



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: April 12, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan Grogan, City Manager

PREPARED BY: Qianyu Sun, Director

SUBJECT: Adopt Resolution Authorizing the City Manager to Execute an Agreement with Badawi & Associates for Professional Auditing Services for Fiscal Years Ending June 30, 2022 through 2024 for an All Inclusive Fee of \$139,005

BACKGROUND: The City of San Bruno follows a standard practice to retain independent auditing services to examine and evaluate the adequacy and effectiveness of internal control and quality of financial performance, when preparing the annual comprehensive financial reports (ACFR) to the City Council. The scope of the annual audits includes:

- Comprehensive financial statements
- Federal grants
- Transportation Development Act Program
- Measure A and W Funds
- GANN limit

The independent auditors' report is instrumental in providing City Council and the public insight into the City's financial management. It is also critical in the City's effort to apply for the Certificate of Achievement for Excellence in Financial Reporting with the Government Financial Officers Association (GFOA).

Maze & Associates (Maze) has been our auditor since FY 2015-16 and developed strong collaborative relationships with the City staff. We cannot be more pleased with Maze's services and assistance. The current contract with Maze ends with FY 2020-21. It is a best practice for the City to solicit competitive auditing service proposals periodically to ensure auditors' independence and competitiveness.

DISCUSSION: The Finance Department issued a request for proposals (RFP) for professional auditing services on February 11, 2022. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards (GAS), the provisions of the Federal Single Audit Act and the U.S.

Office of Management and Budget (OMB) Circular A-133, and Governmental Accounting Standards Board (GASB) Pronouncements. The proposals were evaluated on the following criteria:

- A. Auditing firm's qualification and experience in conducting audits of cities of similar nature, size, and complexity.
- B. Technical experience and professional qualifications of the audit team
- C. Audit approach and work plan
- D. Cost

Three qualified accounting firms responded to the RFP. The technical aspects of all three proposals are competitive. In the end, cost is the determining factor in staff's recommendation for selecting Badawi and Associates. The following table illustrates the all inclusive prices of the three proposals.

Firm	All Inclusive Prices
Badawi & Associates	\$139,005
Maze & Associates	\$168,292
Eide Bailly LLP	\$348,330

Badawi & Associates (Badawi) is founded by Mr. Ahmed Badawi, a certified public accountant with over 20 years of experience working with state and local government. The firm is located in Berkeley and serves a variety of cities and towns throughout California, including Berkeley, Petaluma, Antioch, Lafayette, Millbrae, etc. Staff reached out to some of the cities for references and received positive reviews and feedbacks.

FISCAL IMPACT: The current auditing service contract with Maze carries an annual price of \$52,708, total of \$158,124 for three years. The selection of Badawi and Associates will lower the City's budget on auditing services for the next three years and create a saving of \$19,119 for three years.

ENVIRONMENTAL IMPACT: There is no environmental impact.

RECOMMENDATION: Adopt resolution authorizing the city manager to execute an agreement with Badawi & Associates for professional auditing services for fiscal years ending June 30, 2022 through 2024 for an all-inclusive fee of \$139,005.

ALTERNATIVES: 1. Direct staff to engage another firm to conduct the audit.
2. Recirculate the Requests for Proposals to seek alternative proposals.

ATTACHMENTS: 1. Resolution