



Midpeninsula Regional
Open Space District

R-14-32
Meeting 14-06
February 12, 2014

AGENDA ITEM 5

AGENDA ITEM

Approval of an Agreement with Chavan & Associates to Provide Financial Auditing Services for Fiscal Year (FY) 2013-14 through FY2015-16, for a Not-To-Exceed Total Amount of \$58,500

CONTROLLER'S RECOMMENDATION

Appoint Chavan & Associates as the District's financial auditor for FY2013-14 through FY2015-16 and authorize the General Manager to execute a three year contract and engagement letter agreement for a not-to-exceed amount of \$58,500.

SUMMARY

The District issues a Request for Proposal (RFP) for financial auditing services every three years. The previous proposal was issued in 2010 for auditing services for FY2010-11 through FY2012-13 and Vavrinek, Trine, Day, & Co. was awarded the contract. In November 2013, staff issued a RFP for auditing services for FY2013-14 through FY2015-16 and received four proposals. After evaluation of the four companies, staff recommends entering into a three-year agreement with Chavan & Associates for an amount not to exceed \$58,500.

DISCUSSION

Last year, Vavrinek, Trine, Day & Co. completed the third year of its three-year auditing agreement with the District. Accordingly, a Request for Proposal for Auditing Services was prepared and distributed in November 2013 to eleven local accounting firms. Staff received the following four proposals:

Firm	Location	Cost Proposal
Chavan & Associates	San Jose, CA	\$58,500
Badawi & Associates	Oakland, CA	\$60,798
Vavrinek, Trine, Day & Co.	Palo Alto, CA	\$66,000
Maze & Associates	Pleasant Hill, CA	\$87,069

Both Vavrinek, Trine, Day & Co. and Maze & Associates are prior District auditors and are considered highly qualified. Because the other two bidders have not provided auditing services to the District, staff conducted reference checks with local clients of Chavan & Associates and Badawi & Associates and interviewed both companies' senior partners. Based on this review, both Chavan & Associates and Badawi & Associates were determined to be fully qualified. The references for Chavan & Associates were particularly positive.

Analysis of the four proposals verifies that Chavan & Associates offers the lowest price for the first year and the three years combined, including the requirement to conduct a Single Audit of receipts and expenditures on the federally-funded Mt. Umunhum project in FY2014-15. Chavan & Associates, based in San Jose, currently has approximately fifty local audit clients, including the cities of Los Gatos and Saratoga.

Chavan & Associates proposes maximum prices of \$16,500 for the FY2013-14 regular audit plus \$3,000 for the Single Audit, \$16,500 for the FY2014-15 audit and \$16,500 for the FY2015-16 audit. Additional Single Audits, if required, would cost \$3,000 per year. The total price for the three years is 4% below that proposed by Badawi & Associates, and the regular audit price is 13% below the District's audit expense for FY2012-13.

BOARD COMMITTEE REVIEW

No Committee review required.

FISCAL IMPACT

The District's required financial audit is an ongoing, annual cost. The Controller's recommendation represents a \$2,281 incremental reduction from the amount paid to Vavrinek, Trine, Day & Co., in the previous year. The proposed amount, a total of \$19,500, is included in the Administration Department's FY2014-15 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.

Prepared by:
Michael Foster, Controller

Contact persons:
Michael Foster, Controller
Kate Drayson, Administrative Services Manager
Andrew Taylor, Accountant