



DATE: May 15, 2018
TO: Mayor and City Council
FROM: Director of Finance
SUBJECT: Authorization to Extend Professional Services Contract with Maze & Associates for Annual Audit Services

RECOMMENDATION

That Council adopts a Resolution (Attachment II) authorizing the City Manager to extend the contract between the City and Maze & Associates for a professional services agreement for a one-year audit term.

SUMMARY

The current agreement with Maze & Associates will expire on June 30, 2018. The City issued a request for proposals (RFP) for audit services on April 4, 2018 for services to commence with fiscal year ending June 30, 2019. This extension will bring the total term of the current contract to eight years, and the current annual audit cost of \$140,000 (for a total contract amount of \$1,120,402 over eight years) to perform the City's annual financial statement audits and related services for the fiscal year ending June 30, 2018. The contract period will end June 30, 2019 to allow for completion of the fiscal year 2018 audit and will allow appropriate time for staff to carefully evaluate proposals and select a qualified audit firm.

BACKGROUND

In March 2011, the City issued an RFP for auditing services and selected Maze & Associates to provide financial audit and reporting services beginning with the audit for the fiscal year ended June 30, 2011. The original contract was for five years and included a provision of two optional one-year extensions that the City exercised as part of the original agreement that ends with the conclusion of fiscal year 2017 audit services.

DISCUSSION

Maze & Associates has been in the governmental audit and accounting business for more than thirty-five years and they currently provide audit services to over 100 municipal clients. Maze & Associates has provided the City exceptional service as the City's independent external

auditors from 1996 through 2007 and then again beginning in 2011 and through the most recent fiscal year ended June 30, 2017.

The City has faced several complicated financial reporting changes during this recent audit contract term, including the dissolution of the City's Redevelopment Agency, new Government Accounting Standards Board requirements, and the implementation of a comprehensive citywide financial system. During this time, Maze has provided audit services and assisted the City in improving its financial reporting and internal controls. Current best practices are to retain audit services for at least five years, then issue a Request for Proposals (RFP) to select a new audit firm. Below is an excerpt from the Government Finance Officers Association Best Practice on Audit Procurement:

"Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year. Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements..."

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ECONOMIC IMPACT

There is no economic impact associated with this action.

FISCAL IMPACT

Annual audit services are currently funded by the General Fund in the Finance Department. The annual City-wide audit services cost for fiscal year 2017 was \$140,000. The recommended audit contract extension will be \$140,000 for fiscal year 2018 and is included in the FY 2019 Proposed Operating Budget.

STRATEGIC INITIATIVES

This item is a routine operational item and does not relate to the strategic initiatives.

PUBLIC CONTACT

There has been no public contact associated with this item.

Prepared by: Marichu Maramba, Accounting Manager

Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAdoo, City Manager