

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER  
FINANCE DEPARTMENT  
ALAN ALTON, DEPUTY DIRECTOR, FINANCE DEPARTMENT  
BRANDALYN TRAMEL, PURCHASING AGENT, FINANCE  
DEPARTMENT  
SUBJECT: CONTRACT AWARD – CITY OF SANTA ROSA FINANCIAL  
AUDIT SERVICES

AGENDA ACTION: MOTION APPROVAL

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RECOMMENDATION

It is recommended by the Finance Department that the Council, by motion, approve a contract award for City of Santa Rosa Audit Services to Macias Gini & O'Connell LLP, Sacramento, California, in the total amount not to exceed \$840,000 covering five fiscal years of audit services depending on satisfactory performance for a period through November 01, 2020. Funds for these services are included in the current year's operating budget and as a regular operating expense, will be included in subsequent budget proposals.

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EXECUTIVE SUMMARY

The City Council and Finance Department require outside auditing services to audit all of the City's funds including the Housing Authority. In addition, the audit firm issues 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.

The costs for audit services were developed using an annual estimate of hours needed in order to perform each audit task requested within the scope of services for a contract period ending not later than November 01, 2020.

BACKGROUND

On January 13, 2016, Request for Proposals (RFP) 16-05 City of Santa Rosa Financial Audit Services were opened by the Purchasing Agent.

CONTRACT AWARD –FINANCIAL AUDIT SERVICES

PAGE 2 OF 4

The City Council and Finance Department require outside auditing services to audit all of the City funds including the Housing Authority. In addition, the audit firm will 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.

The audit services would be for a period not to exceed November 01, 2020 which will conclude the audit of fiscal year 2019-20.

PRIOR CITY COUNCIL REVIEW

There has been no prior City Council review of this item.

ANALYSIS

Of the twenty one prospective vendors on the City Planet Bid list for this type of work, seven vendors responded with written proposals. All proposals received were considered responsive to the solicitation. A three member evaluation panel consisting of the City’s Chief Financial Officer, Deputy Director of Finance and Supervising Accountant carefully evaluated and scored all seven 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 to better understand and evaluate their qualifications, experiences, and ability to perform the required tasks.

A tabulation of the top tier vendors, in no specific order of rating, is listed below:

Vavrinek, Trine, Day & Co., LLP Sacramento, CA
MAZE & Associates Pleasant Hill, California
Macias, Gini & O’Connell, LLP Sacramento, California

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 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 SunGard IFAS accounting systems, and evidence of ability to work with the City’s database systems.
- Experience of individual staff members, who will be assigned to perform this audit, in public agency audits of similar size and complexity including audits

CONTRACT AWARD –FINANCIAL AUDIT SERVICES  
PAGE 3 OF 4

resulting in the issuance of a Single Audit Report, and in auditing SunGard IFAS accounting systems.

- 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
- Costs

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.

The contract award would result in a contract covering five fiscal years of audit services depending on satisfactory performance for a total contract amount of \$840,000, with work to continue until November 01, 2020. The contract will cover the audits of fiscal years 2015-16 through 2019-20.

#### FISCAL IMPACT

Funds for this contract have been appropriated in Fiscal Year (FY) 2016-17 adopted budget, and as a regular operating expenditure, will be included in subsequent fiscal year

budget proposals when presented to the City Council.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment or a foreseeable indirect physical change in the environment pursuant to CEQA guideline section 15378.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

### NOTIFICATION

Not applicable

### ATTACHMENTS

Attachment 1 – City Agreement Draft

### CONTACT

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