



Midpeninsula Regional
Open Space District

R-19-87
Meeting 19-17
June 26, 2019

AGENDA ITEM 3

AGENDA ITEM

Approval of an Agreement with Chavan & Associates to provide Financial Auditing Services for Fiscal Year (FY) 2018-19 through FY2020-21, for a Not-To-Exceed Total Amount of \$70,500

CONTROLLER'S RECOMMENDATION

Appoint Chavan & Associates as the District's financial auditor for FY2018-19 through FY2020-21 and authorize the General Manager to execute a three year contract and engagement letter agreement for a not-to-exceed amount of \$70,500.

SUMMARY

The District issued a Request for Proposal (RFP) in April 2019 for financial auditing services after the current three-year contract was extended for an additional two years. The previous proposal was issued in 2014 for auditing services for FY2013-14 through FY2015-16 and Chavan & Associates was awarded the contract, with extensions to cover 2016-17 and 2017-18. Staff received and evaluated three proposals, and staff recommends entering into a three-year agreement with Chavan & Associates for an amount not to exceed \$70,500.

DISCUSSION

Last year, Chavan & Associates completed the fifth year of its auditing agreement with the District. Accordingly, a Request for Proposal (RFP) for Auditing Services was prepared and distributed in May 2019 to ten local accounting firms, and was placed on the Bid Sync procurement tool. Staff received the following three proposals:

Firm	Location	Cost Proposal
Badawi & Associates	Oakland, CA	\$65,235
Chavan & Associates	San Jose, CA	\$70,500
David Farnsworth, CPA	Dublin, CA	\$89,636

Chavan & Associates was appointed as the District auditor beginning with FY2013-14 and continued to FY2017-18. Badawi & Associates submitted a proposal in response to the 2014 RFP. Prior to Chavan & Associates, prior audit contracts were held by Vavrinek, Trine, Day & Co. and Maze & Associates (declined to submit a proposal for the current RFP).

Based on the three proposals received, the lowest bidders of Chavan & Associates and Badawi & Associates were interviewed by a District panel comprised of the Controller, Chief Financial Officer and Finance Manager. On a technical level, both firms are deemed to be fully qualified

to provide auditing services for the District and analysis of the two proposals show the firms to be very close in price, with a difference of \$5,265 (approximately 8%).

Although Badawi & Associates is the lowest bidder, staff is recommending Chavan & Associates for the award of contract. This recommendation is based on several elements:

- Chavan & Associates has proven themselves to be a high quality firm over the last five years, responsive to questions and helped guide the District through its growth, including accounting for Measure AA.
- Chavan has consistently provided timely responses to staff (within 24 hours) for questions and emails.
- There is great efficiency to the process with Chavan & Associates; staff receive an audit checklist well in advance of the field work and are able to respond to documentation requests with electronic copies.
- The response from Badawi & Associates was deemed to be unresponsive for not providing a clear breakdown of proposal pricing as requested in the RFP, nor did it meet the required timeline for delivery of final statements.

For these reasons, I recommend the appointment of Chavan & Associates as the District’s external auditor for FY 2018-19 to FY2020-21, total contract amount not to exceed \$70,500.

BOARD COMMITTEE REVIEW

No Committee review required.

FISCAL IMPACT

The District’s required financial audit is an ongoing, annual cost. The proposed amount of \$23,500 is included in the Administration Department’s FY2019-20 Proposed Operating Budget.

PUBLIC NOTICE

Notice was provided pursuant to the Brown Act. No additional notice is necessary.

CEQA COMPLIANCE

No compliance is required as this action is not a project under CEQA.

NEXT STEPS

If approved by the Board, staff will contact Chavan & Associates to request an engagement letter and will set up a purchase order to retain their audit services.

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