



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sharon Erickson,
City Auditor

SUBJECT: PROPOSAL TO AMEND
MACIAS, GINI, & O'CONNELL LLP
AGREEMENT FOR ADDITIONAL
SERVICES

DATE: December 4, 2009

RECOMMENDATION

Adoption of a resolution authorizing the City Auditor to negotiate and execute a Third Amendment to the Agreement for Audit Services with Macias, Gini, & O'Connell LLP to provide a financial audit of the Neighborhood Security Bond Projects Capital Projects Fund of the City for the period from inception through June 30, 2009 for a total one-time fee not to exceed \$49,600, for a total contract amount not to exceed \$2,954,940.

BACKGROUND

In 2008, the agreement with our outside auditor, Macias, Gini, & O'Connell LLP was amended to add annual audits of the Parks Bond Fund, the Library Bond Fund and the Library Parcel Tax Fund, stemming from recommendations in our 2007 *Audit of the Management of the City's Tax-Exempt Bond Program and Use of Interfund Loans to Provide Financing for Capital Bond Projects* (Audit Report # 07-06). An audit of the Neighborhood Security Bond Projects Capital Projects Fund, although not required in the voter-approved measure, is consistent with the other bond projects fund audits and demonstrates the City's accountability for the funds raised and spent under the measure. The proposed amendment to the Macias Gini, & O'Connell LLP provides for conducting an audit of the Neighborhood Security Bond Projects Capital Projects Fund. The estimated cost for the audit of the Neighborhood Security Bond Projects Capital Projects Fund from inception through June 30, 2009 is an amount not to exceed \$49,600.

COORDINATION

The City Auditor's Office has coordinated this memorandum with the City Attorney's Office, the City Manager's Budget Office, and the Finance Department.

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CITY'S FISCAL IMPACT

The Finance Department increased the Annual Audit appropriation (Fund 001, Appn 2029) in the one-time amount of \$50,000 by decreasing the Revenue Enhancement consulting Services Appropriation (Fund 001, Appn 2060) in the one-time amount of \$50,000. The cost of any future years' audit services are subject to the City Council's annual appropriation of funds to the annual audit contract. The Macias Gini and O'Connell LLP contract terminates upon completion of the June 30, 2009 audit.



Sharon Erickson
City Auditor

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