



DATE: December 12, 2019
TO: Recycling Board
FROM: Meri Soll, Senior Program Manager
SUBJECT: Five Year Financial Audit – Award of Contract.

SUMMARY

Subsection 64.040 (C) of the Alameda County Waste Reduction and Recycling Initiative Charter Amendment (Measure D) mandates a comprehensive financial, statistical and programmatic audit and analysis to be performed within four years of the effective date of the Act and every five years thereafter to monitor and report on compliance by the appropriate various agencies of Measure D. As a result of recommendations produced by earlier audits, the Recycling Board elected to solicit proposals for financial audits to be conducted separately from the programmatic audit. Additionally, the financial five year audit period was divided into two phases of three years and two years, so as to make records review of the municipalities less onerous. The last Financial Audit covered FY 11-12 through FY 15-16 and was completed by September 2017. At the December 12 meeting, the Recycling Board will be asked to approve a contract to perform the next Financial Five Year Audit.

DISCUSSION

In October, staff released a Request for Proposals to identify qualified proposals and consultants to perform a comprehensive financial review of funds raised and spent in fiscal years 2016-17 through 2020-21. This review will be performed in two phases: Phase I - to be performed in early 2020 covering FY 2016-17 through 2018-19 (three years); and Phase II - to be performed in early 2022 covering FY 2019-20 and 20-21 (two years). A final report will be compiled for all five years.

The adopted budget and work plan for FY 19-20 includes release of the Request for Proposals (RFP) for the Five Year Financial Audit (for both Phase I and Phase II). \$110,000 was budgeted for the Phase I work in FY 19-20. The RFP scope of work includes:

- Review audited financial statements, recycling budgets and program descriptions of the 16 municipalities receiving Recycling Fund disbursements to determine compliance with Measure D fiscal requirements.
- Review audited financial statements of the County of Alameda General Services Agency for 5% Recycled Product Purchase Preference Program (RPPP) and of the Recycling Board to determine compliance with Measure D fiscal requirements.

- For all of the above, develop recommendations for improvements, if any, indicated in current policies, procedures and practices.

A separate RFP will be let for the programmatic audit, which will begin after the close of FY 2020-21.

After proposal review and in-depth interview with principal staff members, Agency staff selected the team from Crowe LLP based upon the proposed management structure for the project and the communications skills of the team members. In addition, Crowe's primary project staff proposed for this contract has also worked on the previous Five Year Audit providing continuity and experience with Measure D processes and procedures. A copy of the full Crowe proposal can be accessed [here](#).

RECOMMENDATION

That the Recycling Board approve contract award and authorize the Executive Director to enter into a funding agreement with Crowe LLP for the Financial Five Year Audit, for a total not-to-exceed amount of \$188,252.50. \$98,570 will be awarded from the approved FY 19-20 budget for Phase I of the scope of work. Upon satisfactory completion of Phase I, the remaining \$89,682.50 will be allocated from the FY 20-21 budget (the work will commence after the end of FY 20-21) and will be included in the FY 20-21 budget resolution.