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APPROVED
BY THE CITY COUNCIL
MAY 12 1998

OFFICE OF THE
CITY CLERK

AG 98-049
AG 98-050

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DEPARTMENT OF
ADMINISTRATIVE SERVICES

ACCOUNTING DIVISION

SUSAN G. MAYER
ACCOUNTING MANAGER

CITY OF SACRAMENTO
CALIFORNIA

April 27, 1998

City Council
Sacramento, California

Honorable Council Members in Session:

**SUBJECT: AWARD OF EXTERNAL AUDITOR PROFESSIONAL SERVICE
AGREEMENTS**

LOCATION AND COUNCIL DISTRICT: City-wide

STAFF RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute professional service agreements with KPMG Peat Marwick LLP and Macias, Gini & Company LLP to conduct the City's independent financial and compliance audits for the fiscal year ending June 30, 1998.

CONTACT PERSON: Susan Mayer, Accounting Manager, 264-5058
Barbara Joy, Principal Accountant, 264-7943

FOR COUNCIL MEETING OF: May 12, 1998

SUMMARY:

This report recommends that agreements be executed with KPMG Peat Marwick LLP and Macias, Gini & Company LLP to perform independent financial and compliance audits for the fiscal year ending June 30, 1998.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION:

In 1997, The City conducted a competitive bidding process to select auditors for the five- year period beginning with fiscal year 1996-97. After evaluation, staff concluded that the proposals submitted by KPMG Peat Marwick LLP and Macias, Gini & Company LLP were the most responsive. Contracts were awarded and services provided for the 1996-97 fiscal year.

This report recommends that agreements be executed with these firms for the second year of the five-year period. Extension of the agreements to each of the three subsequent years will be subject to Council approval on an annual basis.

The scope of audit services to be performed by each of the two firms is shown below:

KPMG Peat Marwick, LLP	\$ 102,485
City of Sacramento General Purpose Financial Statements	
City of Sacramento Single Audit	
Sacramento City Employees' Retirement System	
Sacramento Public Library Authority	
Macias, Gini, and Company, LLP	\$ 35,075
Capital Area Development Authority (CADA)	
General Purpose Financial Statements	
CADA - State Financed Housing Project Financial Statements	
Sacramento Convention and Visitors Bureau -	
Financial Statements	
Mountain Valley Library System (MVLS) -	
General Purpose Financial Statements	
Mountain Valley Library System - Single Audit	
Del Paso Road Community Facilities District -	
Special Purpose Financial Statements	
Child Development Program - Financial Statements	
And State Required Supplemental Information	
State and Local Transportation Partnership Program -	
Special Purpose Audit of Final Project Cost	
Total Cost	<u>\$137,500</u>

City Council
Award of External Auditor Service Agreements
May 12, 1998
Page 3

FINANCIAL CONSIDERATIONS:

Funding for these agreements is included in the existing Accounting Division budget.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable.

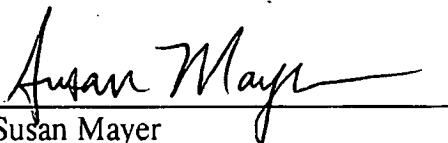
POLICY CONSIDERATIONS:

This action is consistent with City Charter Section 117, which requires an annual independent audit of the City's financial records. Independent audits are also required by the Federal Single Audit Act, specific grant agreements, and certain bond covenants.

MBE/WBE EFFORTS:

MBE/WBE participation in these agreements total 47%. The agreement with KPMG Peat Marwick, LLP, includes a 29.34% MBE subcontractor. The second agreements with Macias, Gini & Company, LLP, is directly with a MBE contractor.

Respectfully submitted,



Susan Mayer
Accounting Manager

Approved:



Ken Nishimoto
Director of Administrative Services

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

APPROVED
BY THE CITY COUNCIL

MAY 12 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-169

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION TO AWARD EXTERNAL AUDITOR
PROFESSIONAL SERVICE AGREEMENTS

BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

The City Manager is authorized to execute professional service agreements with KPMG Peat Marwick LLP and Macias, Gini & Company LLP to conduct the City's independent financial and compliance audits for the fiscal year ending June 30, 1998.

MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____