



## Staff Reports

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**File #:** 1749-2019, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Brian Cochran, Finance Director

**Prepared By:** Elizabeth Cabell, Finance Manager

**TITLE:**

Consulting Financial Audit Services

**RECOMMENDED ACTION:**

Approve an agreement with The Pun Group, LLP for financial audit services for five fiscal years, from fiscal year 2018-2019 through fiscal year 2022-2023, in an amount not to exceed \$426,731, and authorize the Finance Director to sign the agreement on behalf of the City.

**DISCUSSION:**

In January, 2014 the City issued a Request for Proposals (RFP) for audit services, and a three-year contract for the fiscal years ending June 30, 2014, June 30, 2015 and June 30, 2016 was executed in March 2014 with Vavrinek, Trine, Day & Co., LLP. In March 2017 the City extended the contract with Vavrinek, Trine, Day & Co., LLP to provide audit services for the fiscal years ending June 30, 2017 and June 20, 2018. The Best Practice of Audit Procurement, as stated by the Government Finance Officers' Association (GFOA), recommends a full-scale competitive RFP process every five years, so it was prudent for the City to issue a financial audit services RFP in fiscal year 2019.

A Request for Proposal for audit services was issued on December 12, 2018 through the Public Purchase platform. Seven proposals were received. The Proposals were evaluated based upon qualifications and experience of the audit team to be assigned to this project, experience of the firm in providing audit services to other similar California municipalities, the proposed audit approach and cost. The evaluation of proposals was completed by the Finance Director, Finance Manager and Senior Accountant. Of the seven proposals received, the top four firms were interviewed. Interviews were held during the week of February 4, 2019. Based upon the proposals received, the information provided during the interview process, and the reference checks, The Pun Group, LLP was selected as the firm most qualified to provide audit services to the City.

The Pun Group, LLP is an experienced provider of professional services to the government sector and counts among its clients 35 cities, 40 special districts, 5 transportation agencies, and 10 medical centers throughout California. Included among the firm's existing clients are the cities of Clovis, Gustine, Lodi, Placerville, Redding and Stockton.

**FINANCIAL IMPACTS:**

The not-to-exceed cost of the audit contract over the five-year period is \$426,731 (\$82,000 for FY 2018-19, \$83,640 for FY 2019-20, \$85,313 for FY 2020-21, \$87,019 for FY 2021-22 and \$88,759 for

FY 2022-23).

Of the total cost of the audit for each fiscal year, approximately 90% will be budgeted in the Finance Department budget in the General Fund, 25% of the Single Audit fees (approximately \$4,200) will be allocated to CDBG and 25% of the Single Audit fees (approximately \$4,200) and the REAC filing confirmation fee (\$1,500) will be allocated to the Napa Housing Authority. Approximately \$6,200 of the annual cost is for optional services in preparing the City Financial Transactions and the Streets Reports to the State Controller, two reports that we plan to transition to City staff in the next year.

There are sufficient funds in the FY 2018-19 adopted budget for the annual cost of the audit services.

**CEQA:**

The Finance Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

**DOCUMENTS ATTACHED:**

ATCH 1 - Agreement with The Pun Group, LLP for financial audit services.

**NOTIFICATION:**

None