



DATE: December 4, 2018

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT Approval of Professional Auditing Services Contract with Maze & Associates in the Amount of \$110,000

RECOMMENDATION

That Council approves the attached Resolution (Attachment II) authorizing the City Manager to execute a contract between the City and Maze & Associates for a professional services agreement for a three-year term, with an option to extend for two additional years.

SUMMARY

The City's contract with Maze & Associates expires on June 30, 2019. The City issued a RFP for audit services on April 4, 2018 for services to commence with fiscal year ending June 30, 2019 with an option of auditing its financial statements for each of the two subsequent fiscal years. Seven audit firms responded to the RFP including Maze & Associates, five firms were invited to participate in an oral interview with staff, and three firms were invited for a second oral interview. Maze & Associates was selected to serve as the City's professional audit firm for the next three years.

BACKGROUND

Maze & Associates has been the City's auditors since fiscal year 2011. To comply with Government Code section 12410.6(b) *"Commencing with the 2013-14 fiscal year, 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. For purposes of calculating the six consecutive fiscal years, the local agency shall not take into account any time that a public accounting firm was employed by that local agency prior to the 2013-14 fiscal year. The Controller may waive this requirement if he or she finds that another eligible public accounting firm is not available to perform the audit"* and at Council recommendation, the City issued a request for proposals (RFP) for auditing services on April 4, 2018. Following an extensive review process, staff recommends Maze & Associates to provide financial audit and reporting services beginning with the audit for the fiscal year ended June 30, 2019.

DISCUSSION

On April 4, 2018, a request for proposals was mailed to twenty-two firms. The RFP requested detailed information about the firm, their staff, experience, location and a proposed fee schedule. Seven audit firms responded to the RFP and their proposals were reviewed by staff. Of the seven firms who responded, five firms were selected to continue forward in the process, all five firms were invited to participate in an oral interview with staff, and the top three firms were invited to participate in additional interviews. The top three firms were: Maze & Associates; Macias Gini & O'Connell LLP; and LSL CPAs & Advisors. Based on their technical expertise, audit experience and quality audit services, staff selected the top two firms and invited them for a third interview to assess value provided to the City and its residents. Based on this assessment, staff recommended Maze & Associates to provide professional audit services.

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 through the most recent fiscal year ended June 30, 2018.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to the Strategic Initiatives.

ECONOMIC IMPACT

There is no economic impact associated with this action.

FISCAL IMPACT

Annual audit services are currently funded by the General Fund. The annual City-wide audit services cost for fiscal year 2018 was \$140,000. With competitive bidding and continuing client discount, the cost for fiscal year 2019 will be \$110,000 (Attachment III).

Prepared by: Marichu Maramba, Accounting Manager

Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAdoo, City Manager