • <i>Alternative procedures for those investments without a readily determinable fair market value, including impairment</i> • <i>Review of reconciliations</i> • <i>Testing of allowability of investments with State statute and City's investment policy</i> • <i>GASB 40 footnote disclosures – interest rate risk, credit risk, foreign currency risk, concentration of credit risk</i>
Receivables, Deferred Inflows and Unearned Revenue	<ul style="list-style-type: none"> • <i>Reconciliation to subledger</i> • <i>Review of subledger for unusual items</i> • <i>Subsequent receipt testing for larger receivables</i> • <i>Testing of City's process for calculating reserve for uncollectible amounts (including historical review, look-back on prior estimates for reliability)</i> • <i>Confirmation of certain intergovernmental receivables</i> • <i>Review of grant expenditures and proper offsetting receivable for reimbursement-based grants</i> • <i>Review for proper revenue recognition under GASB</i>

**General Revenues
(property tax,
miscellaneous)**

- Potential for control testing related to property taxes, including IT application controls over billing and processing
- Substantive procedures for property tax would include:
 - review of supporting schedules of real and personal property tax base
 - analytical review of allowance including review of historical trends
 - comparison of tax assessment data to revenue recorded taking into consideration verified tax base, millage rates in effect, expected TIF captures, taxpayer refunds, etc.
 - analytical procedures based on property tax trends
- Review of "measurable and available" criteria for revenue recognition in proper period for fund-based statements

Charges for Services

- Review billing and collection systems and perform tests of transactions using sampling
- Analytical procedures using audited inputs and predictive tests.
- Recompute expected revenues based off of billing units, approved rates, water loss and other types of adjustments, etc.
- Perform analytical review looking back several years and taking into consideration usage trends, rate increases, etc.
- Re-perform calculation of unbilled revenue
- Review City's analysis of reserve for uncollectible amounts
- Potential for tests of controls.

Grants

- Confirmation with granting agency
- Coordination with A-133 audit, if applicable
- Vouching of receipts of grant dollars
- Testing of corresponding disbursements for compliance and reporting
- Review of significant grants for revenue recognition, taking into consideration if grant is a reimbursement grant.

Capital Assets

- Obtain City roll-forward of balances and accumulated depreciation
- Review council minutes for additions/deletions
- Vouch significant additions
- Trace proceeds for significant disposals for proper gain/lost treatment
- Review significant assets for potential impairment issues
- Ensure proper cutoff of expenditures related to construction projects
- Review ongoing construction contracts to ensure that retainages are included in construction-in-progress
- Review for applicability of capitalization of interest rules for debt-financed construction
- Analytically review depreciation expense and recalculate depreciate for a sample of items
- Review of repair and maintenance accounts for capitalizable items

**Prepaid Assets,
Deposits and Other**

- Review City schedule of deposits and vouch material items

Assets	<ul style="list-style-type: none"> • Review City schedule of prepaid expenditures and vouch material items ensuring proper amortization of expenditure to correct period • Understand the nature of any other significant assets, including reviewing minutes for any intangible assets that may not have been recorded as an asset
Accounts Payable, Accrued Liabilities and Non-payroll Expenditures	<ul style="list-style-type: none"> • Obtain detailed accounts payable subledger • Search for unrecorded liabilities, test for completeness by testing subsequent disbursements, documenting whether items are properly included or excluded from accounts payable • Test items on the accounts payable listing for propriety • Review open purchase orders • Vouch individually significant expenditures not tested elsewhere • Re-perform clients computation of accrued payroll taking into account number of days in the pay cycle, payment date, clearing of checks in the payroll account subsequent to year-end • Analytical procedures including comparing expenditures to prior year, budget and expected balances
Employee Compensation	<ul style="list-style-type: none"> • Analytical procedures based on inputs such as number of FTEs, pay increases per union contract or employment agreement • Fringe benefit analysis using predictive tests based on known factors such as increases in healthcare, changes in number of employees • Obtain detail of employee compensated absence balances and test against caps in contracts. Perform sample testing of accumulation process for balances and cross-reference to payroll testing and use of paid days off
Debt Obligations, Leases and Guarantees	<ul style="list-style-type: none"> • Obtain City's roll-forward including new debt issued, payment made and ending balances • Agree significant ending balances to amortization schedules • Vouch significant payments of both principal and interest • Confirm significant debt with paying agent or financial institution • Review debt for allowability under State statutes • Review for applicability of covenants and City's compliance • Agree current portion and long-term portion to amortization schedules • Review for proper presentation in the financial statement footnotes in terms of general obligation debt, revenue bonds, financial guarantees • Review for Council approval of any new debt issuances • Review for proper treatment of any bond refundings or defeasances • Review for proper recording of premiums, discounts, bond issuance costs • Recompute accrued interest payable based on next payment date, interest rate • Analytical review of interest expense
Inter-fund	<ul style="list-style-type: none"> • Review balances outstanding between funds for allowability – ensure that restricted funds are not being borrowed by other

