

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2017 Legislative Session

Legislative Day No. 06

Resolution No. 23-2017

Introduced by: The President of the Council at the request of the County Executive

A RESOLUTION EXTENDING AN AUDIT CONTRACT BY AND BETWEEN WICOMICO COUNTY, MARYLAND AND PKS & COMPANY, P.A. FOR FISCAL YEARS 2017 THROUGH 2019.

WHEREAS, pursuant to the Wicomico County Charter, Section 904, the County is required annually to have a complete independent audit of all financial transactions, books and records of the County and its officials and employees receiving and disbursing public funds of the County or handled by the County for other agencies; and

WHEREAS, PKS & Company, P.A. has historically provided auditing services for Wicomico County; and

WHEREAS, the contract with PKS & Company, P.A. ended with the fiscal year 2016 audit; and

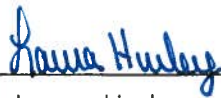
WHEREAS, PKS & Company, P.A. desires to continue their engagement in providing auditing services to Wicomico County for fiscal years 2017, 2018 and 2019.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND that the Audit Contract, dated April 24, 2014, is hereby extended for fiscal years 2017, 2018 and 2019, as outlined in the Engagement Letter dated January 20, 2017, attached hereto as Exhibit "A".

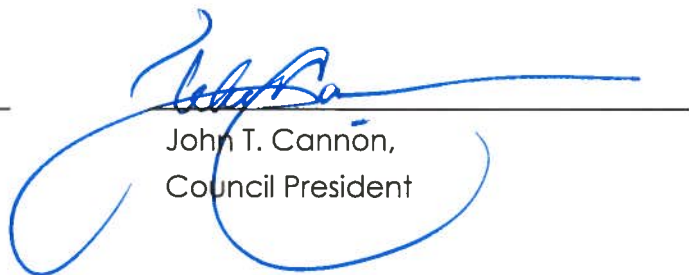
Done at Salisbury, Maryland, this 7th Day of March 2017.

ATTEST:

COUNTY COUNCIL OF
WICOMICO COUNTY, MARYLAND



Laura Hurley,
Council Administrator



John T. Cannon,
Council President

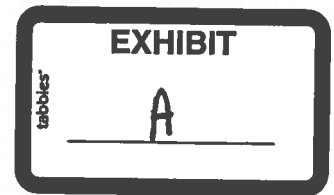
CERTIFICATION

This Resolution was Adopted , Adopted with Amendments , Failed , Withdraw by the County Council on March 7, 2017.

Certified by 
Laura Hurley, Council Administrator



PKS & Company, P.A.
Pigg, Krahl & Stern
**Certified Public Accountants
 & Advisors to Business**



January 20, 2017

ANDREW M. HAYNIE, CPA
 SUSAN P. KEEN, CPA
 MICHAEL C. KLEGER, CPA
 JEFFREY A. MICHALIK, CPA
 DANIEL M. O'CONNELL II, CPA
 JOHN M. STERN, JR., CPA

Members of Wicomico County Council
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MEMBERS OF:

AMERICAN INSTITUTE OF
 CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF
 CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF
 CERTIFIED PUBLIC ACCOUNTANTS

PKF INTERNATIONAL

Dear Council Members,

Our contract as external auditors for Wicomico County ended with the completion of the fiscal year June 30, 2016 audit. Our firm is interested in extending our engagement to provide auditing services for Wicomico County for the three-year periods ending June 30, 2017, 2018, and 2019. As you know, per the Charter the County Council shall engage a CPA firm for professional audit services which are not required to be competitively bid.

We hope this proposal demonstrates a sincere interest in and, more importantly, our capability to continue to serve Wicomico County as your independent auditors. We believe an extension of the audit contact would be beneficial to Wicomico County for the following reasons:

- PKS has and will continue to provide consistent personnel from year to year. Because of our audit team experience, it will not be necessary to train our people on your time.
- Continuity of staff is a key to a quality audit and is one of the items you should look at in incumbent auditors.
- Changes in auditors require significant additional time by County personnel in completing the audit. The County has limited finance and accounting staff and does not have the luxury of staff time to train new auditors.
- Partner and manager involvement in the audit has remained both extensive and consistent.

-
- Over the years, PKS has been highly responsive to the County's requests for additional services, special projects and assistance with questions from Council and County personnel.
 - We understand the County's complex financial systems, operations, policies and procedures, which allows us to perform the audit efficiently.
 - PKS has continually met all audit deadlines.
 - Our highly skilled engagement team members are here to help – and we are confident that our expertise will continue to benefit Wicomico County.

In addition, the American Institute of Certified Public Accountants (AICPA) has raised concerns regarding audit firm rotation. Please see the attached article which state that audit firm rotation may hurt audit quality, and that quality increases with audit firm tenure.

Most of all, we have professionally and diligently serviced the needs of Wicomico County for many years. As a local firm, we have been able to service the County's needs in a timely and efficient manner. In addition, our firm's location and size allows for our ability to fulfill the County's desires and to provide continuity of experience for a continued reduction of the burden for the County's staff.

We value Wicomico County, as a prestigious client and assure you that the work entrusted to us will continue to receive the highest degree of attention and personal service.

Following is our proposal of fees for the financial statement audits for Wicomico County, Wicomico Regional Airport, and 911 Emergency Communications for the fiscal years ending June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund	\$ 52,500	\$ 53,700	\$ 55,000
Airport(includes FFA & PFC)	13,300	13,600	14,000
Grants Fund	9,900	10,000	10,400
Capital Projects	6,900	7,000	7,200
Solid Waste	6,100	6,300	6,400
Civic Center	5,500	5,600	5,700
Urban Services	4,400	4,500	4,600
Tourism	4,300	4,400	4,500
Local Management Board	2,900	3,000	3,100
911	2,800	2,900	3,000
Health	1,700	1,700	1,700
Recreation and Parks	500	600	600
Electical Board	200	200	200
	<u>\$ 111,000</u>	<u>\$ 113,500</u>	<u>\$ 116,400</u>

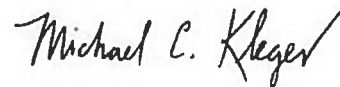
Wicomico County Council
Wicomico County, Maryland

January 19, 2017

The documentation of the audit scope procedures would continue as outlined in our previous contract dated April 24, 2014. Our proposed fees above include all out-of-pocket expenses.

After you have reviewed this letter and the information contained herein, if this letter correctly sets forth the understanding of the County for our firm to continue to provide audit services for the five-year period as noted, please sign and return one copy of the letter for our files. Also, attached is a copy of our current peer review report. We are required to have an outside peer review on a three year cycle. Should you have any question feel free to contact us at 410-546-5600. We would be happy to meet with you to discuss our proposal further. We look forward to continuing our mutually rewarding and long lasting relationship with Wicomico County.

Very truly yours,
PKS & Company, P.A.



Michael C. Kleger, CPA

Enclosures

ACCEPTANCE

This letter correctly sets forth the understanding of Wicomico County, Maryland with reference to audit services for the years ending June 30, 2017, 2018, and 2019.

By: _____



Wicomico County Council

Date: _____

03/08/17