



# City of Rialto

## Legislation Details (With Text)

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**Title:** Request City Council to Approve a Three Year Professional Services Agreement for Independent Audit Services to Teaman, Ramirez and Smith, Inc. in the Amount of \$214,750. (ACTION)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. TRS - Conflict of Interest, 2. TRS - RFP Summary, 3. TRS - Schedule of Compensation, 4. TRS - Professional Services Agreement, 5. TRS - Consultant's Proposal

| Date | Ver. | Action By | Action | Result |
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For City Council Meeting [June 26, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb R. Steel, Interim City Administrator

FROM: Ron Carr, Interim Finance Director

Request City Council to Approve a Three Year Professional Services Agreement for Independent Audit Services to Teaman, Ramirez and Smith, Inc. in the Amount of \$214,750. (ACTION)

### **BACKGROUND:**

Each year the City requires an independent audit of its financial records. White, Nelson, Diehl, Evans, LLP has audited the City's financial statements since the Fiscal Year (FY) ending June 30, 2013.

The contract with White, Nelson, Diehl, Evans, LLP has ended and staff initiated a Request for Proposals (RFP) process in March of 2018.

### **ANALYSIS/DISCUSSION:**

The City released RFP No. 18-080 on April 12, 2018. The City published the Notice Inviting Proposals on the City of Rialto's website and the Planet Bid website.

The City received four proposals in response to the RFP from the following Firms (in alphabetical order):

1. Badawi & Associates
2. Chavan & Associates
3. Teaman, Ramirez and Smith, Inc.

4. The Pun Group

Finance division staff evaluated the proposals and rated the firms based on technical qualifications, experience, customer service focus, price, and references from similar engagements. This narrowed the selection down to the three firms listed below:

| Firm                         | Year 1   | Year 2   | Year 3   |
|------------------------------|----------|----------|----------|
| Teaman, Ramirez & Smith Inc. | \$69,750 | \$71,500 | \$73,500 |
| The Pun Group                | \$74,000 | \$75,480 | \$76,990 |
| Badawi & Associates          | \$79,395 | \$81,195 | \$82,645 |

The City’s Budget Committee, along with representatives from the Finance Division, conducted a final review of the qualified firms. The committee reviewed the proposals based on the following criteria:

- Proposer’s understanding of the RFP and ability to meet the scope of work.
- Proposer’s ability to meet City deadlines for transition from the current Auditors.
- Proposer’s ability to provide support pre- and post-audit.
- Proposer’s costs.

The RFP requested each firm provide contract costs for a period of three years. The Committee selected Teaman, Ramirez & Smith Inc. (TRS) as the most responsive proposal. The Committee evaluated TRS as the most knowledgeable, the best qualified and in possession of the greatest understanding of the most recent regulations and industry changes. On June 12, 2018, TRS was interviewed by the Budget Committee, and subsequently the Budget Committee approved the selection of TRS. TRS staff members are involved with the California Society of Certified Public Accountants (CalCPA), Government Auditing and Accounting Committee (GAAC), and California Municipal Finance Officers Association (CSMFO). GAAC is involved in preparing position papers on governmental accounting matters. This will benefit the City in its implementation of changes to reporting requirements, such as the new Government Accounting Standards Board (GASB) 75 statement.

Staff recommends that the City Council approve the Professional Services Agreement with Teaman, Ramirez and Smith, Inc. for three years with a two-year renewal option based on satisfactory performance and approve a contract for fiscal year 2018/19 in the amount of \$69,750. The first year of audit services will be for the fiscal year ending June 30, 2018. At the conclusion of the audit for the fiscal year ending June 30, 2020, finance staff and the audit committee will evaluate the performance of TRS and consider a renewal option.

**ENVIRONMENTAL IMPACT:**

The request is not a “Project” as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**GENERAL PLAN CONSISTENCY:**

The request is consistent with Guiding Principle 3A of the Rialto General Plan: Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

**LEGAL REVIEW:**

The City Attorney has reviewed and approved this staff report and contract.

**FINANCIAL IMPACT:**

Operating Budget Impact

Audit services are paid in the year subsequent to the year being audited. The contract award has no effect on the current 2017/18 fiscal year budget. The first budget year of the contract will be in fiscal year 2018/19 for audit services related to the fiscal year ending June 30, 2018.

Capital Improvement Budget Impact

The proposed action will not affect the Capital Improvement Budget.

Licensing

Prior to execution of the Professional Service Agreement/Purchase Order/Construction Contract, the vendor shall submit a business license application and pay a Business License tax at the rate of \$279.00, as well as Administration and State fees.

**RECOMMENDATION:**

Staff recommends that the City Council Approve the Three Year Professional Services Agreement with Teaman, Ramirez and Smith, Inc., in the amount of \$214,750 for three years with the option to renew for an additional two years based on satisfactory performance.