Transactions	<p><i>funds</i></p> <ul style="list-style-type: none"> • <i>Review classification – any long-term borrowings should be reflected as advances with proper interest charged</i> • <i>Review for borrowing fund's ability to repay within one year, if not, report in lending fund as non-spendable</i> • <i>Review transfers between funds for propriety and proper classification as transfer, residual equity transfer, reimbursement, charge for service</i>
Fund Balance/Net Position	<ul style="list-style-type: none"> • <i>Test carryforward balances - ensure no transactions were posted directly to fund balance accounts</i> • <i>Verify appropriate classification based on restricted asset balances and other known restrictions (for example, restrictions related to special revenue funds)</i> • <i>Recalculate City's computation of Invested in Capital Assets</i> • <i>Review for GASB 54 presentation</i> • <i>Ensure that footnotes properly explain restricted, committed, assigned balances</i>
Pension and OPEB	<ul style="list-style-type: none"> • <i>Review footnote disclosures for adequacy</i> • <i>Ensure pension and OPEB expenses are reflected in the proper funds by reviewing calculation and allocation base</i> • <i>Recalculate pension and OPEB expense taking rates from actuarial valuations</i>

Journal entry testing - In addition to the above procedures, we also perform procedures related to journal entries. We review to ensure that:

- *No journal entries were made outside of the normal accounting system*
- *Journal entries are initiated and approved by authorized staff*
- *Journal entries have appropriate support*
- *We identify "suspect" journal entries and follow up on them. Suspect entries could include entries made to little used accounts, entries posted on the weekend, missing entries, etc.*

TESTING OF LAWS AND REGULATIONS

During the planning phase, we will discuss laws and regulations that the City is subject to with management. As a new client, we will also be reading your Charter and will excerpting key ordinances. Our excerpting of pertinent documents such as debt agreements and other contracts during the planning phase could also identify legal provisions that the City is subject to. We will schedule a discussion with your legal counsel to discuss any special laws that may apply.

We will design audit procedures to provide reasonable assurance that the financial statements are free of material misstatement resulting from any violations of laws or regulations that have a direct and material impact on the financial statements.

Phase 4 – Audit opinion considerations and reporting

At this point in the audit, we perform the following steps to complete the audit:

- *Revisit our audit plan to ensure that we have performed the appropriate amount of testing on each balance or transaction cycle in order to allow us to opine on the financial statements*
- *Review the level of assurance obtained for each cycle*
- *Revisit materiality to ensure that it does not need to be adjusted as a result of significant adjusting journal entries*
- *Ensure all attorney confirmations have been obtained*
- *Request a Representations Letter from City management*
- *Craft a management letter from our listing of issued identified*
- *Complete a robust financial statement disclosure checklist*
- *Review the “passed journal entry” listing to ensure cumulative potential adjustments are not material to the financial statement opinion units*
- *Ensure that all audit team review notes are cleared and all open items are resolved*
- *Perform a review of subsequent events to ensure proper reporting of any transactions impacting the statement, including footnote disclosure*
- *Perform final analytical procedures to ensure we understand the relationship between the final numbers in the financial statements and are comfortable that we have addressed any unusual items*

REVIEWS

A rigorous review is performed on all workpapers and financial statements by members of the audit team (in-charge, manager and partner) and an additional review is performed by members of Plante Moran's Professional Standards Team who specialize in the municipal industry.

Michelle Watterworth is a member of the professional standards team and will perform the quality control review to ensure the proper support is provided. This includes review stage analytical procedures. This process has assisted in Plante and Moran audit clients receiving over 400 Certificates of Achievement for Excellence in Financial Report (CAFR).

Standards reviewers are responsible for reviewing the audit team's conclusions in key areas as well as reviewing any adjustments proposed to the client's accounting records, adjustments not made due to immateriality and identification and communication of material weaknesses or significant deficiencies. In addition, audit teams prepare very robust "significant items" documents that set forth the background, relevant accounting guidance and ultimate conclusion related to any unusual or complex accounting matters related to the audit.

Our audit teams are also required to schedule Professional Standards Consultations before the start of any audit if certain conditions exist such as implementation of complex new GASBs, existence of alternative investments, identification of prior period adjustments, etc.

