



Financial Services Audit Committee Communication

Date: July 20, 2018

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer/Treasurer

Re: Proposed Audit Fee Change Order for the FY 2017 Audit

Background: The firm of Rehmann Robson was selected as auditors for the Great Lakes Water Authority (GLWA) in January 2017.

Analysis: The audit for FY 2017 was started in October 2017. Audit fieldwork and draft financial statements were largely completed in November 2017. Concurrently, discussions related to a Memorandum of Understanding (MOU) with the Detroit Water & Sewerage Department (DWSD) were underway. While it was anticipated that there would be a financial impact, the dollar amount was not determinable until April 2018 when the boards for both entities approved an MOU Term Sheet. The technical nature of the MOU, inefficiencies from the delay, and related additional effort by all parties translate into a reasonable request by Rehmann Robson for additional compensation. Attached is an analysis from the auditors providing an additional request for \$48,500 which is net of a negotiated discount of 7.5%.

Budget Impact: To the extent that there are not savings in the Financial Reporting & Accounting cost center, a budget amendment from unallocated reserve would be required. There are sufficient funds in that budget reserve.

Proposed Action: Move that the Audit Committee recommends that the Board of Directors of the Great Lakes Water Authority approve a change order for audit services contract with Rehmann Robson in the amount of \$48,500 for the FY 2017 audit.