



Legislation Details (With Text)

File #: 22-338 **Version:** 1 **Name:** Staff Report for a City of San Leandro City Council Resolution to Approve and Authorize the City Manager to Execute Amendment No. 3 to the Consultant Services Agreement between the City of San Leandro and Maze & Associates for Audit Services for the Year

Type: Staff Report **Status:** Filed

On agenda: 5/16/2022 **In control:** City Council

Enactment date: **Final action:** 5/16/2022

Enactment #: 2022-073

Title: Resolution to Approve and Authorize the City Manager to Execute Amendment No. 3 for \$120,000 to the Consultant Services Agreement between the City of San Leandro and Maze & Associates for Audit Services for the Year Ending June 30, 2022 and to Authorize the City Manager to Negotiate and Approve Contract Amendments up to a Cumulative Value Not to Exceed 15% (\$18,000)

Sponsors: Susan Hsieh
Finance Director

Indexes:

Code sections:

Attachments: 1. Att A Reso 2022 CSA Maze and Assoc, 2. Ex A CSA Amendment 3 Maze and Associates-FINAL

Date	Ver.	Action By	Action	Result
5/16/2022	1	City Council	Received and Filed	Pass

Resolution to Approve and Authorize the City Manager to Execute Amendment No. 3 for \$120,000 to the Consultant Services Agreement between the City of San Leandro and Maze & Associates for Audit Services for the Year Ending June 30, 2022 and to Authorize the City Manager to Negotiate and Approve Contract Amendments up to a Cumulative Value Not to Exceed 15% (\$18,000)

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt a Resolution to take the following actions:

- Approve a contract amendment for \$120,000 and authorize the City Manager to execute amendment No. 3 to the Consultant Services Agreement between the City of San Leandro and Maze & Associates for audit services for the year ending June 30, 2022.
- Authorize the City Manager to negotiate and approve contract amendments up to a cumulative value not to exceed 15% (\$18,000)

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, 2021.

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 ensuring 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 Annual Comprehensive Financial Report (ACFR) format. The ACFR 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. Maze will also assist the City with the GASB 87 implementation and produce a camera-ready PDF Annual Comprehensive Financial Report for the fiscal year 2021-2022 audit.

- Audit of the basic financial statements, preparation of memorandum on internal control including assistance with the preparation of the Annual Comprehensive Financial Statement including footnotes;
- Audit of the Successor Agency to the Redevelopment Agency and footnote disclosures included in the City's basic financial statements;
- Testing of major programs for compliance with the Single Audit Act and applicable laws and regulations and issuance of 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;
- Audit of the Vehicle Registration Fee Program (VRF) for funds received from the Alameda County Transportation Commission and issuance of a report;
- Preparation of the City's Annual Report of Financial Transactions (Controller's Report) and Street Report and issuance of a compilation report;
- Preparation of the Annual Report of Financial Transactions (Controller's Report) for the Special District and issuance of a compilation report;
- Assist with the GASB Statement 87 implementation; and
- Preparation of a camera-ready PDF Annual Comprehensive Financial Report.

The City is required to implement GASB 87 in fiscal year 2021-2022. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. This change will increase the usefulness of the City's financial statements. Under GASB 87, all leases must be reported as a capital lease/financing lease if certain criteria are met. Maze will expand their audit scope and testing related to the implementation of this new pronouncement.

The City is expected to have more Single Audit programs due to the use of American Rescue Plan Act (ARPA) funds.

Maze will produce an Annual Comprehensive Financial Report for the City. Maze's goal is to make available a high-quality financial report to the public.

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

It is highly beneficial for the City to retain the experience and knowledge of Maze for one additional year as the Finance Department works to prepare a new Request for Proposals for audit services commencing in fiscal year 2022-2023.

Some of Maze's municipal clients include the cities of Belmont, Brisbane, Burlingame, Cupertino, Daly City, Emeryville, Half Moon Bay, Hayward, Larkspur, Livermore, Milpitas, Morgan Hill, Pacifica, San Bruno, San Carlos, Santa Clara, Sausalito, Sutter Creek, and Sunnyvale.

Estimated costs for GASB 87 implementation and additional Single Audit programs are included in the contract amount (\$120,000) and the 15% contingency (\$18,000).

Previous Actions

The City Council previously approved agreements with Maze & Associates in 2011, 2016, and 2018. The City Council previously approved Amendment No. 1 in 2020 and Amendment No. 2 in 2021.

Fiscal Impact

Staff recommends City Council take the following actions:

- Approve and authorize the City Manager to execute Amendment No. 3 to the agreement with Maze & Associates in an amount not to exceed \$120,000.
- Authorize the City Manager to negotiate and approve individual contract amendments up to 15% (\$18,000) of the contract amount.
- 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

Sufficient funds are included in the fiscal year 2022-2023 General Fund budget in account 010-12-052-5120 to cover the costs for audit services.

ATTACHMENTS

Attachment A - Resolution

Attachment B - Amendment No.3 to Consulting Services Agreement between the City of San Leandro and Maze & Associates

PREPARED BY

Susan Hsieh, Finance Director