



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: April 6, 2021

TO: Christine Daniel, City Manager

FROM: Brad Farmer, Finance Director

SUBJECT: Resolution Of The City Council Of The City Of Emeryville Authorizing The City Manager To Execute A Professional Services Contract With Maze & Associates To Audit The Financial Records Of The City Of Emeryville And The Successor Agency To The Former Emeryville Redevelopment Agency For An Amount Not To Exceed \$103,481 Per Year For Fiscal Years Ending June 30, 2021, 2022, And 2023, For A Total Contract Amount Not To Exceed \$310,443; With An Option To Extend For Fiscal Years 2024 And 2025

RECOMMENDATION

Staff recommends the City Council consider the staff report and thereafter adopt the above-entitled resolution.

BACKGROUND

Annually, the City prepares a Comprehensive Annual Financial Report (CAFR) to report on the financial activities of the City of Emeryville (City) and Successor Agency (Agency) of the former Emeryville Redevelopment Agency. The City and Agency are required to have an external audit performed on the CAFR to provide assurance of the reliability of the CAFR as compiled. An independent external auditor is contracted to express an opinion on the fair representation of the financial statements in conformance with Generally Accepted Accounting Principles (GAAP). In addition, the City receives funding through federal, state, local grants and other sources which require separate audit reports.

DISCUSSION

For the past sixteen years, the firm Lance, Soll & Lunghard, LLP (LSL) has served as the City's independent auditor. The CAFRs, as audited by LSL, have been consistently awarded the Government Finance Officers' Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting each year.

A good practice, as established by the California Society of Municipal Financial Officers (CSFMO), is to review the audit firm every five years and consider the advantages of retaining or replacing existing auditors to gain a fresh perspective on the City's current audit and internal controls. It is in the best interest of the City to ensure that the City continues to receive the highest quality audit services at the most fair and competitive price.

Therefore, in December 2020, Staff prepared and circulated an extensive Request for Proposal (RFP) for audit services. This RFP included a request for all audit services and potentially required services, including basic and optional reports. Basic reports include items normally required for an annual audit, and the optional reports include reports that may be required based upon grants or funding requirements, such as the Single Audit. The RFP requested a three-year contract with a City option to extend for an additional two years.

Five RFP responses were received and graded based upon the two specific required criteria:

1. Technical - proposals were reviewed and rated prior to seeing the proposed price; and
2. Pricing - A technical scoring sheet was utilized to score the proposals. Scoring was performed by the City's Finance Director, Accounting Supervisor, and the Finance Director with the City of Davis. The rating criteria valued technical elements, including experience, quality of assigned personnel, audit approach and references, with a greater weight than cost elements.

The results of the technical review scored all five responses in the same order of preference. Following the technical review, the Finance Director reached out to the top two firms to discuss their proposal, approach, and costing. Following are the results of the costing proposal for the three-year contracts:

Firm	(3-Year Contract)
Lance, Soll & Lunghard, LLP	\$307,451
Maze & Associates	310,443
Badawi & Associates	315,290
Edie Bailly	351,911
The Pun Group	361,127

FISCAL IMPACT

The cost of entering a contract for auditing services for the City and Agency is budgeted annually, and the costs are within 2.43% of the current cost over the three-year term or an additional \$2,992 for the contract over existing costs.

STAFF COMMUNICATION WITH BUDGET AND GOVERNANCE COMMITTEE

The Budget and Governance Committee and the Budget Advisory Committee were presented with the finding discussed above at meetings held on March 11, 2021. The Committees both recommended forwarding Staff's recommendation to the Council for approval.

CONCLUSION

Based on the technical review, proposed cost and reference checks, Staff recommends Council authorize the City Manager to enter a three-year, with an optional two-year extension contract with Maze & Associates to audit the financial records of the City and Agency.

PREPARED BY: Brad Farmer, Finance Director

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENTS

- Attachment A – Contract with Maze & Associates
- Draft Resolution