

**TOWN OF FAIRFAX
STAFF REPORT**

To: Mayor, Members of the Town Council

From: Michael Rock, Town Manager 
Laurie Ireland-Ashley, Finance Director

Date: February 3, 2010

Subject: Authorize the Town Manager to sign a Consultant Services Agreement for Audit Services with Maze & Associates for the fiscal years 2008-2009; 2009-2010; 2010-2011

RECOMMENDATION

Authorize the Town Manager to sign a Consultant Services Agreement for Audit Services with Maze & Associates for the fiscal years 2008-2009; 2009-2010; 2010-2011.

DISCUSSION

On December 2, 2009, the Council approved a Request for Proposals for Audit Services for the years of 2008-2009; 2009-2010; 2010-2011.

The key elements of the scope of work and selection process included:

1. Audit of the basic Town financial statements.
2. Provide assistance with all applicable schedules and GASB pronouncements
3. Single Audit Act financial and compliance reports
4. Test compliance with Prop 111, Article XIII.B – Gann limit

The Town received proposals from four firms – Hunter & R, JJACPA, Maze & Associates, and OUM. The proposals were reviewed by the Finance Committee with a proposal review questionnaire guideline. The scope of review covered quality of product offered and submitted; the firm's incorporation of effective use of our staff resources; availability for questions, issues, and the response time; what percentage of the firm's practice is municipalities; and years of experience the firms staff has. The Finance Committee's unanimous recommendation to the Council is to award the contract to Maze & Associates, and authorize the Town Manager to sign the contract.

FISCAL IMPACT

The FY 2007/08 audit costs were approximately \$27,000. The FY 2008/09 audit costs are expected to be \$34,000 which is within the finance department budget.

ATTACHMENTS

1. Personal Services Agreement with Maze and Associates
2. Exhibit A: Scope of Work
3. Exhibit B: Fee Schedule

**PERSONAL SERVICES AGREEMENT
TOWN OF FAIRFAX**

THIS AGREEMENT is made and entered into this 3rd day of February, 2010, by and between the Town of Fairfax, (hereinafter referred to as "Town") and Maze & Associates (hereinafter referred to as "Consultant").

RECITALS

WHEREAS, Town desires to offer an audit for the citizens of Fairfax, and the current audit contract has expired, and the Consultant was recommended as a result of the RFP review; and;

WHEREAS, Consultant represents to Town that Consultant is qualified, competent and experienced to perform the aforementioned audit,

Therefore, in consideration of the mutual covenants below, the parties agree as follows:

- I. **Term of Agreement:** This agreement shall be for a period of three (3) years ("Term") for the audit of the Town's Financial statements for the Fiscal Years 2008-09, 2009-10, and 2010-11 unless otherwise extended or terminated as set forth herein, The town shall have two (2) options to extend the term of this agreement for an additional period of one (1) year each.

- II. **Scope of work:** Consultant shall provide the Town with the services described in Exhibit A which is attached hereto and incorporated herein by this reference as though set forth in full in accordance with a schedule to be established in the reasonable discretion of the Town. The duties and services required of Consultant under this agreement and pursuant to this section II are referred to throughout the remainder of this agreement as "the Work".
 - a. **Responsible Individual:** Consultant represents and warrants that the execution of this agreement has been approved by Consultant and that person executing this agreement on behalf of Consultant has the full authority to do so.
 - b. **Work Schedule:** Consultant shall be available to complete each task in a timely manner as specified. Consultant shall not be held responsible for delays caused beyond its reasonable control.
 - c. **Compensation:** In consideration of the performance of Work described in this Section II, Consultant shall be compensated at the rates set forth in Exhibit B which is attached hereto and incorporated herein as though set forth in full. Consultant shall not charge Town for any administrative expenses or overhead without limitation, facsimile, mileage and /or any other expenses incurred by Consultant in connection with the Consultant's provision of the Work. Consultant acknowledges and agrees that the compensation to be paid under this section II c represents the full amount due and owing in connection with the performance of the Work.
 - d. **Amendments:** In the event Town desires to retain Consultant for the performance of additional services, or wishes to delete any services in connection with this agreement, specification of such changes and

adjustments to compensation due Consultant therefore shall be made only by written and signed amendment to this Agreement.

- e. **Consultant's Responsibility:** It is understood and agreed that Consultant has the professional skills necessary to perform the Work, and that Town relies upon the professional manner in accordance with the standards of the profession. Consultant thus agrees to so perform the Work. Acceptance by the Town of the Work, or any of it, does not operate as a release of the Consultant from such professional responsibility. It is further understood and agreed that Consultant has reviewed in detail the scope of the work to be performed under this Agreement and agrees that in his professional judgment the Work can and shall be completed for a fee the amounts set forth in Section II.c of this Agreement.
- f. **Insurance:** Consultant shall provide proof of insurance coverage during the life of the Contract: (a) Comprehensive General Liability and Automobile Liability Insurance in an amount not less than \$1,000,000 combined single limit applying to bodily injury, personal injury and property damage; (b) professional liability insurance in the amount of \$1,000,000 per claim. The Town of Fairfax shall be named an additional insured by separate endorsement on the liability coverage. Carrier shall provide notice to the Town of any change in or limitation of coverage or cancellation no less than 30 days prior to the effective date. Proof of worker's compensation coverage pursuant to statutory requirement shall also be provided.
- g. **Ownership of Documents:** Consultant agrees that all documents produced in the performance of this Agreement shall be the property of the Town, and Consultant shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the Town.

