

APPROVED
BY THE CITY COUNCIL

JUN 15 1999

1.11

OFFICE OF THE
CITY CLERK

DEPARTMENT OF
ADMINISTRATIVE SERVICES

ACCOUNTING DIVISION

SUSAN G. MAYER
ACCOUNTING MANAGER

CITY OF SACRAMENTO
CALIFORNIA

AG 99-096
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June 4, 1999

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 LLP and Macias, Gini & Company LLP to conduct the City's independent financial and compliance audits for the fiscal year ending June 30, 1999.

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

FOR COUNCIL MEETING OF: June 15, 1999

SUMMARY:

Staff recommends maintaining the City's relationship with its current auditors, KPMG LLP and Macias, Gini, & Company LLP, by awarding contracts with these firms to perform independent financial and compliance audits for the fiscal year ending June 30, 1999.

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 LLP and Macias, Gini & Company LLP were the most responsive. Annual contracts were awarded and services provided for the 1996-97 and 1997-98 fiscal years.

This report recommends that agreements be executed with these firms for the third year of the five-year period. Extension of the agreements to each of the two 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 LLP	\$110,560
City of Sacramento General Purpose Financial Statements	
City of Sacramento Single Audit	
Sacramento City Employees' Retirement System	
Sacramento Public Library Authority	
Macias, Gini, & Company, LLP	\$ 36,830
Capitol Area Development Authority	
General Purpose Financial Statements	
Capitol Area Development Authority – State Financed	
Housing Project Financial Statements	
Sacramento Convention and Visitors Bureau –	
Financial Statements	
Mountain Valley Library System –	
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>\$147,390</u>

FINANCIAL CONSIDERATIONS:

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

ENVIRONMENTAL CONSIDERATIONS:

Not applicable.

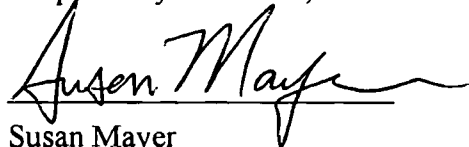
POLICY CONSIDERATIONS:

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.

ESBD CONSIDERATIONS:

These services were competitively bid during 1997 when City MBE/WBE goals were in effect. MBE/WBE participation in these agreements total 47%. The agreement with KPMG LLP, includes a 29.34% MBE subcontractor. The agreement with Macias, Gini & Company, LLP, is directly with a MBE contractor. Both MBE firms are also qualified as emerging small business firms.

Respectfully submitted,



Susan Mayer
Accounting Manager

Approved:



Ken Nishimoto
Director of Administrative Services

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager

APPROVED
BY THE CITY COUNCIL

JUN 15 1999

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 99-303
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 LLP and Macias, Gini & Company LLP to conduct the City's independent financial and compliance audits for the fiscal year ending June 30, 1999.

MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____