



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: A Resolution of the City Council of the City of Commerce Awarding a Professional Services Agreement for Audit Services to the Pun Group LLP and Other Matters Related Thereto

MEETING DATE: June 13, 2023

RECOMMENDATION:

Approve and adopt the Resolution awarding a professional services agreement for audit services to the Pun Group LLP.

BACKGROUND/ANALYSIS:

Davis Farr LLP, the City's current auditing services firm just completed their five-year engagement plus an additional two-years of service for the fiscal year ending June 30, 2022. Policy dictates that the City advertise a request for proposals after the exhaustion of this agreement.

On February 14, 2023 the City approved the issuance of a Request for Proposals to provide auditing services from qualified firms of certified public accountants to audit its financial statements for three fiscal years beginning with the fiscal year ending June 30, 2023, with the City's option to extend their auditing services for an additional two (2) subsequent fiscal years.

The Request for Proposal (RFP) was posted and advertised on the City's PlanetBids website on April 3, 2023. The City received proposals from three firms on April 20, 2023. An evaluation committee reviewed the three proposals and evaluated each firm's technical experience, audit approach, price, and personality fit (oral interview process). The highest rated firm was invited to participate in an oral interview process.

Following are the auditing firm's average scores:

The Pun Group LLP	Badawi & Associates CPAs	SingeLewak
86.5%	81.6%	58.4%

The Pun Group is currently used by several local agencies in the surrounding area. Cities

such as Bell, Gardena, Lakewood, Lomita, Montebello and Paramount have recently utilized their auditing services.

The evaluation committee concluded that one of the three auditing firms stood out with advanced technology. The Pun Group's artificial intelligence (AI) auditing software that gathers thousands of financial, operating data, and records to assess risk and compliance is a major milestone in terms of meeting deadlines for GFOA, federal government and state governments audits. It is the conclusion of the evaluation committee to recommend that the Pun Group LLP be awarded the contract of being the City's auditor for three fiscal years beginning with the fiscal year ending June 30, 2023, with the City's option to extend their auditing services for an additional two (2) subsequent fiscal years.

ALTERNATIVES:

1. Approve staff recommendation
2. Provide staff with further direction

FISCAL IMPACT:

If the City Council approved said agreement, staff will include the amount of **\$65,000** in the FY 2023/24 City of Commerce Adopted Budget.

Recommended and Reviewed by: Vilko Domic, Assistant City Manager

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENTS:

1. Resolution
2. Agreement
3. Engagement Letter

ALTERNATIVES:

1. Approve staff recommendation
2. Provide staff with further direction

FISCAL IMPACT:

The amount of \$65,000 will be included in the FY 2023/24 City of Commerce Budget. The audit fees for future years are adjusted upwards by inflation factors of roughly 3% to 3% and will be incorporated in future budgets.

RELATIONSHIP TO STRATEGIC GOALS:

This report is related to the following goal: *Grow Revenues, Audit Revenue Sources and Develop Audit Plan* and complies with the California Constitution by providing for the City's continued financial stability in a transparent and public manner.

Recommended by: Vilko Domic, Assistant City Manager
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENTS:

1. Resolution
2. Agreement