All workpaper and financial statement reviews will be performed in the field, including the manager and partner reviews.

FINANCIAL REPORTING

At the end of fieldwork, we communicate results with management in a draft format. Our goal and intention is that all wording and presentation issues will be resolved before this meeting.

We will formally communicate our findings to management including:

- *Auditor's responsibility under Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards*
- *Significant accounting policies*
- *Management's judgment and estimates*
- *Audit adjustments, if any*
- *Control deficiencies, significant deficiencies in controls, and material weaknesses in controls, if any*

Feedback for us - We measure and monitor our progress in meeting your needs and expectations in two ways. First, ongoing, consistent communication between you and the engagement team is designed to constantly validate our strong service delivery. Additionally, your engagement and colleague partners will have constant involvement and contact throughout all phases of the audit service delivery. Second, our firm provides our clients with the opportunity to discuss the quality of feedback with our managing partner and through our annual client satisfaction survey. We encourage and seek candid feedback directly and through our independent and confidential forums. We also will meet with the audit committee to review the results of the audit and the financial statements.

USE OF TECHNOLOGY - AUTOMATED TOOLS

All of our staff are provided with a laptop computer and supporting hardware. The following technology is available and in full use by our audit team members:

- *All audit work is performed and documented using our **proprietary audit software called Caseware**. This is a paperless audit system. We have used Caseware for more than a decade. Caseware also has a Caseview financial statement component that populates with accounts that are "coded" to pull into the appropriate place in the statements. This allows us to produce balanced financial statements, by fund and at the government-wide level, at any point during the audit.*
- ***Customizable audit programs** – Our government Professional Standards team, along with our Caseware development team, have given our teams the ability to fully customize any programs. We have built intelligence into the programs to determine the right Level of Assurance to be obtained in each area and the program flags any areas where those levels were not met. Our programs also have intelligence built in that changes steps to line up with the level of risk.*
- ***Collaboration site** – Our clients are given access to a client portal that serves as a central repository of all audit-related workpapers prepared by the City. Here we can share documents and store files that can be accessed by the City and our audit staff. We can also use this portal to house a master schedule of "prepared by client" workpaper status, set up periodic update meetings, store meeting notes and open items lists.*
- ***KnowledgeShare** – Our firm makes various research tools such as RIA Checkpoint available to all of our staff using our KnowledgeShare site. This site is also the central repository for any sharing of information among our staff members related to particular technical issues. It houses our twice yearly audit team update memos, minutes from our monthly governmental audit team calls, legislative updates and whitepapers on various technical issues.*
- *Our auditors also have access to Interactive **Data Extraction and Analysis software (IDEA)**. IDEA allows our staff to analyze very large amounts of data needed for specific testing. It is also useful in identify anomalies in data that may point to the need to perform additional testing for propriety.*

SINGLE AUDIT TESTING APPROACH

We have a significant amount of experience auditing the types of grants that the City of Novi receives. Plante Moran performs the second most A-133 audits in the nation. The A-133 audit will be performed by a highly qualified team managed by one of our Government Single Audit Specialists (GSAS). Plante Moran maintains many contacts at the federal government to assist our clients in resolving issues as they arise.

The following chart illustrates the number of clients where we have audited (as major programs) the same significant federal grant that the City has received over the past 10 years:

CFDA NO.	PROGRAM NAME	CITIES	TOWNSHIPS	OTHER
16.992	AEF Equitable Share Federal Forfeiture Proceeds	14	4	1

Based on a review of the AU 265 letter issued at the completion of the fiscal year 2014 audit, it appears the City will be considered a high-risk auditee in 2015. As a result, 40% coverage of grant dollars will be required.

ANTICIPATED NUMBER OF MAJOR PROGRAMS

Based on our preliminary review of your federal expenditure history over the last three years, we believe there may be one major program each year, if funding remains consistent with the previous three years' levels.

For the year ended June 30, 2015, we anticipate this program to be:

- *CFDA No. 16.992 AEF Equitable Share Federal Forfeiture Proceeds*

OUR COMPLIANCE AUDIT IS SEGMENTED INTO 3 PHASES:

Phase I – Risk Assessment and Planning – during this phase, we are in contact with City management to identify all federal dollars received by the City. Ideally, we would be provided with a preliminary Schedule of Expenditures of Federal Awards. We identify related clusters, categorize programs into Type A and Type B and then move on to assessing the risk of each program based on types and levels of transactions as well as understanding if the program was tested in the past three years. In general, this phase encompasses:

