



City of San Leandro

Meeting Date: February 18, 2020

Staff Report

File Number: 20-041 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.B.

TO: City Council

FROM: Jeff Kay
City Manager

BY: James O'Leary
Finance Department

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: Staff Report for a City of San Leandro City Council Resolution Approving Amendment No. 1 to the Consultant Services Agreement between the City of San Leandro and Maze & Associates for Audit Services for the Year Ending June 30, 2020

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council authorize the City Manager to execute amendment No. 1 to the Consultant Services Agreement between the City of San Leandro and Maze & Associates for audit services for the year ending June 30, 2020.

BACKGROUND

The City originally entered into an agreement with Maze following a request for proposal process. The resulting agreement covered three years with two single-year options. Two subsequent agreements extended Maze's auditing services through June 30, 2019.

Maze has been utilized not only for its extensive auditing and consulting experience with municipalities and other non-profits, but also their broad private sector experience. The firm has both municipal and private sector experience insuring it is current with municipal best practices and the latest Governmental Accounting Standards Board (GASB) Pronouncements.

Analysis

The annual independent audit is to be submitted to the City Council in accordance with Section 555 of the City Charter. GASB recommends the financial reports be completed in the Comprehensive Annual Financial Report (CAFR) format. The CAFR and related financial statements fully disclose the financial conditions of the City and of the other reporting units.

Maze provided the following services to the City over a number of years:

- Audit of the basic financial statements, preparation of memorandum on internal control

- including assistance with the preparation of the CAFR;
- Audit of the Successor Agency to the Redevelopment Agency and footnote disclosures included in the City's basic financial statements;
- Testing of one major program for compliance with the Single Audit Act and applicable laws and regulations and issuance of our reports;
- GANN Appropriation Limit review and issuance of report;
- Measure B Compliance Report;
- Measure BB Compliance Report;
- Testing of compliance for the Transportation Development Act Programs and preparation of required report; and
- Audit of the Vehicle Registration Fee Program (VRF) for funds received from the Alameda County Transportation Commission and issuance of our report.

In addition to the various audit reports, Maze will assist the Finance Department with preparation of the Annual Report of Financial Transactions for the City, Annual Report of Financial Transactions for the Special District Report, and the Annual Street Report.

Maze has provided excellent service to the City and consistently ensures that the City's records are audited thoroughly and provide a sound opinion on whether the City's financial records are fairly presented. Maze is also required to test the soundness of the City's financial internal control procedures.

The Finance Department has experienced a high level of turnover in key management and accounting positions over the last few years and therefore it is highly beneficial for the City to retain the experience and knowledge of Maze for one additional year. Staff recommends that the Department proceed with a new Request for Proposals for audit services commencing in 2020-21.

Maze currently has 72 municipal clients including the cities of Belmont, Brisbane, Burlingame, Cupertino, Daly City, Half Moon Bay, Larkspur, Livermore, Milpitas, Morgan Hill, Pacifica, San Bruno, San Carlos, Santa Clara, Sausalito, Sutter Creek, and Sunnyvale.

Maze's one-year proposal for audit services, along with the three special, mandated reports, totals \$94,335.

Previous Actions

The City Council previously approved agreements with Maze & Associates in 2011, 2016, and 2018.

Fiscal Impact

Maze has agreed to a fixed cost of \$92,335 for the Fiscal Year 2019-20 audit and the three special, mandated financial reports. No additional budget is required to fund these services. Additional costs may be necessary if the scope of service increases at City direction.

Budget Authority

The 2019-20 General Fund budget for the Finance Department already includes \$95,000 in

existing appropriations in account 010-12-052-5120, which will fully off-set the cost of the proposed contract for audit services.

ATTACHMENT

Attachment to Related Resolution

Amendment No.1 to Consulting Services Agreement between the City of San Leandro and Maze & Associates

PREPARED BY

Elizabeth Warmerdam, Interim Finance Director



City of San Leandro

Meeting Date: February 18, 2020

Resolution - Council

File Number: 20-042 **Agenda Section:** CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Jeff Kay
City Manager

BY: James O'Leary
Finance Department

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: RESOLUTION of the City of San Leandro City Council Approving Amendment No. 1 to Consultant Services Agreement between the City of San Leandro and Maze & Associates for Audit Services for the Year Ending June 30, 2020

WHEREAS, the Amendment No. 1 to Agreement between the City of San Leandro and Maze and Associates for audit services for the year ended June 30, 2020, a copy of which is attached, is presented to this Council; and

WHEREAS, the City Council is familiar with the contents thereof.

NOW, THEREFORE, the City Council of the City of San Leandro does **RESOLVE** as follows:

That said Amendment No. 1 to Agreement is hereby approved, and execution by the City Manager is hereby authorized.

**AMENDMENT NO. 1 TO
CONSULTING SERVICES AGREEMENT BETWEEN
THE CITY OF SAN LEANDRO AND MAZE & ASSOCIATES
FOR AUDIT SERVICES**

This Amendment No. 1 (Amendment) is made by and between the City of San Leandro (City) and Maze and Associates (Consultant) (together sometimes referred to as the Parties) as of February 18, 2020, and amends that certain Consulting Services Agreement (Agreement) dated May 30, 2018 between the Parties.

WHEREAS, City and Consultant have executed the Agreement, pursuant to which Consultant has provided certain consulting services to City with regard to financial audit services; and

WHEREAS, the Parties desire to amend the Agreement.

NOW THEREFORE, for good and valuable consideration the sufficiency of which is hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

1. Section 1.1 of the Agreement entitled Term of Services is hereby amended to begin on the Effective Date of February 18, 2020 and shall end on June 30, 2021, and
2. Exhibit B, Compensation Schedule & Reimbursement Expenses of the Agreement is hereby amended to compensate and reimburse Consultant as amended, and
3. All other terms shall remain in full force and effect.

This Amendment may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE

The Parties have executed this Amendment as of the date first written above. The persons whose signatures appear below certify that they are authorized to sign on behalf of the respective Party.

CITY OF SAN LEANDRO

MAZE & ASSOCIATES

Jeff Kay, City Manager

Attest:

Leticia I. Miguel, City Clerk

Approved as to Fiscal Authority:

Liz Warmerdam, Interim Finance Director

Account Number

Approved as to Form:

Richard D. Pio Roda, City Attorney

(2020)

EXHIBIT B
COMPENSATION SCHEDULE & REIMBURSABLE EXPENSES

Item	
Audit of the City's Basic Financial Statements and Review of the City's prepared CAFR	\$53,725
Assistance for CAFR preparation including footnotes	7,825
Successor Agency Disclosures	3,820
Single Audit Report (per tested program)	6,160
GANN Limit Report	1,010
Measure B Report	2,285
Measure BB Report	2,285
Transportation Development Act Report	2,435
Vehicle Registration Fee Report	2,440
Annual Report of Financial Transaction for City	7,350
Annual Report of Financial Transaction for Special District Report	915
Annual Street Report	<u>4,085</u>
Total	\$94,335