FAIRFAX TOWN COUNCIL MEETING STAFF REPORT

MEETING DATE	June 3, 2026
PREPARED FOR	Mayor and Town Council
PREPARED BY	Heather Abrams, Town Manager Michael Vivrette, Finance Director
SUBJECT	Authorize the Town Manager to Execute a Professional Services Agreement with Badawi & Associates, Certified Public Accountants, for Independent Auditing Services for Fiscal Years Ending June 30, 2026 through June 30, 2030

RECOMMENDATION

Staff recommends that the Town Council authorize the Town Manager to execute a professional services agreement with Badawi & Associates, Certified Public Accountants, for independent auditing services for fiscal years ending June 30, 2026 through June 30, 2030, with two optional one-year extensions at the Town Manger's discretion.

BACKGROUND

The Town of Fairfax is required by California Government Code and generally accepted governmental auditing standards to obtain an annual independent audit of its financial statements.

Maze & Associates has served as the Town's independent auditor for approximately fifteen years, rotating audit partners at appropriate intervals. Staff appreciates Maze & Associates' longstanding service to the Town and recognizes the firm's successful completion of the Town's audits during that period.

As part of the Town's continued commitment to sound fiscal management, transparency, and competitive procurement practices, the Town issued a Request for Proposals (RFP) for independent auditing services for fiscal years 2026 through 2030. The purpose of the RFP process was to evaluate whether the Town's auditing needs could continue to be met through the best combination of technical expertise, California municipal experience, responsiveness, service approach, and competitive pricing.

Three firms submitted responsive proposals by the deadline:

- Maze & Associates (Pleasant Hill, California)
- Badawi & Associates (Emeryville, California)
- Advisent Assurance, LLP (Mesa, Arizona / San Diego, California)

Proposals were evaluated based on the following criteria:

- California municipal auditing experience;
- Technical qualifications and staffing;
- Understanding of California-specific compliance requirements;

- Responsiveness to the Town's requested scope of services;
- Transition planning and audit approach;
- References; and
- Proposed fee structure.

DISCUSSION

Staff performed a detailed review of all proposals and determined that both Maze & Associates and Badawi & Associates were highly qualified and capable of performing the requested services.

Category / Criterion	Maze & Associates (Current Auditor)	Badawi & Associates	Advisent Assurance LLP
PRICING (FY 2026)			
Basic reports total	**$52,300**	**$44,710**	**$43,000**
Controller's reports (optional)	$5,300	$3,540	$4,500
All-in total	**$57,600**	**$48,250**	**$47,500**
Annual fee escalation	~3–4%	3%	3%
EXPERIENCE & QUALIFICATIONS			
CA municipal experience	**Extensive**	**Strong**	**Minimal**
Fairfax-specific knowledge	**Since 2009**	**None yet**	**None yet**
Similar Bay Area city clients	★★★★★	★★★★☆	★☆☆☆☆
Peer review rating	**Pass (2024)**	**Pass (2025)**	**Pass (2022, as CWDL)**
CA-licensed staff	**All staff**	**All staff**	**Mixed AZ/CA**
Engagement team size	Partner + supervisor + associates	7-person team (IT specialist + EQR)	5-person team
GFOA award-winning clients	**40+ clients**	**Several**	**None confirmed**

Advisent Assurance, LLP

Staff does not recommend Advisent Assurance, LLP for further consideration.

While the firm submitted a competitive fee proposal, staff identified several concerns related to California municipal experience and proposal responsiveness. Advisent's municipal portfolio appears

predominantly Arizona-based, with limited demonstrated experience serving California municipalities subject to California-specific reporting and compliance requirements.

In addition, portions of the proposal referenced Arizona-specific deliverables, including AELR and HURF reporting requirements, which are not applicable to Fairfax and suggested the proposal was not fully tailored to the Town's scope of work.

Staff also noted limited evidence of experience with small Northern California municipalities comparable to Fairfax, as well as limited demonstrated familiarity with California-specific requirements such as State Controller's Reports, Transportation Development Act (TDA) reporting, Gann Limit agreed-upon procedures, and related California municipal compliance standards.

For these reasons, staff does not recommend Advisent Assurance for award consideration.

Maze & Associates and Badawi & Associates

Staff's evaluation ultimately focused on Maze & Associates and Badawi & Associates, both of which are experienced California municipal audit firms with strong technical qualifications, favorable peer review histories, and extensive governmental auditing experience.

Both firms:

- Are licensed by the California State Board of Accountancy;
- Maintain membership in the AICPA Government Audit Quality Center;
- Have received clean peer review reports with no deficiencies;
- Demonstrate substantial California municipal auditing experience; and
- Expressly acknowledged the Town's required compliance scope, including annual financial statement audits, Single Audit requirements (if applicable), State Controller's Reports, TDA reporting, and Gann Limit procedures.

Maze & Associates has extensive institutional knowledge of Fairfax operations and has successfully served the Town for approximately fifteen years. The firm maintains a large Northern California municipal practice and has significant experience with cities, towns, and special districts throughout the region.

Badawi & Associates similarly maintains an exclusively California-focused municipal audit practice serving cities, towns, special districts, financing authorities, and joint powers authorities. Staff found Badawi's proposal particularly responsive to the Town's operational scale, staffing structure, and California-specific compliance obligations.

Staff also noted that Badawi's proposal included detailed discussion of:

- Interim audit planning and fieldwork;
- California Government Code reporting requirements;
- GASB implementation support;
- State Controller's Office reporting;
- TDA compliance;

- Gann Limit procedures; and
- Internal control documentation and process flowcharting.

In addition, Badawi proposes direct involvement from founding partner Ahmed Badawi, CPA, during Year 1 fieldwork and transition activities.