- *Developing Audit Objectives*
- *Understanding the Organization and Program Details*
- *Assessing Overall Risk*
- *Assess Compliance Control Environment*
- *Identification of Major Programs*
- *Risk assessment of each type A and B program*
- *Assess Inherent Risk*
- *Review the Compliance Supplement for guidance on compliance requirements, coupled with our internally developed programs*
- *Determine the Nature, Timing, and Extent of Audit Procedures to be performed*

Phase 2 – A-133 Detailed Testing – we will select the programs to be tested based on program risk and coverage requirements. We will communicate with the City on the major programs to be tested. Since each grant requires customization based on specific grant agreements and additional requirements specified by the applicable U.S. Agencies, our detailed testing plan will be finalized to include all related key controls and key compliance areas. We will conduct an exit conference with management to discuss the draft report of any findings or areas of concern.

A NOTE ABOUT A-133 SAMPLE SIZES

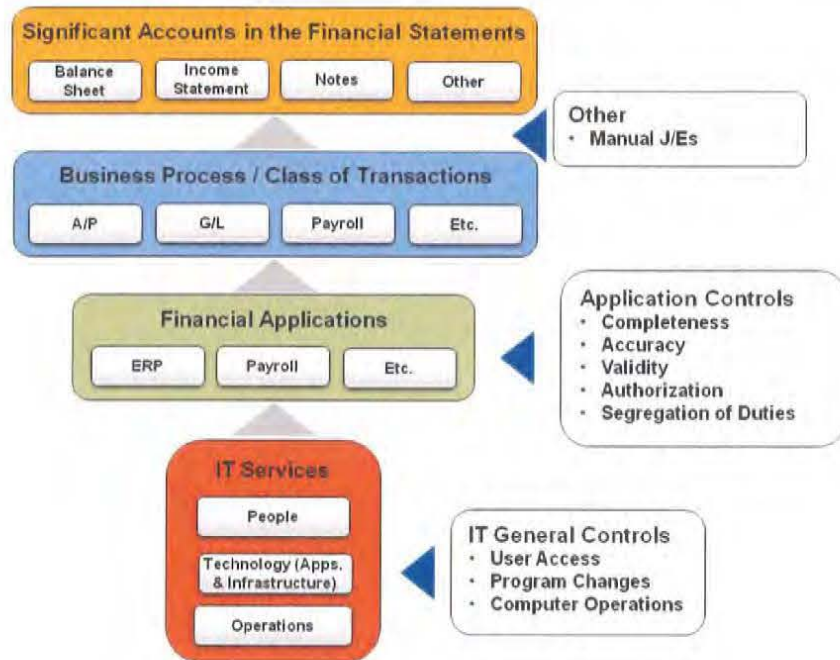
Sample size selection is a critical component of the testing of federal programs. Plante Moran tests both internal control over compliance as well as compliance requirements that have a direct and material effect on each major program. We use the AICPA Audit Guide, Government Auditing Standards and Circular A-133 Audits, in designing an audit approach that includes audit sampling to achieve both objectives.

The identification of individually important items is not required by Circular A-133; however, there may be benefits to such testing if they exist in a particular population. When planning compliance testing for each major program, Plante Moran will use judgment to determine what items, if any, represent individually important items that may be separated from the remaining population and tested individually.

Phase 3 – Finalizing the compliance audit and reporting – Before we finalize our testing, we determine if our preliminary assessment of major programs has changed based on any journal entries that may have adjusted federal expenditures or any changes in risk assessment based on testing performed in other areas of the audit. At this point we conduct an exit conference to review a draft of the report.

IT AUDIT APPROACH

City of Novi is large, and as such, has a complex IT system. Testing of this system is an important part of the financial statement audit. The chart below describes the relationship between IT, financial applications, business processes and transactions and significant financial statement accounts. The IT testing includes risk assessment, IT general controls testing, and application controls testing. The approach and methodology for this testing are described in detail in the following pages.



INTERNAL SYSTEM ASSESSMENT

Methodology

Our IT specialists will identify controls in the City information systems and participate in the planning process throughout the audit to establish reliance on controls within the information system. The strength of our IT specialist group provides significant advantages providing suggested improvements in the operating effectiveness of the current internal controls and also the addition of potential new controls to further mitigate risk. The approach to the assessment of the City's information technology systems is to assess both the general and application controls.

Approach

Our IT specialists will gain a sufficient understanding of the general controls of the entity's information system to make an initial overall risk assessment based on specific characteristics of the entity. We will make assessments of all major systems and processing environments that materially impact the financial reporting process.

