

On July 6, 2004 the City Council requested that staff proceed with a full compliance audit on the professional service agreement for Stoney Creek Booster Station, with a funding source to be identified when the audit contract is presented.

Alderman Kooiker stated specifically prior to that time that two specific questions must be answered: 1) "did the taxpayers pay a fair price" and 2) "was this firm qualified to do the work; and are they doing or have they been doing work for the city that they are not licensed to do."

I have visited with John Walker, a partner with our current audit firm and with Deene Dayton at Legislative Audits and they agree that the questions call for a qualitative audit rather than a quantitative or financial compliance audit. Therefore an expert in the engineering field, rather than an accounting firm, should perform the compliance audit and make the judgment. The firm or consultant selected must be impartial and independent, and should not intend to do other work for the City and should be from another locale.

Thereafter I wrote a request for proposals (attached) and contacted the SD Engineering Society for advice as to who may be interested in responding to such a proposal. I was given two prospects, who I called and they were not interested. One suggested I contact the SD Executive Director of the American Council of Engineering Councils (ACEC) for ideas. I did so, and she searched for resources as well as discussing the proposal with the ACEC Board of Directors. The Board did not want to become involved, so she then sent the information to ACEC Executive Directors in surrounding states. The Director from Wyoming expressed interest. I sent him the RFP and received no response. The National Director of the ACEC was contacted, and indicated he had never heard of such a request being made and could furnish no assistance.

I posted the RFP on a national site for professional engineering proposals, and again received no response.

This task has already consumed many hours of my time, with no result. I would request that the Council provide further direction as we have received no response to the request for proposals that we prepared and distributed.

Coleen J. Schmidt
Assistant Finance Officer

CITY OF RAPID CITY, SOUTH DAKOTA

July 15, 2004

TO: Invited Parties

FROM: Coleen J. Schmidt, Assistant Finance Officer

SUBJECT: Professional Qualitative Audit of Professional Services Contract

The City of Rapid City, SD is soliciting proposals from engineering firms to perform a quality audit of a professional services contract. This audit will include, but not be limited to, 1) the selection process, 2) whether the firm that was selected to perform the work was qualified to perform that work, and 3) whether the price negotiated for the performance of the contract was reasonable and fair.

Please indicate your interest in performing this qualitative audit and the cost that would be involved by making a request in writing to the following address by July 28, 2004. The proposal should include an all inclusive cost for performing the audit, and an additional hourly rate that would be charged if explanation would be required after the audit has been reviewed by Rapid City's Governing Body. If you are making a proposal to the City, please include a background of your firm and the qualifications of your firm to perform the qualitative audit.

A copy of the contract and other pertinent information is available. All questions and correspondence should be directed to me at the address below, or by e-mail at coleen.schmidt@rcgov.org or by calling me at 605-394-4143.

Coleen J. Schmidt
Assistant Finance Officer
300 Sixth Street
Rapid City, SD 57701