

City of Brisbane
Agenda Report

To: City Council via City Manager
From: Financial Services Manager
Subject: Award of Three Year Audit Contract
Date: March 7, 2011

City Council Goals:

- To develop management and fiscal systems to maximize effectiveness of city services and accountability to Brisbane taxpayers and citizens.
- To provide for a workplace that encourages growth of individual employees and a quality work environment.

Purpose:

To ensure that the City's financial information is presented fairly and in accordance with Government Accounting Standards.

Recommendation:

Award audit contract for the fiscal years ending 2011, 2012, 2013 to Maze & Associates of Pleasant Hill, CA with the option of auditing the City's financial statements for the three (3) subsequent fiscal years.

Background:

One of the Government Finance Officers Association (GFOA) Recommended Practices is to obtain independent audits of an agency's financial statements in order to help preserve the integrity of the public finance functions and maintain citizens' confidence. This is done by conducting a full-scale competitive process for the selection of independent auditors at the end of contract. Additionally, GFOA recommends a multi-year agreement of at least five years. Previously, the City awarded a three year contract with the possibility of an additional three years.

The contract with our current auditors, Caporicci and Larsen ended with the FY2009-2010 audit. They have been our auditors for the past twelve years with a rotation of partners and audit staff. The Finance Committee, functioning as the Audit Committee (consisting of Council members Richardson and Waldo), along with the City Manager, the Administrative Services Director, and the Financial Services Manager opened the procurement process for proposals.

On December 6, 2010, we sent out the Request for Proposal (RFP) to twelve auditing firms. These firms were selected from a list posted on the California Society of Municipal Finance Officers (CSMFO) web-site plus the firms who had requested to be included over the past three years.

We received proposals from eight CPA firms by our cutoff date of January 13, 2011. Interested firms were required to submit their technical proposals separate from their sealed bid costs. Best practices recommend that “the principal factor in the selection of an independent auditor is the auditor’s ability to perform a quality audit” and that price should not be allowed to serve as the sole criterion for the selection of the independent auditor.

The audit sub-committee has had the opportunity to review those proposals and score the firms on expertise and experience (maximum 45 points) as well as their audit approach (maximum 30 points). Price was the third consideration (maximum 25 points).

Because we would like to start the interim audit in April, the audit subcommittee agreed to award the contract without going through an in person presentation process. Based on the evaluations, the Audit Committee determined that the best firm was Maze and Associates.

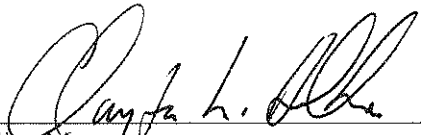
The firms who submitted proposals and their bid cost for the three year engagement are as follows:

Diehl, Evans & Co	\$44,920.00	\$46,304.00	\$47,730.00
R.J. Ricciardi Inc	39,000.00	39,000.00	39,000.00
MHM	35,450.00	35,450.00	35,450.00
OUM & Co	31,950.00	33,460.00	34,975.00
Maze & associates	30,805.00	30,805.00	30,805.00
Chavan & Associates	30,620.00	30,620.00	30,620.00
Moss, Levy & Hartzheim	29,970.00	29,970.00	29,970.00
Vavrinek, Trine, Day & Co	25,000.00	25,000.00	25,000.00

The lowest priced firm did not include the estimated number of hours to conduct the audit therefore, the committee did not know if they performing the same job the other firms were committed to. The Second low bidder scored second lowest on the audit approach and experience/expertise. The third lowest bidder did not have any specific experience with Municipal Agencies as currently constituted. The fourth low bidder has a number of engagements with other cities on the Peninsula and has a very good reputation among these other cities.

Fiscal Impact:

The annual cost of the audit will be included in the city’s budget. No additional appropriation will be needed.



City Manager



Financial Services Manager