Additionally, this assessment will include an evaluation of the general IT control environment and activities which may include: IT strategic planning, physical and logical security access controls, systems operations, application system implementation and maintenance, database implementation and maintenance, system software and network support. Our approach to application controls will vary based on the nature of the system and the extent to which those controls have been effectively implemented. IT specialists will assess processes and controls affecting each major and material cycle to determine their effectiveness.

INFORMATION TECHNOLOGY GENERAL CONTROLS

Methodology

Our technology experts that specialize in government can provide a well-documented review of your IT general controls. Because of their experience with governmental institutions, the Plante Moran security assurance team has developed a methodology specific to your needs. It follows the guidelines of AICPA, COBIT, and other industry standards.

This proven methodology enables our technology team to provide you a cost-effective solution to ensure that you are in compliance and your information technology environment is secure.

Approach

The project will begin with a scheduled kick-off meeting. We will meet with members of your management team to discuss the planned activities. Topics to be discussed will include:

- *Management objectives for information systems security and control*
- *Regulatory requirements*
- *Management and systems administrator concerns*
- *General operations processes*
- *IT related policies and procedures*
- *System and application controls*
- *General control objectives and scope*
- *Process and procedural evidence*

Based upon the audit schedule approved by management during the project kick-off meeting, we will perform procedures to understand and evaluate information systems security control environment. The specific areas to be evaluated are illustrated above.



Our testing approach includes interviews with the IT group and users, review of selected documents, and the use of automated tools combined with manual inspection of configuration values. Data gathered from automated tools is validated with a manual review. This provides a greater level of confidence than either approach used independently. These tools do not require installation of any additional software on any of your host systems.

As a result of our review procedures, we will issue an internal report as part of the audit that summarizes our findings including the associated risk and assigned risk rating and prescribes recommendations (if any) for strengthening the management and control of information systems and security. We will work with your management and staff to discuss our findings and strategies for implementing administrative, security, and operations recommendations.

METHODOLOGY

Plante Moran's Application Controls Review Methodology is based on a phased approach to control the progression of the engagement. The phases displayed below allow us to ensure that all relevant areas are identified, documented, tested and results are communicated in a clear and concise manner. Each phase is completed in progression to gain the necessary information to proceed through the steps and ultimately produce a valuable deliverable to management.

Phase	Define Scope		Testing	Reporting
	Define Scope	Develop Control Test Approach	Perform Test Procedures	Analyze Test Results
Activities	<ul style="list-style-type: none"> Identification of business process cycle Identification of applications Identify and evaluate business risks 	<ul style="list-style-type: none"> Develop application audit program Control testing includes the following control types: <ul style="list-style-type: none"> Input controls Processing controls Output controls Integrity controls Audit log/trail 	<ul style="list-style-type: none"> Perform application control test procedures Document test results and testing techniques <ul style="list-style-type: none"> Inspection Observation 	<ul style="list-style-type: none"> Identify and evaluate control test exceptions Assess control effectiveness to meet application control objectives Develop remediation recommendations
Deliverables	<ul style="list-style-type: none"> Process flowchart Process control chart 	<ul style="list-style-type: none"> Application audit program 	<ul style="list-style-type: none"> Test matrix 	<ul style="list-style-type: none"> Recommendations and findings

APPROACH

We will meet with members of the IT department and business process owners to assist us in the development of an overall process flow and in turn identify controls in place as data flows through the application. The controls identified for testing will include the following types of application controls:

- **Input Controls** – To ensure the integrity of data entered into the application; input methods could include data entered by employees or third-parties and data obtained through interfaces with outside sources.
- **Processing Controls** – To ensure the completeness and accuracy of automated processing
- **Output Controls** – To verify data coming out of the application appears as intended.
- **Integrity Controls** – To confirm data being processed or in storage remains consistent and accurate.
 - **Management Trail** – Processing history controls, to ensure all transactions and events are recorded and available for review. In addition, to monitoring other controls and identifying errors.

Our testing approach includes interviews with the IT department, review of selected documents, and the use of automated tools combined with manual inspection of configuration values. Data gathered from automated tools is validated with a manual review. This provides a greater level of confidence than either approach used independently.

As a result of our review procedures, we will issue a summary of testing and results to the financial statement audit team as part of the audit process. We will work with your management and staff to discuss our findings and strategies for implementing application controls.

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

ANTICIPATED SIGNIFICANT AUDIT ISSUES

Audit issues that may be significant:

- *Implementation of GASB 68, Accounting and Financial Reporting for Pensions*
- *Implementation of the Super Circular revisions (federal grants reform)*

Our general approach to resolving problems centers on communication. Issues that are identified will be communicated to the appropriate individuals, which generally can then be worked through utilizing a team approach. Should problems arise during the course of the audit, we will work closely with the City's staff to resolve the problems and provide special assistance upon approval of the City's staff. Experts throughout Plante Moran who may not be assigned to the City audit will also be available to assist with problem resolution, should the need arise. As a client of Plante Moran, the City has access to all the resources available within Plante Moran and our contacts throughout the industry. We will not provide services that will impair our independence under rules set forth by the GAO.

