



CITY of NOVI CITY COUNCIL

**Agenda Item G
October 14, 2013**

SUBJECT: Approval of agreement with Plante Moran PLC for professional services for a not to exceed amount of \$96,800 and not to last a period longer than 8 months effective October 15, 2013.

SUBMITTING DEPARTMENT: Finance 

CITY MANAGER APPROVAL: 

EXPENDITURE REQUIRED	\$ (83,000)
AMOUNT BUDGETED	\$ 15,000
APPROPRIATION REQUIRED	\$ 96,800
LINE ITEM NUMBER	101-201.00-816.000

BACKGROUND INFORMATION: The recent personnel changes in the Finance Department have produced an open position that has proved difficult to fill. City Administration has been unable to identify a new Senior Accountant with the necessary skills and experiences during the last search. As the present pool of qualified candidates is limited for this specialized post, City Administration is looking to expand an engagement with Plante Moran to offer accounting services for a defined eight-month period. Currently, Plante Moran has been assisting the City on an ad hoc basis, most recently, aiding in the preparation of the comprehensive annual financial report (CAFR)/annual audit. The individuals that Plante Moran has placed in the City of Novi maintain the necessary expertise with municipal financial software, and they have the institutional knowledge of the City of Novi policy and procedures and the environment of the Finance Department. By securing the services of Plante Moran on a definite/consistent basis it will provide the Finance Department and the City Administration with continuity moving forward as the City begins to enter the annual budget process.

With the number of vacancies weathered by the Finance Department over the last year, coupled with some budgeted items, the department has budget capacity to finance this engagement. As the agreement currently reads the City can cancel the contract at any time, hence, allowing City Administration to reevaluate the field of Senior Account candidates after the first of the year when going out for this position may be more advantageous. At this point we believe we'll need a member from the Plante Moran team on site for four days a week, totally \$ 12,000/month. The proposed agreement has been reviewed by City's Legal counsel.

RECOMMENDED ACTION: Approval of agreement with Plante Moran PLC for professional services for a not to exceed amount of \$96,800 and not to last a period longer than 8 months effective October 15, 2013.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				



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plantemoran.com

October 9, 2013

Mayor Bob Gatt
45175 W. Ten Mile Road
Novi, MI 48375

Dear Mayor:

We are complimented by your selection of our firm to assist you. We are sending this letter to outline our understanding of the engagement of Plante & Moran, PLLC (P&M), by the City of Novi to provide a temporary senior accountant.

Scope of Services - Our objective is to provide financial professionals to assist the City of Novi's management team with the accumulation, assembly, and analysis of financial information and to perform certain duties as a contracted senior accountant.

Based on the job descriptions provided, the work to be completed would include preparation or oversight of, or assistance with, the following types of activities:

- Ensure compliance with generally accepted account principles
- Ensure accurate and timely financial reporting
- Ensure external audit effectiveness
- Manage financial accounting operations including payroll and accounts payable
- Conduct monthly and year-end closing
- Prepare year-end audit and all applicable disclosure requirements
- Coordinate city's single audit for all federal grant programs and assist grant coordinator with compliance of applicable reporting requirements
- Maintain an effective method for tracking in-house fees and direct costs including site-plan review and building permit fees
- Maintain an effective job-costing system to allocate costs and provide management with information to allocate resources
- Prepare correspondence, records and miscellaneous reports
- Assist in training new personnel
- Supervise and evaluate staff
- Perform related bookkeeping, accounting, and administrative work as required
- Assist in audit preparation including but not limited to preparing audit schedules and supporting documentation to tie out to the City's general ledger, record proper liabilities and accounts receivables which relate to year end and preparing audit support as requested by the audit firm.



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P&M staff under no circumstance would be responsible for cash, investments, signing checks or making wire transfers.

Staffing – Carl Johnson will serve as the project partner with overall responsibilities for ensuring P&M's responsibilities under this engagement are carried out. Carl will involve other Plante & Moran Government Accounting Professionals (PMGAP) members as needed.

The City agrees that P&M employees are not "contract for hire." The City and P&M agree that each respective organization and its employees will not endeavor to influence the other organization's employees to seek an employment or other contractual arrangement with its organization, within the duration of this engagement or for a period of one year after termination of the engagement. P&M may release the City from these employment restrictions if the City agrees to reimburse P&M for its recruiting, training, and administrative investment in the employee.

Time commitment – We are available to begin immediately. The contract will be for eight months and then continue on a month to month basis. A member of PMGAP can be at the City three, four or five days per month, as determined by the City. A three day a week contract would entail 12 days per month. The contract can be terminated at the City's discretion with written notice seven days in advance.

Fees - Our fee for this work will be based on the time required to complete the assignment, plus all reasonable and necessary travel related and other out-of-pocket costs incurred. Our fixed monthly fee for the senior accountant position for three days will be \$9,100, four days \$12,100, and five days \$15,000.

Payment terms – Our invoices will be rendered on a monthly basis. If invoices are not paid within four weeks of the invoice date, we may suspend services until all outstanding invoices are paid.

Review and supervision – It is understood that the work of the P&M service provider is subject to the same supervision, review and approval practices that you undertake with your own staff. It is further understood that the work of the service provider is not being reviewed by any other person at P&M.

Limitation of Recovery - All actions and activities provided under this agreement are subject to the explicit review and approval by City management, and not subject to review by any person at P&M under P&M's existing quality controls. Any recovery by City for failure to perform or inadequate performance by P&M is limited to the amount of the fees paid under this agreement.

