



## Legislation Text

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**File #:** 16-160, **Version:** 1

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*Report Prepared by: Teri Albrecht, Deputy Finance Officer*

**SUBJECT:** Contract with Badawi & Associates, Certified Public Accountants

### REPORT IN BRIEF

Agreement for annual audit and related professional services with Badawi & Associates, Certified Public Accountants.

### RECOMMENDATION

**City Council** - Adopt a motion approving the contract with Badawi & Associates, Certified Public Accountants; and authorizing the City Manager to execute all necessary documents.

### ALTERNATIVES

1. Adopt the motion as recommended by staff; or
2. Modify the action (*specify in motion*); or
3. Deny the action.

### AUTHORITY

Section 1118 of Article XI of the Charter of the City of Merced.

### CITY COUNCIL PRIORITIES

As provided for in the 2015-16 Adopted Budget.

### DISCUSSION

The City Charter requires an annual audit to be performed on the City of Merced's financial records by an independent auditor selected by the City Council. An independent audit is also required by Federal and State agencies, due to the receipt of grant funding, and to comply with covenants of several outstanding bond issues.

The five-year auditing contract with Gallina, LLP has expired and the Finance Department has solicited proposals from independent audit firms to perform the work. The work includes auditing the financial statements; and performing additional auditing and related services for the fiscal year ended June 30, 2016, with four subsequent fiscal year options.

Five firms submitted proposals for the engagement. The proposals were analyzed and ranked according to the evaluation criteria, which included mandatory elements, technical qualifications and cost/hours. The technical qualifications, which include expertise, experience, and audit approach, have a maximum of 60 points. The cost/hours has a maximum of 40 points. The proposals have been evaluated and scored for both technical qualifications and cost/hours, as follows:

<u>Firm</u>	<u>Technical Qualifications Score</u>	<u>Cost/Hours Score</u>	<u>Total Score</u>	<u>5 Year Cost</u>
1. Badawi & Associates	55	40	95	\$189,585
2. Gallina, LLP	58	35	93	240,500
3. JJCPA, Inc.	53	33	86	311,000
4. Paige, Price & Company	55	34	89	299,856
5. Patel & Associates	48	30	78	158,525

Based on technical qualifications and cost/hours, Badawi & Associates, Certified Public Accountants, has the highest score.

Badawi & Associates, Certified Public Accountants' office is located in Oakland. The firm provides a full range of accounting services, including financial and compliance auditing service to governmental agencies throughout California.

Badawi & Associates, Certified Public Accountants' fee to perform the engagement is \$35,980, \$35,265, \$39,370, \$38,200, and \$40,770 per year for the years ending June 30, 2016 through June 30, 2020. The services include the financial audit, single audit, and biennial compliance report on the Abandoned Vehicle program. Funds will be allocated for the engagement in the Annual Budgets.

The audit fee for the year ended June 30, 2015 was \$36,100.

## IMPACT ON CITY RESOURCES

Funds are allocated for the engagement in the Annual Budget.

## ATTACHMENTS

1. Contract