

# City of Albany

## PROPOSAL

***For Financial Audit Services  
For the City of Albany  
For the fiscal years ending June 30, 2012  
through June 30, 2013  
with the option to extend for  
three subsequent fiscal years***

***May 30, 2012***

**Contact Persons:**

Ahmed Badawi, CPA  
Badawi & Associates  
Certified Public Accountants  
180 Grand Avenue., Suite 955  
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May 30, 2012

Charles Adams  
Finance & Administrative Services Director  
City of Albany  
1000 San Pablo Avenue  
Albany, CA 94706

Dear Mr. Adams:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the City and its Component Units for the fiscal years ending June 30, 2012 through June 30, 2013 with the option to extend for three additional fiscal years.. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the above listed entities in accordance with generally accepted accounting principles. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1984, as amended in 1996), and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* as well as any other applicable federal, state, local or programmatic audit requirements.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the City.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the City on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Mr. Ahmed Badawi, CPA  
Badawi & Associates  
Certified Public Accountants  
180 Grand Ave. Suite 955  
Oakland, CA 94612  
Telephone: (510) 768.8244  
E-mail: [abadawi@b-acpa.com](mailto:abadawi@b-acpa.com)

We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports prior to the City's published time frames and commit to you that we will perform the work within the time frames required.



We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous cities throughout California. We will be responsive to the needs of the City, we understand the City's operational environment, and pledge to you our complete commitment to providing a quality product that meets the City's requirements.

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the City's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum.

Assuming there are no internal City circumstances that could delay the audit, the audit process will be completed and all reports issued within the time frames established by the City.

This proposal is a firm and irrevocable offer.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the City. Our past experience provides us with a thorough understanding of the needs and requirements of the City, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,



Ahmed Badawi  
Partner  
Badawi & Associates  
Certified Public Accountants

**Independence****Independence**

The Firm meets the independence requirements as defined by the GAO's *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards for the Authority.

**Firm  
Qualifications  
and  
Experience**

**Firm Qualifications**

Badawi & Associates is a newly formed firm founded in 2012 by Mr. Ahmed Badawi. Mr. Badawi has over 15 years of experience working with state and local government with a special focus on cities. Prior to founding B&A, Mr. Badawi was a partner with Caporicci & Larson, CPAs, where he head their government practice in Northern California. All of B&A audit professionals were also employed with Caporicci & Larson, CPAs. Located in Oakland, CA, the Firm serves a variety of cities throughout California as well as conducting financial related services for numerous special districts and authorities. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Oakland office will be the Engagement Office assigned to the City.

In addition to specific city financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements, RDA compliance, and other special projects. Additionally, the Firm has significant experience in bond offerings, post closure landfill costs, and recent changes to redevelopment agency reporting requirements.

The Engagement Partner assigned to the City, Mr. Ahmed Badawi. Mr. Badawi has over 15 years of government audit experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staff assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the City's finance department.



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### Technical Approach

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the City's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

**Initial Planning Meeting:**

The Engagement Partner and Manager will meet with City Management to discuss the audit approach, identify specific needs of City Management, and familiarize themselves with City policies and practices.

**Interim:**

The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, evaluate compliance with Single Audit Act requirements, identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and City Management of the year end audit responsibilities and assignments.

**Year end:**

The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.

**Reporting:**

Auditor's reports for all City reporting entities and compliance requirements will be finalized along with Single Audit Reports and Management Letter comments. The Partner and Manager will be available to make presentations to the City Council and/or designated bodies.

Assuming there are no internal City circumstances that could delay the audit, the audit process will be completed and all reports issued within the time frames established by the City.

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### Firm Experience

The Firm is located in Oakland, and provides a full range of accounting services to governmental agencies throughout Northern California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the City's operational needs. Additionally, this situation provides the City with an auditing firm that has depth in capabilities to address any financial issue the City may need assistance with, and the quality audit approach that you expect.

