



Office of the Mayor

CONSENT CALENDAR

April 20, 2021

To: Members of the City Council

From: Mayor Jesse Arreguin

Subject: Contract No. 9369 Amendment: Badawi & Associates, Certified Public Accountants for Professional Auditing Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to amend Contract No. 9369 with Badawi & Associates to perform annual audits of the city's financial statements and to perform annual compliance audits required by the Single Audit Act of 1984 (as amended), for fiscal years 2021 (FY21) and 2022 (FY22), in the amount of \$171,330 for FY21 and \$171,330 for FY22. Increasing the contract value by \$372,660 which includes a \$30,000 contingency for new regulatory reporting including the Measure T1 Audit. This will increase the contract value from \$1,243,896 to \$1,616,556 for the period May 6, 2020 to June 30, 2023.

FISCAL IMPACTS OF RECOMMENDATION

This two-year contract extension will cost a total of \$342,660 for all funds, which is the same for the last previous year. (FY 2020).

Contract funding for the full 2-year extended term is as follows:

General Fund total cost of \$293,416 (011-99-900-9000-0000-000-412-612210)

- \$146,708 in FY 2021
- \$146,708 in FY 2022

Other Funds total budget of \$49,244, Business Economic Development fund (143-21-208-253-0000-000-446-612210) for \$12,244, Community Block Grant Development Fund (CDBG) (128-51-504-530-0000-000-444-612210) for \$32,000 and Measure F Alameda County Vehicle Registration Fee Fund (133-99-900-900-0000-000-412-612210) for \$5,000

- \$24,622 in FY 2021
- \$24,622 in FY 2022

CURRENT SITUATION AND ITS EFFECTS

On February 13, 2018 Council adopted Resolution No. 68,325-N.S. ratifying the Mayor's decision to exercise the two year option to extend Contract No. 9369B with Badawi & Associates and authorizing the City Manager to execute an amendment to the contract

for the incremental amount of \$489,899 for the performance of services to conduct annual financial audits of the City's financial statements and perform annual compliance audits as required by the Single Audit Act of 1984 (as amended in 1996) for the period July 1, 2019 through June 30, 2021, increasing the total not to exceed amount of the contract from \$753,997 to \$1,243,896.

The Mayor's Audit committee directed the Finance Director to initiate negotiations with Badawi & Associates to extend the contract for a two-year period to perform the required audits for fiscal year 2021 and 2022. Negotiations concluded with Badawi and Associates accepting zero increase for services to be performed for the period May 6, 2021 through June 30, 2023.

BACKGROUND

On February 1, 2013, the City issued an RFP (Specification No. 13-10711-C) for qualified Certified Public Accountants to audit the City's financial statements for the three fiscal years ending June 30, 2013, 2014, and 2015, with an option for two additional years. These audits are performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U. S. General Accounting Office's *Government Auditing Standards* (December 2011 edition), the provisions of the Federal Single Audit Act of 1984, as amended in 1996, and U. S. Office of Management (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

Badawi & Associates was awarded the contract for the initial three-year period (Ref: Resolution No. 66,140-N.S.); and the two renewal options were exercised (Ref: Resolution No. 67,463-N.S.). Badawi & Associates complete the required audits for fiscal years (FY) 2013 through and including FY2017. The City is extending this contract for the last time and will issue a RFP after the completion of this two-year extension.

RATIONALE FOR RECOMMENDATION

Contract No. 9369 was awarded Badawi & Associates following a competitive solicitation process in which a request for proposals (RFP) was issue, 26 Certified Public Accounting firms were invited to participate, and 9 firms submitted proposal responses. Badawi & Associates represented the best overall value to the City following review of its proposal response and oral interview. The City is extending this contract for the next two years so that the Finance department can complete the current ERP implantation and build adequate bandwidth for taking the additional workload to issue an RFP and work through the process of city solicitation. To follow best practice per GFOA's recommendation, the city's Engagement Partner for the City of Berkeley audit was changed for the FY 2020 audit and going forward in line with GFOA best practices.

ALTERNATIVE ACTIONS CONSIDERED

The alternative is to initiate a new solicitation process by releasing an RFP for the required audit services.

CONTACT PERSON

Henry Oyekanmi, Director of Finance, 981-7300

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 9369 AMENDMENT: BADAWI & ASSOCIATES TO PROVIDE
COMPREHENSIVE PROFESSIONAL AUDITING SERVICES

WHEREAS, the City currently has a contract No. 9369 with Badawi & Associates, a certified public accounting firm to provide comprehensive, professional auditing services to the City; and

WHEREAS, the term of Contract No. 9369 will expire on June 30, 2021; and

WHEREAS, the Mayor desires to amend the contract to extend the term for an additional two-year period, and

WHEREAS, Badawi & Associates desires to continue to perform the services for the extended two-year period; and

WHEREAS, the City Charter gives the Mayor sole authority to select the firm to perform the City's annual audit; and

WHEREAS, the Mayor has determined that it is in the best interest of the City to amend the contract as before stated.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to amend Contract No. 9369 with Badawi & Associates to perform annual audits of the City's financial statements and to perform annual compliance audits required by the Single Audit Act of 1984 (as amended), for fiscal year 2021 (FY21), in the amount of \$171,330 and fiscal year 2022 (FY22) in the amount of \$171,330 plus a contingency of \$30,0000 which includes the audit of Measure T1, increasing the maximum contract value by \$372,660 from \$1,243,896 to \$1,616,556 for the period May 6, 2021 to June 30, 2023.