10. Report Format

The proposal should include sample formats for required reports.

Please see accompanying volume with sample reports from the City of Farmington Hills.

Fee proposal.

11. Total Price and Hours Breakdown

The fee proposal should contain all pricing and hours information relative to performing the audit engagement as described in this Request for Proposals including the following: auditing services, CAFR preparation and single audit, if necessary (see attachment B).

The City of Novi will not be responsible for expenses incurred in preparing and submitting the proposal or the fee proposal. Such costs should not be included in the proposal.

The fee proposal should include the following information:

- ✓ --Name of Firm
- ✓ --Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City of Novi.
- ✓ --Pricing requested on Schedule of Professional Fees for the Audit
- ✓ --Acknowledgement of all addenda

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Audit Services	\$62,400	\$63,960	\$65,559	\$67,198	\$68,878
Single Audit	5,500	5,638	5,778	5,923	6,071
Drafting and publishing the CAFR	7,800	7,995	8,195	8,400	8,610
TOTAL					
(not to exceed:)	\$75,700	\$77,593	\$79,532	\$81,521	\$83,559

	Hours		Hourly Rate		Total Audit Fee 6/30/2015
Partner	50	x	\$ 205	=	\$ 10,250
Managers	95	x	178	=	16,910
Supervisory Staff	160	x	135	=	21,600
Staff	275	x	92	=	25,300
Administrative	20	x	82	=	1,640
TOTAL (not to exceed:)					\$ 75,700

1. The fee quotes assume that books, records, and all supporting schedules will be prepared accurately by your staff and that we receive accurate and complete beginning depreciation schedules
2. Our fee estimate includes the preparation of financial statements and footnotes using our Caseware audit software.
3. Our fee does not include any costs associated with assisting management in implementing any new accounting standards.
4. You will not be charged for routine phone calls or consultation.

Plante Moran acknowledges that it has checked the MITN website for RFP addenda and has found none. Therefore, our RFP response is submitted according to the original RFP as issued on January 15, 2015.

I am authorized by Plante & Moran, PLLC to serve as its representative to present this proposal, including the above fee proposal, to the City of Novi.

Douglas Bohrer
Partner



February 5, 2015

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Plante & Moran PLLC
27400 Northwestern Hwy P.O. Box 307
Southfield, MI 48037-0307
Phone: 248.352.2500 Fax: 248-603-5543

12. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's fee proposal. Interim billings shall cover a period of not less than a calendar month.

These payment terms are acceptable to Plante Moran.

With respect to the sample agreement (Attachment A) included with the RFP document, we will review and respond to that contract upon appointment as the new City Auditor and prior to commencement of services. As part of that process we will incorporate and/or provide our standard engagement letter for each specific audit year we will be providing services. Each audit year constitutes a separate engagement and accordingly the contract will need to memorialize that understanding.

In addition to incorporating our standard engagement letter into the contract language per Attachment A, we will add the City of Novi as an additional insured to our firm's insurance coverages related to workers compensation, commercial general liability and automobile liability insurances. Our professional liability insurance expressly excludes adding additional insured parties.

99% of clients say
Plante Moran's
engagement team
understands their
specific needs.

Plante Moran independent client satisfaction survey

A higher return on experience

Tailored to the unique needs of local government.

A FULL SPECTRUM OF CAPABILITIES

We have developed a full menu of services in response to the needs of our governmental clients. Our experienced, independent consultants can complement the expertise and capabilities of your in-house team in the following areas:



FINANCIAL

- *Audit, review, & compilation*
- *A-133 single audit*
- *Accounting outsourcing & financial services*
- *Five-year financial projections*
- *Utility rate studies*
- *Fiscal sustainability reviews*
- *Forensic & investigative services*



PROCESS OPTIMIZATION

- *Operations analysis*
- *Organizational planning & development*
- *Process redesign*
- *Operations & process improvement*
- *Collaboration, shared services & regionalization*
- *Public safety analysis*
- *Project feasibility analysis*
- *Facility analysis & rationalization (lease, buy, build, monetize, disposition of assets & sale/leaseback)*



HUMAN CAPITAL

- *Employee benefits consulting*
- *Personnel assessment*
- *Organizational development*



IT STRATEGY & OPTIMIZATION

- *IT assessment & planning*
- *IT strategy & governance*
- *IT strategic sourcing*
- *Security assurance*



ERP LIFECYCLE MANAGEMENT

- *Needs assessment*
- *System selection*
- *Contract evaluation & negotiation*
- *Implementation management*



FINANCIAL ADVISORY

- *Institutional investment*

An array of expertise with advancing technologies and IT consulting services.

