



Legislation Text

File #: 2021-381, Version: 1

Report to Mayor and City Council

Tuesday, June 15, 2021

Consent

SUBJECT:

CONSIDER APPROVAL OF AGREEMENT FOR CONTRACT SERVICES TO VASQUEZ & COMPANY LLP FOR PROFESSIONAL INDEPENDENT AUDIT SERVICES (CITY COUNCIL)

I. SUMMARY

The City retains a professional independent auditor to perform an annual audit of the City's financial statements and provide other related services as needed. On March 25, 2021, the City issued a Request for Proposal ("RFP") seeking qualified firms to provide independent audit of the City's financial statements. The auditing of the City's financial statements is currently contracted with CLIFTONLARSONALLEN LLP ("CLA"). The present contract was approved and issued in June 2016, which is set to expire in June 2021.

Four proposals were received by the RFP deadline of April 12, 2021. A selection committee reviewed the proposals and evaluated each firm on the criteria set forth in the RFP. Based on the committee's recommendation of Vasquez & Co., LLP, staff is requesting a contract service agreement for three years with two one-year extensions, for the base amount of \$71,001 annually, not to exceed \$213,003 over three years with the option to extend the term for two additional one-year periods. If the City exercises the two one-year optional extensions, the additional cost will be \$142,002, for a five year total amount of \$355,005. The cost includes the following services and deliverables:

- Letter to the City Council regarding compliance with Article XIII B of the California Constitution.
- Management Letter that includes any non-reportable comments or recommendations resulting from Consultant's review of the systems of internal controls in connection with the financial audits.
- City's Comprehensive Annual Financial Report (Annual Report).
- City's State Controller's Annual Financial Transactions Report.

- City's State Controller's Annual Street Report to State Controller.
- City's Air Quality Improvement Special Revenue Fund Report.

II. RECOMMENDATION

TAKE the following actions:

1. AWARD a contract to the certified public accounting firm Vasquez & Co., LLP for three years with two one-year options, for a base amount of \$71,001 annually, not to exceed \$213,003 over three years. If the City exercises the two one-year optional extensions, the additional cost will be \$142,002, for a five year total amount of \$355,005 of services beginning with the audit of fiscal year ended June 30, 2021.
 2. Authorize the Mayor to execute the agreement, following approval as to form by the City Attorney.
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III. ALTERNATIVES

TAKE another action deemed appropriate by the City Council.

IV. BACKGROUND

Independent audit services have been provided by CLIFTONLARSONALLEN LLP ("CLA") for the past five years. The original contract was executed in 2016 for audits of FY15-16, FY16-17, and FY17-18, with the option to extend the engagement two additional years (FY18-19 & FY19-20). On June 14, 2020, the City Council approved another one-year extension for FY19-20.

California Government Code section 12410.6(b) indicates:

"a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years."

Periodically changing audit firms offers advantages such as a fresh outlook and greater independence from Management.

On March 25, 2021, the City issued Request for Proposal (RFP) for Professional Audit Services. The RFP was sent directly to 12 independent audit firms with experience auditing government agencies and posted to the City's website. The City received 4 proposals:

- Badawi & Associates
- Moss, Levy & Hartzheim

- The Pun Group LLP
- Vasquez & Co., LLP

Staff reviewed the proposals; and considered the following criteria:

- Understanding the scope of services
- Demonstrate professional skills and credentials
- Experience
- Quality of proposal
- Approach to performing the requested services
- Familiarity with services requested
- Reference checks

After review and evaluation, staff recommends awarding the contract to Vasquez & Co., LLP as a result of the final total score shown in Exhibit B.

The engagement would include audit of the annual financial statements for the City, Successor Agency, Housing Authority and Reclamation Authority. The engagement also includes review of the annual appropriations limit and the Single Audit for federal financial assistance. Audit services also include preparation of the annual Comprehensive Annual Financial Report and the City's required annual reports to the California State Controller's Office. The proposed contract is for an initial period of 3 years, plus 2 additional one-year options.

V. FISCAL IMPACT

Funds requested for the Contract Services Agreement with Vasquez & Co., LLP are included in the Fiscal year 2021-2022 proposed budget.

VI. EXHIBITS

1. Exhibit A - Contract for Professional Auditing Services Proposal with Vasquez & Co., LLP (pages 4-33)
2. Exhibit B - Final Scores From the RFP (pg. 34)

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