



**City of New Haven
Office of Management and Budget**

Justin M. Elicker, Mayor

Michael Gormany, City Budget Director and Acting Controller

Friday, June 2, 2023

Alder Tyisha Walker
President
23rd Ward
Board of Alders
165 Church Street
New Haven, CT 06510

RE: Order to enter into an agreement for one year, with three options to renew with RSM US LLP to perform an independent audit of the City's financial statements as required by Federal, State, and local law

Dear President Walker-Myers,

As a result of the expiration of the current contract with RSM US LLP in performing the City's annual audit, the City's issued a Request for Proposal (RFP) (#2022-10-1484) seeking proposals from qualified firms of certified public accountants to conduct the City audit for fiscal year June 30, 2023 with three options to conduct the City audit for the fiscal years ending June 2024, June 30, 2025 and June 30, 2026.

Pursuant to Charter Article VII Section 3C, 4{d}, the Financial Review and Audit Commission reviewed the proposals in conjunction with the City of New Haven. The two firms were the incumbent, RSM US LLP and Clifton Larson Allen LLP.

The Finance Department Audit Group reviewed both proposals from RSM and Clifton Larson Allen LLP (CLA) on April 21, 2023. The Finance and Review Audit Commission reviewed the proposals as well in April/May 2023. Based on the Finance Audit Group and FRAC review, RSM is being recommended to be considered over CLA. This decision was based on several factors. Important amongst the factors were the costs, hours, and experience.

Based on the Group's review, RSM is being recommended to be considered over CLA due to staff cost, staff commitment, and the number of hours.

While RSM's overall cost proposal is higher than Clifton Larson, LLP (15.00%), RSM will charge a flat hourly rate regardless of staff level. However, CLA has a tiered plan that ranges from \$160 to \$550 based on staff level.

In addition, RSM is also providing a greater number of per year. Finance and FRAC assessed that RSM had a greater level of commitment from higher level staff included in the hours. RSM's Partner has assigned approximately 200 more hours than CLA to the City's audit. As well as nearly double the number of hours assigned for the Director and Supervisory staff. The additional proposed hours



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in higher level staff is crucial to remaining in compliance with the increased GASB requirements impacting municipalities annually.

Description	RSM	Clifton Larson Allen LLP
Estimated Total Cost:		
Year 1 - June 30, 2023	\$ 450,000	\$ 396,190
Year 2 - June 30, 2024	\$ 470,000	\$ 408,080
Year 3 - June 30, 2025	\$ 490,000	\$ 420,325
Year 4 - June 30, 2026	\$ 506,000	\$ 432,940
Total of Estimated Cost of Proposal	\$ 1,916,000.00	\$ 1,657,535.00
Estimated Total Hours:		
Year 1 - June 30, 2023	2,700	2,500
Year 2 - June 30, 2024	2,700	2,000
Year 3 - June 30, 2025	2,700	2,000
Year 4 - June 30, 2026	2,700	2,000
Total of Estimated Hours of Proposal	10,800	8,500
Average Estimated Cost Per Hour:		
Year 1 - June 30, 2023	\$ 167	\$ 158
Year 2 - June 30, 2024	\$ 174	\$ 204
Year 3 - June 30, 2025	\$ 181	\$ 210
Year 4 - June 30, 2026	\$ 187	\$ 216
Number of Assigned Hours Included In Proposal:		
Partner/Principal	280	98
Director/Manager	555	284



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Description	RSM	Clifton Larson Allen LLP
Supervisory/In-Charge	935	566
Other Staff	1,005	1,076
Total Number of Assigned Hours	2,775	2,024
Rates for Additional Professional Services:		
Partner/Principal	\$ 170.00	\$ 550.00
Manager	\$ 170.00	\$ 410.00
Senior Accountants	\$ 170.00	\$ 225.00
Staff/Associate Accountants	\$ 170.00	\$ 160.00
Number of staff assigned to New Haven	6 - 7	7 - 8

Based on these 3 key factors the City and FRAC believes RSM will overall be more effective for New Haven during the duration of a four-year agreement with the City.

Thank you for your attention to this matter.

Jennifer Walker
Acting Chair Financial Review and Audit Commission
Director,

Michael Gormany
Acting Controller / Budget