Plante Moran has a dedicated team of technology specialists. Our experts have experience in a wide range of areas and average more than 15 years of experience. If needed, we have specialists to assist you in the following areas:



IT GOVERNANCE

- *NIST Cyber Security Standards*
- *ISO 27000X Security Standards*
- *SANs Top 20 Controls*
- *COSO/COBIT Standards*
- *SANs Top 20 Security Controls*
- *Security Awareness*
- *Cyber Incident Response Planning*
- *BCP / DRP*



INFORMATION SECURITY RISK ASSESSMENT

- *Sox*
- *GLBA*
- *HIPAA*
- *Disaster planning*
- *IT Security*
- *SAS/70*
- *IT audit*
- *IT risk assessment*
-



SOC EXAMINATIONS

- *Readiness Reviews*
- *SOC 1 / SSAE 16*
- *SOC 2*
- *SOC 3*



INFORMATION TECHNOLOGY AUDITS

- *General Controls Review (Access, Physical, Operational)*
- *Application Controls Assessment (SAP, Oracle, PeopleSoft, etc.)*
- *User Access Reviews*
- *Segregation of Duties Analysis*



CYBER SECURITY

- *External Penetration Testing*
- *Internal Network Security*
- *Social Engineering Tests*
- *Web Application Security*
- *Database Security*
- *Wireless Security*
- *Virtualization Security*
- *Cloud Computing Security*
- *Mobile Device Security*



COMPLIANCE

- *Sarbanes-Oxley*
- *PCI Data Security Standards*
- *Banking Regulations (FFIEC, BSA, NACHA, etc.)*
- *Privacy Regulations (HIPAA/HITECH, GLBA, FERPA, Red Flags, etc.)*

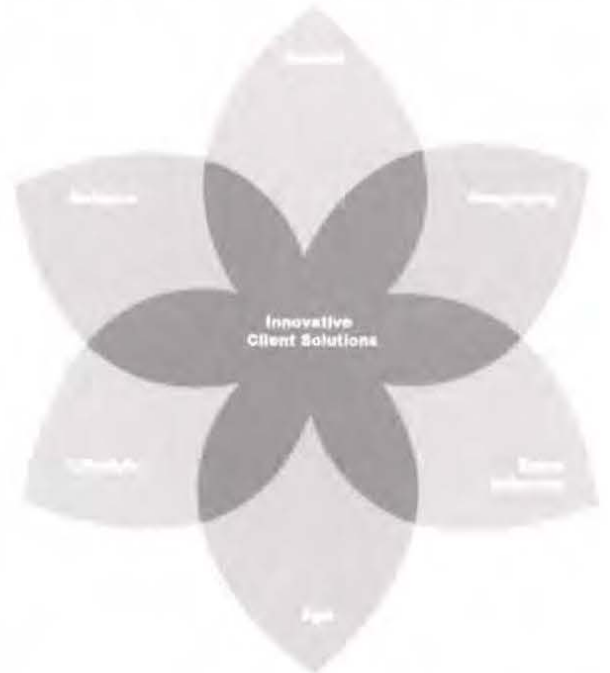
Diversity is the source of strengths and talents that power success.

THE POWER OF INCLUSION

Plante Moran strives for diversity and inclusion in recruiting, retention, staff development, and client service. We founded a Diversity Council in 2003 and strongly believe that seeking out and encouraging multiple viewpoints adds value to our relationships with our clients and our coworkers. In 2012, we launched our Women in Leadership initiative (Plante Moran WIL) which is designed to help the firm keep pace with changing demographics while maintaining and accelerating our ability to attract and retain women leaders. Our culture of inclusion allows our firm to attract and retain the best talent, and it equips us to better listen, understand, and serve your needs.

An example of activities include:

- Working with the National Association of Black Accountants (NABA) and the Association of Latino Professionals in Finance and Accounting (ALPFA) for minority recruitment, professional outreach, and scholarship support.
- Sponsoring and delivering presentations at minority-focused events.
- Diversity awareness training for staff and supervisors.
- The creation of an "affinity network" that allows staff to collaborate and have open discussions within resource groups with which they most identify.
- The senior female associate mentoring program, which pairs senior partners with emerging female leaders as they journey towards partnership.
- Partnering with minority business partners to assist clients on audit and consulting engagements, such as our ten year colleague relationship with Alan C. Young and Associates, PC, a 100 percent minority owned CPA firm based in the City of Detroit.



