



City of Santa Clara

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Agenda Report

21-1268

Agenda Date: 11/9/2021

REPORT TO COUNCIL

SUBJECT

Action on an Agreement with Maze & Associates Accounting Corporation for Audit of the City's Annual Financial Report

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

Every fiscal year, staff prepares an Annual Financial Report (AFR) to provide interested parties with information concerning the financial results of operations for the City. In accordance with the City's Charter (Section 1319), the AFR must be audited by an external certified public accountant to provide reasonable assurance that the financial statements of the City are free of material misstatements.

Council Resolution No. 6265 established a policy that the City must conduct a competitive procurement process every five years in order to obtain a qualified firm to conduct the annual financial audit. The audit of the City's AFR for the year ending June 30, 2021 was the fifth year under contract with Maze & Associates Accounting Corporation (Maze).

DISCUSSION

Pursuant to City Code Section 2.105.330, a formal request for Statement of Qualifications (SOQ) was conducted for this procurement, with the award recommendation based on "best value." The factors considered in the award were quality and completeness of proposal, experience of firm and key personnel, technical approach, and cost.

In June 2021, the City released a SOQ for the Annual Financial Audit. The SOQ was published on Periscope S2G (formerly BidSync), the City's e-procurement system. A total of 40 companies viewed the SOQ, and seven proposals were received from the following firms:

- CliftonLarsonAllen LLP
- Eide Bailly LLP
- Lance, Soll & Lunghard LLP
- Macias Gini & O'Connell LLP
- Maze & Associates Accounting Corporation
- The Pun Group, LLP
- Vasquez & Company LLP

The proposals were independently evaluated by a three-member evaluation team with representation from the Finance Department and City Auditor's Office. The proposals were evaluated and ranked

against the criteria published in the SOQ. Based on receiving the highest overall score, staff recommends award of contract to Maze & Associates Accounting Corporation. Maze's proposal met or exceeded all the SOQ specifications, and their proposal was rated superior in the following key areas:

- Maze has 40 years of experience serving over 200 municipalities including small to large cities, special districts, joint powers authorities, successor agencies, housing authorities and financing authorities in the Bay Area.
- Maze's senior leaders are actively serving on the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants (CalCPA) and the Professional Standards Committee of the California Society of Municipal Finance Officers (CSMFO), and are frequent presenters of trainings on emerging municipal finance issues.
- Maze maintains strong technology resources to efficiently conduct the audit in what will likely continue to be in a remote capacity in the first year.

Under the proposed agreement with Maze, the total cost of audit for the five fiscal years beginning with the fiscal year ending June 30, 2022 is \$703,427. The scope of audit includes the City's AFR, Silicon Valley Report, Single Audit, Transit Report, Appropriations Limit Agreed Upon Procedures, Investment Policy Compliance Agreed Upon Procedures, and Governmental Accounting Standards Board (GASB) training and implementation support.

In the event the City requires additional services, such as additional Single Audits or other agreed upon procedures, staff is requesting authority to execute future amendments to perform additional related audit services that may be required.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The proposed Agreement is for a five-year term. Maze will conduct the external financial audit for the fiscal year ending June 30, 2022 for a not to exceed amount of \$136,801 with fixed contractual increases for the following fiscal years. The total cost of the contract over the five years will not exceed \$703,427. The cost of the fiscal year 2021/22 audit is budgeted in the fiscal year 2022/23 operating budget. Appropriations in future year will be requested and approved through the annual budget process.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a

Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <mailto:clerk@santaclaraca.gov>.

RECOMMENDATION

1. Authorize the City Manager to execute an agreement and engagement letters with Maze & Associates Accounting Corporation to audit the City's Annual Financial Report for five fiscal years, with the initial year ending on June 30, 2022, with maximum compensation not-to-exceed \$703,427 and subject to the appropriation of funds; and
2. Authorize the City Manager to negotiate and execute amendments to the Agreement to provide additional services as required, subject to the appropriation of funds.

Reviewed by: David Noce, Audit Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement with Maze & Associates Accounting Corporation