



Meeting: **Reservoir Committee Agenda Item 2.3**

May 20, 2022

Subject: **Fechter and Company, CPA LLP – Financial Auditing Services Contract**

Requested Action:

Approve a new contract with Fechter and Company, CPA LLP (Fechter) to conduct Authority fiscal year(FY) 2021, 2022, and 2023 Independent Annual Financial Audits that includes a federal “Single Audit” based on a firm-fixed-price amount of \$17,800 for FY2021, \$18,500 for FY2022 and \$19,235 for FY2023 and provide optional financial services on a time and materials basis not to exceed a cost of \$5,000, for a total contract authority of \$60,535.

Detailed Description/Background:

On April 1, 2022, the Authority issued a request for proposals (RFP) to conduct audits of the Authority’s financial information, including conducting a federal Single Audit. Staff developed a list of 8 firms to contact regarding interest in submitting a proposal which resulted in 4 firms receiving an RFP. No proposals were received by the due date of May 2, 2022. The only option remaining in order to timely complete the 2021 audit is to extend Fechter’s services.

Best management practice for financial audits is to allow firms to perform auditing services to a local agency for no more than six consecutive fiscal years with the same auditing team. The Authority’s past financial audit firm, Fechter, successfully and efficiently conducted five consecutive fiscal years of auditing services (FY2016 through FY2020). Fechter’s auditing team which performed the previous five consecutive years is available to perform an additional audit (i.e., the Authority’s FY2021).

Staff consulted with the Authority’s Treasurer on additional Fechter auditing years which best management practice allows for flexibility when another auditing firm is unavailable to perform the work. Staff and the Authority’s Treasurer are also recommending that Fechter be contracted to perform financial audits for two additional fiscal years, 2022 and 2023, to allow the marketplace to stabilize and avoid the same problem of receiving no proposals next year. This allows alignment with the Amendment 3 work period. To achieve greater audit integrity, it is recommended that we require Fechter to use another auditing team for the fiscal years 2022 and 2023 which they have agreed to do.

Finally, the Authority may benefit in the future from receiving advice from a Certified Public Accounting firm in the development of financial documents such as an Accounting Policy. Staff is proposing as an optional service be included in this contract for Fechter to conduct this support on a time and materials basis not to exceed \$60,535.

No other changes are proposed to the Fechter auditing services contract.

Prior Reservoir Committee Action:

None.

Fiscal Impact/Funding Source:

No fiscal impact as sufficient annual financial auditing budgets are included in the approved Amendment 3 Work Plan for these 3 years of auditing services plus the proposed option services.

Staff Contact:

Joe Trapasso

Primary Service Provider:

None.

Attachments:

None.