Transition Considerations

Staff carefully considered the operational and institutional implications of transitioning to a new auditor after a long-standing relationship with Maze & Associates.

Transitioning auditors after fifteen years is not a minor undertaking and presents potential risks related to institutional knowledge transfer, audit timing, and continuity of financial reporting processes. However, staff believes these risks are manageable for a few reasons.

First, Badawi & Associates proposes substantial partner-level involvement during the transition year, including direct on-site participation by the engagement partner during fieldwork.

Second, the firm's proposed audit approach emphasizes early planning meetings and significant interim fieldwork prior to fiscal year-end, reducing the likelihood of delays during the first audit cycle.

Third, the Town maintains extensive historical audit documentation, management letters, schedules, and process records developed over many years that will remain available to support transition activities.

Finally, periodic auditor rotation is broadly recognized as a good governance practice that can provide a fresh perspective on internal controls, accounting policies, financial reporting practices, and operational risks.

While staff recognizes the value of Maze & Associates' longstanding institutional knowledge and successful service history, staff believes the Town would benefit from a fresh independent review approach while continuing to receive high-quality California municipal auditing services.

Staff Recommendation and Rationale

After review of all submitted proposals, staff recommends award of the contract to Badawi & Associates for the following primary reasons:

1. **Strong California Municipal Focus**
   Badawi maintains an exclusively California-focused governmental audit practice with demonstrated experience serving municipalities and public agencies subject to California-specific reporting and compliance requirements.
2. **Experience with Comparable Municipalities**
   Badawi's client portfolio includes municipalities operationally comparable to Fairfax in organizational scale and staffing structure.

3. **Detailed Transition and Engagement Approach**
   The proposal demonstrates a thoughtful transition strategy, including partner-level involvement, interim fieldwork, and proactive planning intended to minimize operational disruption during the first audit cycle.
4. **Competitive Fee Structure**
   Badawi's proposed fees are competitive while maintaining the full scope of requested audit and compliance services.
5. **Technical Qualifications and Responsiveness**
   The proposal demonstrated strong understanding of the Town's requested scope of services, California municipal reporting requirements, and current governmental accounting standards.
6. **Governance and Independent Perspective**
   Following approximately fifteen years with the same audit firm (changing audit partners at appropriate intervals), staff believes the Town would benefit from a fresh independent review perspective while maintaining continuity of professional municipal auditing services.

Lastly, staff conducted reference checks with Badawi's municipal clients and received overwhelming positive feedback from their experiences with the firm.

FISCAL IMPACT

Independent auditing services are a budgeted General Fund expenditure. For Fiscal Year 2026–27, $55,700 is budgeted in General Fund account 01-116 for independent auditing services.

Badawi & Associates' proposed fee for Fiscal Year 2026–27 is $47,500, which is below the currently budgeted amount and reflects competitive market pricing for the requested scope of work and California municipal compliance services.

Any future fee adjustments associated with subsequent fiscal years or optional contract extensions would be subject to annual budget appropriation by the Town Council.

ATTACHMENTS

Resolution Authorizing the Town Manager to Execute a Contract with Badawi & Associates

RESOLUTION 2026-

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX AUTHORIZING THE TOWN MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH BADAWI & ASSOCIATES, CERTIFIED PUBLIC ACCOUNTANTS, FOR INDEPENDENT AUDITING SERVICES FOR FISCAL YEARS ENDING JUNE 30, 2026 THROUGH JUNE 30, 2030

WHEREAS, the Town of Fairfax is required by California Government Code and generally accepted governmental auditing standards to obtain an annual independent audit of its financial statements; and

WHEREAS, Maze & Associates has served as the Town's independent auditor for approximately fifteen years and staff appreciates the firm's longstanding service and successful completion of the Town's audits during that period; and

WHEREAS, as part of the Town's continued commitment to sound fiscal management, transparency, and competitive procurement practices, the Town issued a Request for Proposals (RFP) for independent auditing services for fiscal years 2026 through 2030, and three firms submitted responsive proposals: Maze & Associates, Badawi & Associates, and Advisent Assurance, LLP; and

WHEREAS, proposals were evaluated based on California municipal auditing experience, technical qualifications and staffing, understanding of California-specific compliance requirements, responsiveness to the Town's requested scope of services, transition planning and audit approach, references, and proposed fee structure; and

WHEREAS, after a thorough review of all proposals and reference checks with Badawi's municipal clients, staff recommends award of the contract to Badawi & Associates as providing the best combination of technical expertise, California municipal experience, governance value, and competitive pricing; and

WHEREAS, independent auditing services are a budgeted General Fund expenditure, and Badawi & Associates' proposed fee of $47,500 for Fiscal Year 2026–27 is below the $55,700 currently budgeted in General Fund account 01-116, with any future fee adjustments for subsequent fiscal years or optional extensions subject to annual budget appropriation by the Town Council.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Fairfax hereby authorizes the Town Manager to execute a Professional Services Agreement with Badawi & Associates, Certified Public Accountants, for independent auditing services for the fiscal years ending June 30, 2026 through June 30, 2030, with two optional one-year extensions at the Town Manager's discretion.

BE IT FURTHER RESOLVED that the Town Manager is authorized to take all actions necessary to implement this agreement, including executing any documents and making any payments required under the terms of the agreement.

BE IT FURTHER RESOLVED that this resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED by the Town Council of the Town of Fairfax on this 3rd day of June 2026, by the following vote:

AYES:
NOES:

ABSTAIN:
ABSENT:

ATTEST

STEPHANIE HELLMAN	CHRISTINE FOSTER
MAYOR	DEPUTY TOWN CLERK