



CITY OF
**PALO
ALTO**

CITY COUNCIL STAFF REPORT

From: City Manager

Report Type: CONSENT REPORT

Lead Department: City Clerk

Meeting Date: January 23, 2023

TITLE

Adoption of a Resolution to Extend the Appointment of Adriane D. McCoy of Baker Tilly US, LLP as Interim City Auditor Through April 30, 2023

RECOMMENDATION

The City Council is recommended to adopt a resolution extending the appointment of Adriane D. McCoy, Certified Internal Auditor (CIA) of Baker Tilly US, LLP, as Palo Alto's Interim City Auditor through April 30, 2023.

EXECUTIVE SUMMARY

This action extends the appointment of Adriane D. McCoy as Interim City Auditor from January 31, 2023 through April 30, 2023. This additional time will allow the Council Appointed Officer's Committee to meet to address the next steps for filling the City Auditor position for the medium to long term.

BACKGROUND

The Palo Alto Charter provides that the City Council appoint an Auditor who serves at the Council's will. The Charter describes the Auditor's key duties. (See [Charter, Art. IV](#), sections 1 and 12.)

In February 2020, the Council directed the Council Appointed Officers (CAO) Committee to conduct a solicitation for outsourced internal auditing services. After an extensive procurement process, the CAO Committee recommended finalists for Council consideration. On September 28, 2020, the Council approved a contract beginning October 1, 2020 with Baker Tilly US, LLP, as Palo Alto's City Auditor and other supporting personnel. with specific employees of the company to be formally appointed to the City Auditor position. The original contract ended June 30, 2022, for a not-to-exceed amount of \$1,300,000 and on May 9, 2022, the Council approved an amendment to the contract to: 1) extend the term to June 30, 2025, 2) revise the project scope, and 3) increase the contract amount by \$2,126,250 to a not-to-exceed amount of \$3,426,250 over five years.

On August 17, 2022, the City received notification from Baker Tilly informing the City that a change in the Palo Alto City Auditor appointment would be necessary due to staffing changes at the company. On August 22, 2022¹ the City Council took action to *“request up to three individuals to interview from Baker Tilly to act as an interim Auditor, and the Council Appointed Officers Committee to meet to address the next steps for filling the Auditor position for the medium to long term.”* The City’s contract with Baker Tilly (Exhibit A, Scope of Services under “Designation of City Auditor”) addresses the potential for a vacancy in the City Auditor appointment.

On August 30, the Council interviewed three candidates and on September 19, 2022, the Council adopted a resolution appointing Adriane D. McCoy of Baker Tilly US, LLP as the Interim City Auditor through January 31, 2023².

ANALYSIS

This action recommends a three (3) month extension to the interim appointment of the City Auditor from January 31, 2023 through April 30, 2023. This additional time is requested to provide the 2023 City Council, sworn into office on January 9, 2023, and the Council Appointed Officer’s Committee, time to meet and determine next steps for the medium- and long-term appointment of a City Auditor. Further action will be brought forward upon feedback from the Council Appointed Officer’s Committee.

Baker Tilly is a comprehensive professional services firm with a group dedicated to state and local governmental clients. Baker Tilly’s experience extends across more than 40 states with specific public sector clients in California such as the cities of Carlsbad, Riverside, Burbank, Modesto and Richmond and several utility clients including Sacramento Municipal Utility District, Imperial Irrigation District, Northern California Power Agency, San Diego Gas & Electric, Glendale Utilities, Pasadena Water and Electric, Anaheim Public Utilities, and the California Public Utilities Commission. This is notable as Palo Alto owns and operates its own utilities.

FISCAL/RESOURCE IMPACT

There is no resource impact associated with this interim appointment. The BakerTilly contract is executed and budgeted in the FY 2023 Adopted Budget.

STAKEHOLDER ENGAGEMENT

This work has been based on extensive prior discussion and direction from the City Council during multiple public meetings beginning in 2020. Staff in coordination with Baker Tilly and the City Council completed the interviews to bring forward this interim appointment in September

¹ City Council August 22, 2022, Item #AA3, CMR:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220822/20220822pccsm-amended-redacted-linked.pdf#page=335>

² City Council September 19, 2022, Item #4, CMR #14760,

<https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=9054&compileOutputType=1>

2022. Further discussion and engagement is expected with the Council Appointed Officers Committee, as directed by Council, to meet to address the next steps for filling the Auditor position for the medium to long term.

ENVIRONMENTAL REVIEW

This action is exempt from CEQA and requires no further environmental review.

ATTACHMENTS

Attachment A: Resolution Extending Appointment of Adriane D. McCoy as Palo Alto Interim City Auditor

APPROVED BY:

Lesley Milton, City Clerk

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