



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/21/2022

ITEM NO: 15

DATE: June 10, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Second Amendment to the Agreement for Audit Services with Badawi and Associates to Increase Compensation by \$5,400 for a Total Contract Amount Not to Exceed \$173,385

RECOMMENDATION:

Authorize the Town Manager to execute a second amendment (Attachment 1) to the agreement for audit services with Badawi and Associates to increase compensation by \$5,400 for a total contract amount not to exceed \$173,385.

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 (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: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

SUBJECT: Second Amendment to the Agreement for Audit Services with Badawi and Associates

DATE: June 10, 2022

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 has asked Badawi for a complete review of Measure G revenues and expenditures for the period from March 1, 2019 to June 30, 2021 per Measure A. Attachment 3 contains the agreed upon procedures for the Measure G engagement.

CONCLUSION:

Authorize the Town Manager to execute a second amendment to the agreement for Measure G audit services with Badawi and Associates to increase compensation by \$5,400 for a total contract amount not to exceed \$173,385.

FISCAL IMPACT:

Funds for this amendment are included in the Town's proposed Fiscal Year 2021/22 Operating and Capital Budget.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Second Amendment to provide auditing and optional services with Badawi and Associates.
2. First Amendment and Original Agreement with Badawi and Associates.
3. Measure G Agreed-Upon Procedures