

**To:** David Billingsley, Chief Procurement Officer

**From:** George J. McGowan, CPA  
Director, Office of Audit Services and Management Support

**Date:** November 30, 2016

**Subject:** Amendment to Internal Audit Services Contract, RFP15-0074-02

The Office of Audit Services and Management Support has been requested by the Economic Development Department to perform an audit of the processes and controls of the Permitting function. Early in the discussions of this assignment, it was determined that using the services of one of our contract auditors would be the best method for performing this work. After several discussions with KPMG regarding the scope and fee for the requested work, we found that the contract price for the work would exceed our expected cost for such internal audits. Therefore, an amendment to the subject contract is necessary.

KPMG was selected for this review because they have performed a previous review of the Permitting Division and can draw upon that experience during this engagement. In fact, a principal individual involved in our current agreement worked directly on the previous review and this knowledge is expected to provide economies of scale in the proposed engagement.

The scope and fee proposal prepared by KPMG quotes a total price of \$273,880 to accomplish three objectives, a Performance Review and Improvements Assessment, a Benchmarking Assessment, and a Cost of Service Analysis. This price has been reviewed by myself and the Economic Development Director and we agree that the terms and price are reasonable for this scope of work.

Please use this memo as our request for the assistance of the Procurement in securing this amendment so that this work can begin in early 2017.

Thank you for your assistance.

GJM

C:

Kevin Edmonds, Deputy Chief Administrative Officer  
Rosa Akhtarkhavari, Chief Information Officer  
Brooke Rimmer-Bonnett, Economic Development Director