



Staff Report

TO: Mayor, and City Council Members
FROM: Jeff Mohlenkamp, Finance Director
DATE June 2, 2020
SUBJECT: Approval of Contract for Auditing Services

Background and Analysis:

The City Council has assigned the Finance and Audit Committee the responsibility to prepare a request for proposal (RFP) and to recommend an auditor for the City's financial statements.

For the past three years, the City has contracted with the Pun Group, LLP to perform both the independent audit of the City's financial statements and to complete the review of internal controls and a single audit report. While the contract provides the option for two one-year extensions, best practice for governmental entities is to secure competitive bids.

The Finance and Audit Committee assigned two members, Baron Ginnetti (Chair) and Steve Cooley (member) to work with staff on the preparation of an RFP and evaluation of responses. The other two members of the RFP committee were Jeff Mohlenkamp, Finance Director, and Lisa Leach, Senior Accountant. The City issued an RFP on March 6, 2020. The RFP is included as Attachment A. Three CPA firms responded to the RFP as follows:

- Rogers, Anderson, Malody and Scott, LLP (RAMS),
- Eadie and Payne, LLP (Eadie and Payne), and
- The PUN Group, LLP.

After review and scoring of the RFP submissions, RAMS and Eadie and Payne were selected to move forward to an interview. Interviews were conducted on May 7, 2020. After deliberation, the RFP committee recommended RAMS as the respondent to present to the Finance and Audit Committee.

Contributing factors to the recommendation that RAMS be selected include the following:

- RAMS has direct expertise with many cities that are similar in size to Beaumont;
- RAMS has strong local connections with headquarters in San Bernardino and many clients in the Inland Empire and surrounding areas;
- RAMS has a clear focus on governmental auditing and consulting with this constituting over 80% of their business activity;
- RAMS was able to demonstrate a strong background in community financing districts, development impact fees and other areas very important to our City; and
- RAMS provided the lowest bid price.

The Finance committee met on May 11, 2020, and unanimously recommended that the contract for audit services be negotiated with RAMS and taken before the City Council for consideration.

A contract has been negotiated for audit services beginning with the audit of FY 2020 for three years with options for two additional one-year extensions (see Attachment B.)

Fiscal Impact:

The contract amount (not to exceed) for the three-year period is as follows:

FY 2020	\$46,200
FY 2021	\$46,200
FY 2022	\$47,350

This planned expenditure is within the budgeted allocation for the upcoming FY 2021 and is contemplated to be an ongoing expenditure of the City as we are required to have an independent audit of our financial statements.

Recommended Action:

Approve a three-year contract with Rogers, Anderson, Malody and Scott, LLP to perform audit services with options for 2 one-year extensions.

Attachments:

- A. RFP for City Audit Services issued on March 6, 2020.

- B. Contract with Rogers, Anderson, Malody and Scott, LLP to perform audit services
- C. Contract Exhibit A – RAMS RFP proposal
- D. Contract Exhibit B – Audit Engagement Letter
- E. Contract Exhibit C – Certificates of Insurance