

Great Lakes Water Authority Fees for Fiscal 2017 Audit Incremental Work/Rework

Going into the fiscal 2017 audit, we had anticipated a much smoother process than the prior year initial audit, and that was indeed the case through the first two months of the year-end fieldwork, which began in late October. It then became apparent prior to the end of the calendar year (and leading up to the State's original six month reporting deadline) that an extension would be necessary to address Director Daddow's "Current and Legacy Business Issues" and allow for the negotiations with COD/DWSD to resolve various lease issues (most of which were highlighted in Director Daddow's Current and Legacy Business Issues).

Taking a lesson from the prior audit, we separately coded our time to distinguish the regular audit tasks from the extra work/rework to specifically identify the out-of-scope work (or additional time for the incremental work for the meetings, conference calls, workpaper changes, report changes and other work/rework caused by the "issues" and MOU). That detail is attached along with a summary.

Per the attached, we identified approximately 150 hours (heavily skewed towards partner/principal time given the nature of the tasks, with the remainder being manager time) of out-of-scope work time for fees of approximately \$52,400 including expenses. We would propose a discount of roughly 7.5% to a rounded amount of \$48,500. Accordingly, we request approval of this amount.

Mark Kettner
Engagement signing principal

Great Lakes Water Authority
Fees for Fiscal 2017 Audit - Incremental Work/Rework

Sum of Amount	Column Labels				
Row Labels	Mark Kettner	Kenneth Melvin	Phil Copi	(blank)	Grand Total
Time	\$ 32,512.50	\$ 19,392.50	\$ 423.15		\$ 52,328.15
MOU changes	\$ 10,412.50	\$ 17,187.50			\$ 27,600.00
Mgmt meetings	\$ 9,775.00				\$ 9,775.00
Board requests	\$ 4,675.00				\$ 4,675.00
Fund FS	\$ 7,650.00	\$ 1,237.50			\$ 8,887.50
Other		\$ 967.50	\$ 423.15		\$ 1,390.65
Expenses	\$ 97.20			\$ 9.63	\$ 106.83
Grand Total	\$ 32,609.70	\$ 19,392.50	\$ 423.15	\$ 9.63	\$ 52,434.98

Sum of Hours	Column Labels				
Row Labels	Mark Kettner	Kenneth Melvin	Phil Copi	(blank)	Grand Total
Time	76.50	71.50	2.17		150.17
MOU changes	24.50	62.50			87.00
Mgmt meetings	23.00				23.00
Board requests	11.00				11.00
Fund FS	18.00	4.50			22.50
Other		4.50	2.17		6.67
Expenses	0.00			0.00	0.00
Grand Total	76.50	71.50	2.17	0.00	150.17

MOU changes - client adjustments stemming from the MOU negotiations/settlement necessitated various changes and review/edits to the CAFR as well as updating leadsheets and work papers.

Mgmt meetings - meeting attendance (in person or by teleconference) requested by management and related follow up.

Board requests - time to consider/address Board member prepared documents and the questions/comments contained therein or otherwise posed to us in relation to such documents and/or the MOU settlement/changes.

Fund FS - additional time to incorporate MOU-specific CAFR changes into previously created fund financial statement templates.

Other - other assorted out-of-scope time caused by delays, inefficiencies or client changes.

