

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: July 2, 2012
Reviewed by: BP

SUBJECT: Appointment of Auditors

REPORT BY: Beth Pollard, City Manager
Charlie Adams, Finance and Administrative Services Director

STAFF RECOMMENDATION

That the Council approve the appointment of Badawi & Associates, CPAs, to serve as independent auditors for the City of Albany, the Albany Municipal Services Joint Powers Authority, and the City of Albany Police and Fire Relief or Pension Fund for fiscal years ending June 30, 2012 and June 30, 2013, with options for years ending June 30, 2014 through June 30, 2016.

DISCUSSION/ANALYSIS

The contract for audit services with Caporicci & Larson, CPAs was terminated upon completion of the audit for the fiscal year ended June 30, 2011. City staff issued request for proposal to 29 local CPA firms with offices in Northern California, and with a record of servicing governmental entities. Six firms submitted proposals. Four of the six firms submitting proposals were invited to make oral presentation before a panel composed of the City Treasurer, Kim Denton; Publics Works Manager, Rich Cunningham; and Mayor, Farid Javandel.

The panel evaluated the firms' written and oral presentations independent of the fee proposal. The panel was unanimous in their ranking of Badawi & Associates as the number one technical candidate. Badawi & Associates was the lowest fee bidder of the six firms that submitted proposals.

The results of the selection process were presented to the City Manager who, based upon the information provided, has recommended appointment of Badawi & Associates independent auditors for the City of Albany and associated entities for two fiscal years through June 30, 2013, with an option to extend the engagement three years through June 30, 2016.

While the City requested and received fee quotations for five year, the contract with Badawi & Associates will specify that the City may terminate the engagement at any time; with the only financial commitment by the City being payment for work completed through the date of notification by the City of its intention to terminate the engagement.

The contract shall also explicitly state that upon the merger or sale of the ownership interest of Badawi & Associates, the engagement will terminate, unless the City specifically acts to transfer the engagement to the surviving firm.

FINANCIAL IMPACT

The service agreement provides for audit fees of \$34,000 for the fiscal year ending June 30, 2012 and increasing to \$36,266 for the fiscal year ending June 30, 2016. These fees are comparable to fees paid in prior years, and are within the amounts provided in the adopted budget for fiscal year 2012-13

ATTACHMENTS

1. Badawi & Associates Technical Proposal
2. Badawi & Associates Dollar Cost Bid