



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/04/2022

ITEM NO: 6

DATE: September 19, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Third Amendment to the Agreement for Audit Services with Badawi and Associates to Extend the Term of the Agreement

RECOMMENDATION:

Authorize the Town Manager to execute a third amendment (Attachment 1) to the agreement for audit services with Badawi and Associates to extend the term of the agreement.

BACKGROUND:

In 2017, the Town of Los Gatos issued a Request for Proposals (RFP) for qualified independent certified public accounting firms to audit the Town's financial statements for three fiscal years, with an option to extend the agreement an additional two years with Town Council approval. A review committee selected Badawi and Associates, Certified Public Accountants as the firm to provide the Town auditing and other optional services. In 2020, the Council approved a first amendment to exercise the option to extend the agreement for an additional two fiscal years and in 2022 the Council approved a second amendment for additional services of reviewing Measure G revenues and expenditures (Attachment 2).

DISCUSSION:

For the past five years, Badawi and Associates has provided the following services for the Town:

- The annual audit of the basic financial statements in accordance with Governmental Accounting Standards and preparation of the Town's Comprehensive Annual Financial Report;

PREPARED BY: Gitta Ungvari
Interim Finance Director

Reviewed by: Assistant Town Manager and Town Attorney

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DISCUSSION (continued):

- A report communicating information related to the audit to those in charge of governance (Town Council) at the conclusion of the audit;
- A management letter containing any comments or recommendations resulting from the review of systems of internal controls in connection with the financial audit;
- A Single Audit for grant funding if required under the Title 2 U.S. Code of Federal Regulations; and
- Optional services including the preparation of the annual report of financial transactions to the State Controller.

In addition to Badawi and Associates completing the aforementioned services, the Town contracted with Badawi to complete a review of Measure G revenues and expenditures for the period from March 1, 2019 to June 30, 2021 per Measure A. This additional service was approved as part of the Second Amendment and the firm requires additional time to complete this work.

CONCLUSION:

Authorize the Town Manager to execute a third amendment to the agreement for audit services with Badawi and Associates to extend the term of the agreement to complete the review of Measure G revenues and expenditures.

FISCAL IMPACT:

Funds for this amendment are included in the Town's Fiscal Year 2022/23 Operating and Capital Budget.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Third Amendment to provide auditing and optional services with Badawi and Associates.
2. First and Second Amendment and Original Agreement with Badawi and Associates.