



Town of Moraga	Agenda Item
Audit and Finance Committee	6

Meeting Date: April 17, 2012

**TOWN OF MORAGA**

**STAFF REPORT**

**To: Audit and Finance Committee**

**From: Stephanie Hom, Administrative Services Director**

**Subject: Consider Award of Contract to Maze & Associates Accountancy Corporation for Independent Audit Services of Town of Moraga's Financial Statements for a Three-Year Period with the Option to Extend Services for Two Subsequent Years**

**Request**

Discuss and recommend to the Town Council the awarding of a multi-year agreement with Maze & Associates Accountancy Corporation to serve as the Town of Moraga's independent auditor of its annual financial statements.

**Background**

At the Audit and Finance Committee (AFC) meeting of May 26, 2011, the AFC requested that staff bring for discussion a Request for Proposals (RFP) for financial auditing services.

At the Audit and Finance (AFC) meeting on January 18, 2012, staff presented a draft RFP and the Committee provided feedback and changes to the draft and approved the RFP for financial auditing services for fiscal years 2011-12 through 2013-14 with the option to extend services for two subsequent years. Staff issued the RFP on February 13, 2012 with a deadline for receipt of proposals on March 12, 2012.

The last time the Town issued an RFP for financial auditing services was in 2006. As a result, for the past six years the firm of Mann, Urrutia, Nelson, CPAs and Associates, LLP has provided the independent audit of the Town's financial statements.

**Discussion**

Through the RFP, the Town requested proposals from qualified firms to audit its financial statements and prepare the independent auditor's report, as well as Single Audit Testing, Transportation Development Act (TDA), Appropriations Limit Calculations review, as needed. In addition, the RFP requested potential

1 services to complete mandated State Controller's Reports, and the possibility of  
2 a Comprehensive Annual Financial Report (CAFR) should the Town wish to use  
3 their services to complete these reports in the future.

4  
5 The Town received nine (9) proposals from the following firms:

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- 7 1. Burr Pilger Mayer, Inc. (San Jose)
- 8 2. Chavan & Associates, LLP (San Jose)
- 9 3. Cropper Accountancy Corporation (Walnut Creek)
- 10 4. JJACPA, Inc. (Pleasanton)
- 11 5. Mann, Urrutia, Nelson CPAs & Associates, LLP (Sacramento)
- 12 6. Maze & Associates Accountancy Corporation (Pleasant Hill)
- 13 7. OUM & Co. LLP (San Francisco)
- 14 8. R.J. Ricciardi, Inc. (San Rafael)
- 15 9. Richardson & Company (Sacramento)
- 16

17 A committee of two members of the AFC, along with the Administrative Services  
18 Director, evaluated the proposals in two phases as follows:

19  
20 Phase 1 considered the written technical proposals to determine which firms to  
21 invite for an oral interview. An evaluation matrix, listing criteria consistent with  
22 those listed in the RFP, was used to assist the evaluation team in evaluating the  
23 proposals received. On Friday, March 16, the evaluation team convened a  
24 meeting to discuss the written proposals and narrowed the number of firms to  
25 invite for an oral interview. The decision-making considered the technical  
26 proposals in isolation from the cost proposals, which were submitted under  
27 separate cover. Only after the committee decided on the firms to invite to the  
28 interview process were the cost proposals opened. The cost proposals of the four  
29 (4) firms selected for the interview process were very comparable to one another.

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31 The four (4) firms invited to the interview process included the following:

- 32
- 33 1. Burr Pilger Mayer, Inc. (San Jose)
- 34 2. Mann, Urrutia, Nelson CPAs & Associates, LLP (Sacramento)
- 35 3. Maze & Associates Accountancy Corporation (Pleasant Hill)
- 36 4. Richardson & Company (Sacramento)
- 37

38 Phase 2 consisted of oral interviews conducted on Friday, March 30. The  
39 evaluation committee had prepared a list of questions to ask each firm and each  
40 firm was asked the same series of questions. For the interview process, the  
41 evaluation committee was expanded to include the Town's Accountant who  
42 would be working closely with the selected firm in the future.

43  
44 Based on depth and breadth of expertise, experience and knowledge;  
45 responsiveness and understanding of the work to be performed for the Town;  
46 and accessibility and communication style throughout the year, the evaluation  
47 committee makes a consensus recommendation that the Town enter into an  
48 agreement with Maze & Associates for independent audit services of the Town's  
49 annual financial statements.

1 **Fiscal Impact**

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3 Table 1 illustrates the total all-inclusive maximum prices, including out-of-pocket  
4 expenses, for Maze & Associates.

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6 **Table 1. Summary of All-Inclusive Maximum Prices**

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Base Service	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Town Audit and Related Reports, including Management Letter	\$22,915	\$23,373	\$23,840	\$24,317	\$24,803
Single Audit and Related Reports (Per Tested Program), when required	4,000	4,080	4,162	4,245	4,330
Transportation Development Act (TDA)	990	1,010	1,030	1,051	1,072
GANN Limit Review Report	595	607	619	631	644
<b>Total Not-to-Exceed</b>	<b>\$28,500</b>	<b>\$29,070</b>	<b>\$29,651</b>	<b>\$30,244</b>	<b>\$30,849</b>

8  
9 The current year costs for the FY 2011 independent auditor's report totaled  
10 \$22,300, including the GANN. The TDA report was \$800, and the Town was not  
11 required to complete a Single Audit for FY 2011. The funds to support these  
12 expenditures will be included in the future budgets under the Administrative  
13 Services Department subject to Town Council approval.

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15 **Alternatives**

- 16  
17 1) Recommend award of contract to Maze & Associates Accountancy  
18 Corporation for independent audit services of Town of Moraga's financial  
19 statements for a three-year period with the option to extend services for  
20 two subsequent years.  
21 2) Request evaluation team to reconsider recommendation of Maze &  
22 Associates and bring back to the AFC an alternate recommendation.

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24 **Recommendation**

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26 Recommend award of contract to Maze & Associates Accountancy Corporation  
27 for independent audit services of Town of Moraga's financial statements for a  
28 three-year period with the option to extend services for two subsequent years.

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31 **Report reviewed by: Jill Keimach, Town Manager**