III. **Project:** Consultant will audit the General Purpose Financial Statements of the Town of Fairfax.

IV. **Terms:** This agreement may be canceled by either party upon 60 days written notice to the other party.

V. **Indemnification:**

- A. Consultant is an independent contractor and hereunder responsible for its own taxes. Any assistants or employees are not in any way, sub-agents, agents or representatives of the Town. The Town is not responsible for the performance of any service or services required herein to be performed by Consultant, or any act or omission on the part of the Consultant, assistants or employees of the Consultant.
- B. Consultant shall indemnify, defend, and hold harmless Town, its officers, agents, employees, and volunteers from all costs, expenses, claims, suits, or actions of every name, kind, and description, brought forth on account of injuries to or death of any person or damage to property arising or resulting from or connected with the willful misconduct, negligent acts, errors or omissions by Consultant, or any person directly or indirectly employed by or acting as agent for Consultant, in Consultant's performance of this Agreement, Consultant's operation of the

Project or Consultant's use of the Town facilities, except to the extent arising from the gross negligence or willful misconduct of the Town, its office, agents, employees, or volunteers. It is understood that the duty of Consultant to indemnify and hold Town harmless includes the duty to defend as set forth in Section 2778 of the California Civic Code and that this indemnification by Consultant shall include all costs and expenditures including attorney's fees incurred by Town or its employees, officers or agents with respect to such claim or suit and Consultant will, if requested by Town, defend any litigation arising out of such claims at the sole cost and expense of Consultant. This indemnification and hold harmless clause shall apply whether or not Consultant's insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

V. General

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1) No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

2) Time is of the essence in the performance of all terms and conditions in this Agreement.

3) This agreement shall be governed by the law of the state of California.

4) Notices under this agreement shall be delivered to the Town of Fairfax, in care of the Town Manager, 142 Bolinas Road, Fairfax, CA 94930, and to the Consultant in the care of Mark Wong, Maze & Associates, 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA 94523.

5) In the event of litigation related to this Agreement, the prevailing party shall be entitled to attorneys fees and costs.

6) This agreement may be executed in counterparts.

Mark Wong, Maze & Associates

Michael Rock
Town Manager
Town of Fairfax

Date: _____

Date: _____

Exhibit A

SCOPE OF WORK

The Consultant will perform the following tasks:

1. Audit of the General Purpose Financial Statements of the Town of Fairfax in conformity with generally accepted accounting principles and issue an opinion thereon.
2. Provide assistance in the implementation of all applicable GASB pronouncements including GASB #34 as it relates to the preparation of the Town's financial statements.
3. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.
4. Test compliance with the Single Audit Act as amended in 1996, and the provisions of OMB Circular A-133 and other applicable laws and regulations.
5. Provide other services including special reports that may be requested by the Town.
6. Report preparation, editing, printing, and binding shall be the responsibility of the auditor. The auditor shall provide completed drafts for the Town to review prior to issuance.

Reports to be issued:

- An audit opinion on the fair presentation of the Town's general purpose financial statements in conformity with generally accepted accounting principles and applicable laws and regulations. This opinion should comply with all provisions of GASB 34 including Required Supplemental Information (RSI) as required by GASB 34.
- A management recommendation letter addressed to the Town Council of the Town of Fairfax communicating any reportable conditions found during the audit. Observations of opportunities for improvements in economies in operations, internal controls and effective use of the Town's resources may be included in this letter. The management letter shall also include the status of prior year's reportable conditions. During the first year, the auditors shall follow-up on reportable conditions made in connection with the June 30, 2008 audit.

- A report of Agreed Upon Procedures on the Town's compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 (et seq.) in its calculation of the "Gann Limit".

7. All work papers and reports must be retained, at the auditor's expense, for the minimum of three (3) years, unless the firm is notified in writing by the Town of Fairfax of the need to extend the retention period. The auditor may be required to make working papers available, upon request, to parties specifically designated by the Town as reasonable.

In addition, the firm shall respond to the reasonable inquiries of successor n auditors and allow successor auditors to review work papers.

EXHIBIT B

FEE SCHEDULE

1. Any and all payments made pursuant to this Agreement shall be subject to the Agreement Payment Limit. The payments made pursuant to this Agreement shall not exceed the Agreement Payment Limit as follows:

	Audit	Single Audit and Related Programs
Fiscal Year 2009	\$29,530	\$5,305
Fiscal Year 2010	29,530	\$5,305
Fiscal Year 2011	30,416	\$5,464

2. All invoices that are submitted by Consultant shall be subject to the approval of the Town's Finance Director before payments shall be authorized.