



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 07/12/2021

ITEM NO: 6

DATE: July 6, 2021
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Appoint Finance Commissioner to the Independent Auditor Selection Process

RECOMMENDATION:

Appoint Finance Commissioner to the Independent Auditor Selection Process.

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several duties associated with the independent auditing function as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

(9) Provide written comments and recommendations regarding the selection of auditors for the CAFR.

(10) Participate in pre-audit meetings with auditors provided that the Finance Commission shall not participate in those portions of any meetings which pertain to confidential employment or attorney client privileged matters.

DISCUSSION:

In March 2017, the Town released a Request for Proposals (RFP) for auditing services. Prior to the release of the RFP, the Town's annual audits were completed by Chavan and Associates, LLP for five years. Based upon the proposals, interviews and reference checks, Town staff selected the firm of Badawi and Associates at the conclusion of the RFP process. The contract was for a three-year term with two one-year option periods. The second option period will expire June 30, 2022. Staff anticipates initiating a new RFP process for auditing services in the fall of 2021.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

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CONCLUSION:

In order for the Commission to *“Provide written comments and recommendations regarding the selection of auditors for the CAFR,”* the Commission should select a Commissioner to be a non-voting observer of the selection process.