Date	Service Code Description	Staff	ChargeType	Hours	Amount	Service Area	Detail
11/16/2017	Change Order	Kenneth Melvin	Time	2.50	537.50	Other	Time spent getting the preliminary draft together for the audit committee
11/27/2017	Change Order	Kenneth Melvin	Time	2.00	430.00	Other	Potential change order time. Spent quite a bit of time in a meeting for bifurcation capital assets.
12/1/2017	Change Order	Phil Copi	Time	2.17	423.15	Other	Changing workpapers for entry made for retail receivable
1/17/2018	Change Order	Mark Kettner	Time	2.00	850.00	Board requests	Read Bob Daddow's "Current and Legacy Business Issues" document.
1/19/2018	Change Order	Mark Kettner	Time	5.00	2,125.00	Mgmt meetings	Meeting with CFO (Nickie Bateson), Bill Wolfson and Randall Jones (in-house legal counsel) and Bart Foster (consultant) regarding COD lease issue.
1/20/2018	Change Order	Mark Kettner	Time	3.00	1,275.00	Board requests	Finish reading Daddow's questions/comments.
1/22/2018	Change Order	Mark Kettner	Time	2.00	850.00	Board requests	Consideration of Daddow questions/comments.
1/22/2018	Change Order	Mark Kettner	Time	1.00	425.00	Board requests	Consideration of Daddow questions/comments.
1/27/2018	Change Order	Kenneth Melvin	Time	3.00	825.00	MOU changes	TB/FS coding changes, etc
2/5/2018	Change Order	Mark Kettner	Time	5.00	2,125.00	Mgmt meetings	Lease interpretation meeting (including drive time).
2/6/2018	Change Order	Mark Kettner	Time	1.00	425.00	Mgmt meetings	
2/8/2018	Change Order	Mark Kettner	Time	2.00	850.00	Mgmt meetings	
2/19/2018	Change Order	Mark Kettner	Time	5.00	2,125.00	Mgmt meetings	Out of scope hours for emails, discussions with Ken and Kathy Smith-Roy, and then phone conference with Nickie and Bart Foster regarding "MOU clean up" issues and financial reporting treatment.
2/20/2018	Change Order	Mark Kettner	Time	2.50	1,062.50	Mgmt meetings	MOU resolution conference call with Bob Daddow, Terry Donnelly, Randall Brown and Nickie Bateson.
2/23/2018	Change Order	Mark Kettner	Time	2.50	1,062.50	Mgmt meetings	Special audit cmte meeting (joined via phone).
4/5/2018	Change Order	Mark Kettner	Time	1.00	425.00	MOU changes	Completion planning discussion following MOU negotiations and implementation.
4/9/2018	Change Order	Kenneth Melvin	Time	8.50	2,337.50	MOU changes	Time spent inputing MOU entries, updating the financials, etc.
4/10/2018	Change Order	Kenneth Melvin	Time	3.00	825.00	MOU changes	
4/11/2018	Change Order	Kenneth Melvin	Time	6.00	1,650.00	MOU changes	
4/13/2018	Change Order	Kenneth Melvin	Time	0.75	206.25	MOU changes	
4/15/2018	Change Order	Kenneth Melvin	Time	2.50	687.50	MOU changes	
4/17/2018	Change Order	Kenneth Melvin	Time	1.75	481.25	MOU changes	
4/18/2018	Change Order	Mark Kettner	Time	3.00	1,275.00	MOU changes	CAFR status meeting and review of binder (both due to MOU changes).
4/18/2018	Change Order	Kenneth Melvin	Time	1.00	275.00	MOU changes	
4/19/2018	Change Order	Mark Kettner	Time	2.00	850.00	MOU changes	
4/19/2018	Change Order	Kenneth Melvin	Time	4.00	1,100.00	MOU changes	Additional FS preparation tasks for MOU changes
4/20/2018	Mileage	Mark Kettner	Expenses		87.20	MOU changes	Detroit mileage.
4/20/2018	Parking	Mark Kettner	Expenses		10.00	MOU changes	Detroit parking.

4/20/2018	Change Order	Mark Kettner	Time	2.50	1,062.50	MOU changes	Audit Cmte attendance/comments and return drive during normal business hours.
4/23/2018	Change Order	Mark Kettner	Time	6.00	2,550.00	MOU changes	Update CAFR for Cindy comments.
4/23/2018	Change Order	Kenneth Melvin	Time	1.25	343.75	MOU changes	
4/24/2018	Change Order	Mark Kettner	Time	2.00	850.00	MOU changes	
4/24/2018	Change Order	Kenneth Melvin	Time	3.00	825.00	MOU changes	
4/25/2018	Change Order	Mark Kettner	Time	4.00	1,700.00	MOU changes	"Page turning" review of draft CAFR and review of Bob Daddow's comments (and analysis of depreciation expense).
4/25/2018	Change Order	Kenneth Melvin	Time	5.00	1,375.00	MOU changes	
4/26/2018	Change Order	Mark Kettner	Time	1.00	425.00	MOU changes	
4/26/2018	Change Order	Kenneth Melvin	Time	7.25	1,993.75	MOU changes	
4/27/2018	Change Order	Mark Kettner	Time	3.00	1,275.00	MOU changes	Status call and review of many emails regarding report changes.
4/29/2018	Change Order	Kenneth Melvin	Time	4.00	1,100.00	MOU changes	Time from 4/27
5/4/2018	Change Order	Kenneth Melvin	Time	2.00	550.00	MOU changes	
5/7/2018	Change Order	Kenneth Melvin	Time	6.00	1,650.00	MOU changes	
5/8/2018	Change Order	Mark Kettner	Time	3.00	1,275.00	Board requests	Concluding work on Daddow comments/questions and CAFR review comments.
5/8/2018	Change Order	Kenneth Melvin	Time	3.50	962.50	MOU changes	
5/10/2018	Change Order	Mark Kettner	Time	3.00	1,275.00	Fund FS	Separate fund FS (to incorporate changes to CAFR due to MOU changes).
5/10/2018	Change Order	Kenneth Melvin	Time	2.00	550.00	Fund FS	
5/11/2018	Change Order	Mark Kettner	Time	6.00	2,550.00	Fund FS	Separate fund FS (to incorporate changes to CAFR due to MOU changes).
5/12/2018	Change Order	Mark Kettner	Time	5.00	2,125.00	Fund FS	Separate fund FS (to incorporate changes to CAFR due to MOU changes).
5/31/2018	FS Prep	Kenneth Melvin	Time	1.00	275.00	Fund FS	
6/1/2018	Supervision And Review	Mark Kettner	Time	2.00	850.00	Fund FS	
6/1/2018	FS Prep	Kenneth Melvin	Time	1.50	412.50	Fund FS	
6/6/2018	Supervision And Review	Mark Kettner	Time	2.00	850.00	Fund FS	
6/11/2018	Postage Charge		Expenses		9.63	Fund FS	UPS
				150.17	52,434.98		

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