EQUAL OPPORTUNITY EMPLOYER

Plante Moran makes every good faith effort to promote equal opportunity for all qualified employees and applicants for employment, regardless of race, creed, color, national origin, sex, handicap, age, or marital status. **We certify that we have an affirmative action/equal opportunity program pursuant to 41 code of Federal Regulations 60-2.**

Serving our communities with passion and pride.

CARING IS PART OF OUR DNA

Giving of time, talent, and funding to the community is part of Plante Moran's DNA. Our participation in civic and volunteer organizations is a direct recognition of our moral obligation to give back to the communities we so greatly enjoy. Plante Moran staff and partners participate on many not-for-profit boards and committees as well as fundraising and other activities in our local office communities through the PM Cares Program, a firm-wide community service program.

PM CARES PROGRAM

PM Cares was officially formed in 2007 to create structure around our community service initiatives. Its mission is to "connect our staff to opportunities that increase the well-being of individuals in our local communities. By fostering personal participation and interaction, we will share our "We Care" attitude with our local communities and with each other."

The PM Cares Committee developed this mission statement and the following strategies:

- *Create an annual firm-wide initiative that supports its expression at a local office level and retains a voluntary "grass roots" focus.*
- *Empower office-based efforts that demonstrate our "we care" attitude within our local communities.*
- *Focus on time and talent of our staff to get them plugged into their communities.*

The following 17 not-for-profit organizations were chosen by staff to benefit from this year's PM Cares initiative:

ANN ARBOR

Food Gatherers

AUBURN HILLS

Wounded Warrior Project

CHICAGO

Gift of Adoption Fund

CINCINNATI

Make-A-Wish Foundation

CLEVELAND

Achievement Centers for Children

COLUMBUS

Habitat for Humanity

DETROIT

Alternatives for Girls

EAST LANSING

Ele's Place

FLINT

Whaley Children's Center

GRAND RAPIDS

Equestrian Center for Therapeutic Riding

KALAMAZOO

Ministry with Community

MACOMB

Big Family of Michigan

NORTHWEST CHICAGO

Food for Greater Elgin

ST. JOSEPH

Habitat for Humanity

SOUTHFIELD

Bottomless Toy Chest

TOLEDO

Neighborhood Properties Inc.

TRAVERSE CITY

Child and Family Services of Northwestern MI Fund

Focused on sustainability.

STRONGER APPROACH

Plante Moran has long been viewed as having staff who are responsible corporate and community citizens, so it's only natural that we adopt an even stronger approach to sustainability going forward. We're making significant strides in the areas of building design and furnishings, energy efficiency, paper conservation, waste reduction, and water efficiency. Here are just a few of the initiatives currently in place.

BUILDING DESIGN AND FURNISHINGS

- *We have 7 LEED® Accredited Professionals on staff.*
- *Many of our offices are transitioning to environmentally friendly products and methods for building and grounds maintenance.*
- *Our offices are furnished with staff comfort and the environment in mind*
 - *The majority of our furnishings are used for a long period of time, even in new office spaces.*
 - *Our seating products were selected due to the extensive use of recycled, recyclable, and renewable resources.*
 - *Low-emitting paints and floor coverings are used extensively in all new office construction.*

ENERGY EFFICIENCY

- *Appliances, printers, copiers, and laptops are ENERGY STAR® rated.*
- *An increasing number of offices are equipped with occupancy sensors for thermostats and lighting, and several offices receive significant day lighting in occupied spaces.*
- *Each staff member has work tools that allow remote access and document sharing. This has reduced gas consumption and provided greater flexibility while improving collaboration.*

PAPER CONSERVATION

- *We're increasing the use of recycled paper products, including firm letterhead, business cards, and marketing materials.*
 - *Forest Stewardship Council certified paper is used whenever possible.*
- *The increased use of technology in our engagements has significantly reduced paper use. Each office is also equipped with printers that have double-sided print capabilities.*
- *Confidential paper shredding and recycling is offered in each office.*

WASTE REDUCTION

- *Ink cartridges and toners are recycled in each office. New multifunction printers use solid ink technology, greatly reducing waste.*
- *An expanding number of offices are replacing plastic kitchen utensils with biodegradable utensils or silverware, cups, and dishes that can be reused.*

WATER EFFICIENCY

- *Many offices offer filtered water as an alternative to bottled water.*

CONTACT INFORMATION

Thank you for taking
the time to review this
proposal. Please contact
us with any questions.

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