

MEMORANDUM

March 27, 2009

TO: County Council

FROM:  Leslie Rubin, Audit Contract Administrator
Office of Legislative Oversight

SUBJECT: **Amendment #1 to County Council's Contract for Audit Services with Clifton Gunderson LLP to Add Additional Work**

Staff Recommendation:

- **Approve Contract Amendment #1 for the Council's Audit Contract with Clifton Gunderson LLP and authorize the Council President to execute the Amendment on behalf of the Council.** The Amendment authorizes Clifton Gunderson to perform additional work under the Audit Contract by providing a Comfort Letter associated with the County's issuance and sale of Revenue Bonds for the Department of Liquor Control.

On Thursday, April 23, 2009, the County Government will issue and sell Department of Liquor Control Revenue Bonds to finance, among other things, the Department of Liquor Control (DLC) Warehouse Project. The underwriter of the revenue bonds, Banc of America Securities LLC (BOA), has requested that the County Government provide it with a Comfort Letter prior to issuance of the Bonds.

A Comfort Letter is an accounting firm's statement provided to the underwriter in preparation for a public offering, confirming that unaudited financial data in the Official Statement follow generally accepted accounting principles, and that no significant changes have occurred since the report was prepared. Clifton Gunderson, the County's external auditor, has agreed to provide a Comfort Letter to BOA in connection with the DLC Revenue Bonds.

The Council's Audit Contract with Clifton Gunderson allows the auditor to perform optional work, including the issuance of Comfort Letters, and requires the Council to amend the Contract to add such work. The Audit Contract sets a fixed fee of \$2,000 for a Comfort Letter.

Contract Amendment #1 (©1) authorizes Clifton Gunderson to issue a Comfort Letter in connection with the offering of the Department of Liquor Control Revenue Bonds. The \$2,000 fee will be paid for out of the proceeds from the sale of the revenue bonds.

Attachment	Located at:
Clifton Gunderson Contract Amendment #1	©1

**CONTRACT AMENDMENT #1
CONTRACT NUMBER 8031000103AB**

This Amendment is entered into between Montgomery County, Maryland, on behalf of the County Council for Montgomery County, Maryland (“Council”), and Clifton Gunderson LLP, 11710 Beltsville Drive, Suite 300, Calverton, MD 20705 (“Contractor” or “Auditor”).

BACKGROUND

1. The Council and the Auditor entered into Contract No. 8031000103AB on April 24, 2008. The current contract expires on July 23, 2009.
2. Under this Contract, Article I. “Scope of Work,” Paragraph B. Optional Work, the County Council may amend the Contract to add optional work by the Auditor. Under this Contract, Article I. “Scope of Work,” Paragraph B. Optional Work, subparagraph 3, includes authorizing the Contractor to perform tests and analysis, in accordance with generally accepted auditing standards, to update the Contractor’s opinion and issue a Comfort Letter to include in County debt offering documents.
3. As a condition of underwriting the County Government’s issuance and sale of Department of Liquor Control Revenue Bonds, the underwriter of the Bonds, Banc of America Securities LLC (BOA), has requested that the County Government provide BOA with a Comfort Letter prior to issuance of the Bonds.
4. Article V. “Payments,” Paragraph B. Payments for Article I. “Scope of Work,” Paragraph B. Optional Work, subparagraph 2 of this Contract sets a fixed fee of \$2,000 for a Comfort Letter related to the County’s Fiscal Year 2008 financial statements, which will be paid for out of the proceeds from the sale of the revenue bonds.
5. The additional work is within the general scope of the contract.

CHANGE

1. Article II, “Deliverables,” is amended by adding the following paragraph G:

G. The Contractor must provide up to 6 originals of a Comfort Letter to the Montgomery County Government in connection with the offering of the Department of Liquor Control Revenue Bonds covered by the Preliminary Official Statement.

The County will pay a fixed fee of \$2,000 for the issuance of the Comfort Letter described in Article II., Deliverables, Paragraph G, which will be paid out of the proceeds of the sale of the Department of Liquor Control Revenue Bonds.

EFFECT

1. Existing Contract terms remain in effect unless specifically changed by this Amendment.
2. This Amendment is entered into prior to the expiration of the Contract.
3. This Amendment is entered into on the date of signature by the President of the County Council for Montgomery County, Maryland.
4. No goods or services are to be provided pursuant to this Amendment until it is signed by the President of the County Council for Montgomery County, Maryland.

(Signature Page Follows)

WITNESS

Clifton Gunderson LLP

BY: _____
Keith Novak, Partner
Clifton Gunderson LLP

DATE _____

Montgomery County, Maryland

BY: _____
Phil Andrews, President
Montgomery County Council

DATE _____

Approved to as to form and legality:

BY: _____
Walter Wilson
Assistant County Attorney

DATE _____