Indemnification - Accordingly, and except as noted above, as a condition of providing the above mentioned services, the City agrees to indemnify and hold harmless P&M, its partners, affiliates, agents and employees, and any persons retained by P&M for ordinary negligence in connection with the performance of these services ("Indemnified Parties") from and against all claims, losses, damages, liabilities, and expenses, arising out of or

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based upon the services provided in this engagement ("Damages"). This indemnity will not apply to illegal acts, willful malfeasance or gross negligence of such Indemnified Party. This indemnification provision will survive the term of the engagement.

Furthermore, it is agreed that Indemnified Parties will have no liability as a responsible party for taxes of any nature (income, withholding, excise or assessed at the Federal, State or local levels) that may arise or otherwise be owed by the City. The indemnification language includes all tax-related matters. Notwithstanding the foregoing, it is understood that the City shall not be responsible for taxes on the fees paid by the City to P&M or taxes on the compensation paid by P&M to its employees.

P&M agrees to indemnify and hold harmless the City from and against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including, without limitation, fees and expenses of attorneys, expert witnesses and other consultants ("City Damages") which may be imposed upon, incurred by or asserted against the City, to the extent such City Damages result from injury of any kind or nature whatsoever (including death resulting there from) to all third persons, whether employees of P&M, the City or otherwise, and damage to all real or personal property caused by P&M employees.

Independent Contractor - P&M is being retained by the City as an independent contractor to provide services to the City. P&M covenants that none of its employees are or will be, during the period of this Contract, employees of the City. No liability or benefits, such as workers' compensation, pension rights, or insurance rights, arising out of, or related to a contract for hire or employer/employee relationship, accrues to either party or either party's agent, subcontractor or employee as a result of this Contract. No relationship, other than that of independent contractor will be implied between the parties, or either party's agent, employee, or subcontractor. P&M agrees to hold the City harmless from any such claims, and any related costs or expenses.

Limitation of scope - Our services will not include tax or financial statement assurance related services. Any such services, if requested, will be detailed in a separate engagement letter. Accordingly, this consulting services engagement is not intended to produce financial statements in accordance with AICPA financial reporting standards. Accordingly, P&M's name must not be associated with the City's internal financial statements.

It should also be recognized that our services cannot be relied upon to disclose any defalcations or similar irregularities that may exist. However, if such irregularities come to our attention, we shall notify you and discuss the circumstances with you.

It is understood that P&M and its staff will consult with City's management but will not make any management decisions in connection with services provided. The City is responsible for the adequacy of policies followed and procedures performed.

Conflicts - Should we become aware of any conflicts during the course of the engagement that would preclude us from performing these services; we will immediately disclose that to you upon our discovery. P&M reserves the right to withdraw from the engagement at its sole discretion.


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If you have any questions regarding the above, please contact Carl at (248) 223-3396. If you are in agreement with our understanding of the engagement, please sign the enclosed copy of this letter and return it to us.

Very truly yours,

PLANTE & MORAN, PLLC



Carl A. Johnson

AGREED AND ACCEPTED:

CITY OF NOVI

By: Mayor Bob Gatt

Date



MEMORANDUM



TO: CLAY J. PEARSON, CITY MANAGER
FROM: VICTOR CARDENAS, ASSISTANT CITY MANAGER
SUBJECT: SR. ACCOUNTANT CONTRACT ASSISTANCE
DATE: OCTOBER 4, 2013

Please accept the following memorandum as a follow-up regarding the Finance Department update sent via email on September 5, 2013. Back in June we promoted Debbie Peck to the Assistant Treasurer position, leaving the Senior Accountant Position vacant. Similar to prior year's practices we evaluated the need for the position; recognized the work load of the position and the capacity of the department. It was determined that the position needed to be filled. We advertised the available position interviewed and identified a preferred candidate but the offer was not accepted as the desired candidate resided nearly an hour away and had no intention to move closer to Novi; additionally the candidate was not satisfied with the expected rate of advancement to higher positions in the organization. There were no other viable individuals were available in that pool of candidates. The Finance Department has been shorthanded by one to two and half (part-time) positions for the last 11 months. The department has been transitioning from one major project to the next, annual budget, tax collection, annual audit, etc. with little to no institutional knowledge as members of the senior staff either retired (occurred twice) or accepted a director or higher position (occurred on three different occasions) at other communities. As we begin preparation on the 2014/15 budget process and the onboarding a new Finance Director toward the end of the calendar year we hope to utilize the relationship with Plante Moran to fill the Senior Financial Manager with one of their assets for several months as we move into a new budget cycle. We plan on re-posting and advertise again for the Senior Financial Manager in the third quarter.

Plante Moran Assets have been working with the City on an ad hoc basis for a few months assisting with various tasks, most recently with the annual audit preparation. They have institutional knowledge, and experience working with BS&A our municipal financial/accounting system which we were unable to identify another temp agency that was able to provide an individual with BS&A experience. We have realized savings with the open Finance Director, Senior Accountant and part-time document imaging Financial Manager positions for the last several months. It is anticipated Plante Moran's fees for service will average \$12,000 a month with a total cost of \$96,800 (for eight months of service, seeing us well into the budget process). If we fill the Senior Accountant position sooner we can cancel the Plante Moran contract at any time without penalty. The fee is not budgeted but can be covered by savings of \$191,000 from the instances when four (including a staff accountant position that was recently occupied) different positions have been vacant over the last 11 months.

We plan on adding this to the October 14th Council agenda for consideration. If I can answer any questions please let me know.