

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER
SUBJECT: PROFESSIONAL SERVICE AGREEMENT AWARD – CITY OF
SANTA ROSA FINANCIAL AUDIT SERVICES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, approve a Professional Service Agreement Number F002643 with Macias Gini & O'Connell LLP, Sacramento, California, for City of Santa Rosa Audit Services in the amount of \$1,173,275 covering five fiscal years of audit services with a contingency amount of \$455,785 for miscellaneous elective services as needed, for a total amount not to exceed \$1,629,060.

EXECUTIVE SUMMARY

The current agreement for independent financial audit services expired on March 31, 2023. City staff released a Request for Proposals and received responses from four prospective firms. A panel reviewed the proposals and interviewed the two top-tier firms. Based on their review, the panel recommended awarding an Audit Services agreement to Macias Gini & O'Connell LLP, Sacramento, California for a five-year term in a total amount not to exceed \$1,629,060. The agreement includes a contingency amount for services which may be needed in addition to the services traditionally performed by the City's independent auditor, including compiling financial reports and other services that may be required due to fluctuations of City staff.

BACKGROUND

The Santa Rosa City Charter requires an annual independent audit of all city accounts by a certified accounting firm which has "no financial, direct or indirect, in the fiscal matters of the City's government or any of its officers." As such, the City routinely requests proposals from independent audit firms to perform an audit all of the City funds including the Housing Authority, as well as issue the required opinion letters in order for the City to satisfy the requirements to issue a "single audit" edition of its General Purpose Financial Statement.

PROFESSIONAL SERVICE AGREEMENT AWARD – CITY OF SANTA ROSA
FINANCIAL AUDIT SERVICES
PAGE 2 OF 4

The current audit services contract expired on March 31, 2023, and on May 10, 2023, Request for Proposals (RFP) R162507 City of Santa Rosa Professional Financial Audit Services closed. The scope of services for the RFP was expanded to include contingency elective services including financial report compilation, additional single audits of major programs and other miscellaneous services which may be required to meet capacity issues caused by staffing fluctuations.

PRIOR CITY COUNCIL REVIEW

Not Applicable

ANALYSIS

Of the twenty-four (24) prospective vendors on the City Planet Bid list for this type of work, four (4) vendors responded with written proposals. All proposals received were considered responsive to the solicitation. A three-member evaluation panel consisting of the City's Deputy Director of Finance, Supervising Accountant, and Deputy Director of Water Administration carefully evaluated and scored all four responses. The evaluation panel identified the top tier proposals, and those firms were asked to make a presentation, providing answers to a series of questions to assist the panel in better understanding and evaluating their qualifications, experiences, and ability to perform the required tasks.

A tabulation of the proposing vendors, in no specific order of rating, are listed below:

Macias Gini & O'Connell LLP Sacramento, CA
Eide Bailly LLP Sacramento, CA
The Pun Group- LLP Santa Ana, CA
Vasquez & Company LLP Glendale, CA

The following is a list of evaluation criteria utilized in the scoring process:

- Firm's experience providing audit services for other municipalities of similar size and complexity as found at the City of Santa Rosa.
- Firm's recent and current experience in performing federal single audits and producing reports that were accepted in the first submittal.
- Firm's experience in working with modern enterprise accounting systems, preferably OneSolution, and evidence of ability to work with the City's database system.
- Experience of individual staff members, who will be assigned to perform this audit, in public agency audits of similar size and complexity including audits resulting in the issuance of a Single Audit Report, and in auditing accounting

PROFESSIONAL SERVICE AGREEMENT AWARD – CITY OF SANTA ROSA
FINANCIAL AUDIT SERVICES
PAGE 3 OF 4

- systems, preferably One Solution.
- Responsiveness to the Request for Proposal and understanding of the scope of work as evidenced by the proposals, estimate of staff hours required, references, and presentations.
- References.
- Cost/Fees.

After the presentations, the panel provided their ratings and comments and narrowed the candidates down to the intended awardee. As a result of the completed evaluation process, the evaluation panel recommends that the proposal by Macias, Gini & O'Connell, LLP (MGO) be accepted.

MGO offers:

- Excellent experience performing audits for other municipalities of comparable size and complexity as the City of Santa Rosa, including audits for the City of Santa Rosa, and audits for other complex agencies including the County of Sonoma and City of Sacramento.
- The best experience working with SunGard IFAS accounting systems.
- Thorough understanding of the scope of work, including an efficient audit process tailored to the needs of the City, and familiarity with the challenges associated with auditing and reporting on redevelopment and successor agencies.
- Experienced and professional staff members will be assigned to the City's audits, that includes a mix of staff that have previously provided audit services for the City to offer corporate knowledge and consistency, and a new technical review partner to provide a fresh perspective.
- Outstanding references including thirty-five cities, twenty-one counties, and numerous State of California and other government entities.

FISCAL IMPACT

Funds for this contract have been appropriated in Fiscal Year (FY) 2023-24 adopted budget, and as a regular operating expenditure, will be included in subsequent fiscal year as approved by Council.

ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

PROFESSIONAL SERVICE AGREEMENT AWARD – CITY OF SANTA ROSA
FINANCIAL AUDIT SERVICES
PAGE 4 OF 4

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable

NOTIFICATION

Not Applicable

ATTACHMENTS

- Resolution/Exhibit A (Professional Services Agreement)

PRESENTER

Scott Wagner, Deputy Director- Finance