Our Oakland office will be the Engagement Office assigned to the City.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the City that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of City processes, and benefiting the City with his broad municipal experience. We have found that this effort benefits the City and the Firm through developing a thorough knowledge of the City's practices and issues and establishing a close working relationship with the City's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- Cities
- Counties
- Redevelopment Agencies
- Financing Authorities
- Housing Authorities
- Electrical Utilities
- Special Districts
- Water Districts
- Waste Management Authorities and Operations
- Pension Plans
- Child Care Operations
- Joint Power Authorities
- Risk Pools
- Investment Activities
- Landfills
- Enterprise Funds
- Airports
- Transportation Operations
- Federal and State Grants

In addition, most of our City and County clients require that Single Audits also be conducted.

We perform our audits in a detailed manner utilizing approaches developed internally that comply with the authoritative literature currently issued by the AICPA, GASB, FASB, GAO, Single Audit



Act, OMB, and the California State Controller's Office. And we do this with minimal disruption to our clients and within the time frame required.

**The following is a partial list of our current clients similar to the City:**

- City of Antioch
- City of Redwood City
- City of Rio Vista
- City of Berkeley
- City of San Mateo
- City of Union City
- City of Newark
- City of Vacaville
- City of Barstow

The following is a partial list of selected governmental agencies for which our professional staff members have performed auditing services in accordance with generally accepted auditing standards, GAO auditing standards, Single Audit Act, OMB requirements, and other regulatory requirements. Our professional staff members performed these services while employed with their previous employers

***City Governments:***

- City of Fremont
- City of Brisbane
- City of Eureka
- City of Newark
- City of Oceanside
- City of Dublin
- City of Redding
- City of Redwood City
- City of Rocklin
- City of Walnut Creek
- City of San Rafael
- City of Santa Cruz
- City of Berkeley
- City of Burlingame
- City of Fairfield
- City of Rio Vista
- City of Petaluma
- City of Pleasanton
- City of Los Altos
- City of Richmond
- City of San Bruno
- City of San Leandro
- City of Sanger
- City of Saratoga
- City of Albany
- City of Ceres
- City of Foster City
- City of Turlock
- City of Union City
- City of Ridgecrest
- City of San Buenaventura
- City of San Mateo
- City of Santa Cruz
- City of Shafter
- City of Sunnyvale
- City of Vacaville

**County Governments**

- County of Contra Costa
- County of Glenn
- County of Humboldt
- County of Lassen
- County of Santa Cruz

**Housing**

- Solano County Housing Authority
- Pleasanton Housing Authority
- Redding Housing Authority
- Vacaville Housing Authority

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**Additional Activities**

We offer a full range of accounting and finance services to the governmental sector. These services include:

- Financial audits
- Compliance audits
- Tax advice
- Development of financial and accounting policies and procedures
- Investment review and compliance evaluation
- Operational reviews
- Technical guidance on existing and upcoming accounting issues
- Training seminars
- Pension/profit-sharing plans
- Performance audits
- Business consulting

Consequently, Firm personnel are well qualified to perform the services expected by the City.

**Quality Control Review**

The Firm is a newly formed firm and is not required or even allowed to have an external quality control review until at least after one year of operation. B&A will obtain an external quality control review of its quality control system as soon as it is allowed to do so.

Even though, B&A do not currently have an external quality control review, it does have policies and procedures to ensure it hires only qualified people, that it properly supervises them and provides professional training, that it advances them to responsibilities they are capable of handling, and that it provides them with necessary technical resources.

In addition, Mr. Badawi and all other members of B&A have recently undergone an external quality control review while still working for Caporicci & Larson, CPAs who received an unmodified opinion. All members of B&A are very familiar with the stringent quality control standards established by the AICPA.

**Federal or State Desk Reviews**

The Firm has had no negative federal or state reviews in the past three (3) years.

**Disciplinary Action**

There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.