



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

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CITY CLERKS OFFICE
CITY OF SACRAMENTO

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JACK R. CRIST
Director of Finance

April 30, 1986
FA:86153:JRC:KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: External Audit Selection

APPROVED
BY THE CITY COUNCIL

MAY 8 1986

OFFICE OF THE
CITY CLERK

AG 85181

SUMMARY

Pursuant to a request for proposal issued February 14, 1986, seven firms submitted proposals for the City's external auditing services contract. Five of the seven were interviewed by the City's selection panel and the firm of Touche Ross & Co. was recommended by the panel. It is recommended that the City Manager be authorized to negotiate a contract with Touche Ross & Co.

BACKGROUND

Charter Section 117 reads as follows:

"The city manager upon approval of the city council shall engage each year an independent certified public accountant who shall examine and report to the council on the annual financial statement of the city."

In February 1978, the City Council adopted the policy guideline for retention of external audit firms. The adopted 1978 policy requires that the City change external auditors every five years. Once a firm is selected, a master agreement is signed which includes options to renew in each of the subsequent four years assuming satisfactory performance for the previous year.

In accordance with City Council policy, 1984-85 is the final audit year for our current external auditors, Price Waterhouse. In February, the City Council by resolution approved release of a request for proposal document which detailed selection criteria, invited firms to propose, described the composition of the selection panel and indicated the new audit firm would be approved by the City Council in May, 1986.

April 20, 1983
RE: [illegible]

City Council
San Francisco, California

Members Present in Session:

SUBJECT: External Audit Selection

SUMMARY

Reference is made to a request for proposal issued February 16, 1983, for the selection of an external auditing firm. Five of the seven firms which were interviewed by the City's selection committee and the firm of Touche Ross & Co. was recommended by the panel. It is recommended that the City Manager be authorized to negotiate a contract with Touche Ross & Co.

BACKGROUND

Details of the audit are as follows:

The City Manager upon approval of the City Council shall engage a firm which is an independent certified public accountant who shall prepare and report to the Council on the annual financial statements of the city.

In February 1978, the City Council adopted the policy of the selection of external audit firms. The adopted 1978 policy requires that the City Council select an external auditing firm every five years. Once a firm is selected, a master agreement is signed which includes options to renew the contract for subsequent four year periods. The master agreement for the City Council is as follows:

In accordance with City Council Policy 1978, the City Council has selected the firm of Touche Ross & Co. as the external auditing firm for the City of San Francisco. The City Council has approved a request for proposal for the selection of an external auditing firm to provide the City with the services of an external auditing firm. The City Council has approved the selection of Touche Ross & Co. as the external auditing firm for the City of San Francisco.

On Friday, April 11, 1986, the City's external audit selection panel convened and interviewed five firms. The selection panel members were:

- Joe Serna, City Councilman
- Richard LaRock, State Auditor General
- Ray Brown, Professor, CSUS

The five firms interviewed were:

1. Touche Ross
2. Coopers & Lybrand
3. Peat, Marwick, Mitchell
4. Main Hurdman
5. Ernst & Whinney

The general selection criteria was:

1. Quality of "Request for Proposal" response.
2. Professional Qualifications and Experience.
3. Firms demonstrated understanding of the City of Sacramento audit requirements.
4. Local Office.
5. Computer auditing capabilities.
6. Management consulting capabilities.
7. Price.

Based on the review of the proposals and the interviews, the selection panel recommended that Touche Ross & Co. be retained as the City's new external auditors.

FINANCIAL

External audit firm proposal prices were as follows:

o Touche Ross	\$ 99,600
o Main Hurdman	97,300
o Ernst & Whinney	94,800
o Peat Marwick	110,400
o Coopers & Lybrand	90,000

BUDGET AND FINANCE COMMITTEE

With no meeting scheduled May 6 and due to the pressing demands on the Budget and Finance Committee with City budget hearings starting May 13, this item is being transmitted directly to the City Council. This was deemed appropriate by City staff since it is a non controversial item and Councilman Serna served on the selection panel.

On Friday, April 11, 1968, the City's external audit report was prepared and reviewed by the City's external audit committee. The following items were discussed:

1. The City's external audit report was reviewed by the City's external audit committee on April 11, 1968.

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The following items were discussed:

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The following items were discussed:

FINANCIAL

The following items were discussed:

\$ 20,000	City of Chicago	0
20,000	City of Chicago	0
20,000	City of Chicago	0
20,000	City of Chicago	0
20,000	City of Chicago	0

ROBERT AND FINANCE COMMITTEE

The following items were discussed:

RECOMMENDATION

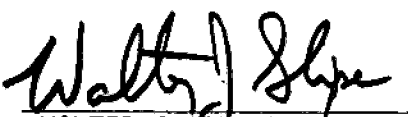
It is recommended that the City Council approved the firm of Touche Ross & Co. as the City's new external auditors and authorize the City Manager to sign an agreement not to exceed \$99,600 for the 1985-86 external audit.

Respectfully submitted,



JACK R. CRIST
Director of Finance

RECOMMENDATION APPROVED:



WALTER J. SLIPE
City Manager

All Districts
May 8, 1986

It is recommended that the City Council approve the plan of Trench
Road & Co. as the City's new external auditor and authorize the City
Manager to sign an agreement for a term of 3 years at a fee of \$10,000 per
annum for the 1988-89 external audit.

Respectfully submitted,

WILLIAM M. GIBSON
Director of Finance

WILLIAM M. GIBSON
Director of Finance

RESOLUTION NO. 86-328

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION APPROVING TOUCHE ROSS & CO. AS THE CITY'S EXTERNAL AUDITORS AND AUTHORIZING THE CITY MANAGER TO SIGN AN AGREEMENT

WHEREAS, it is the City's policy to change external audit firms at least every five years and;

WHEREAS, Price Waterhouse's external audit services agreement has expired and;

WHEREAS, a City external audit selection panel composed of representatives of the City Council, City Manager and California State University interviewed audit firms who responded to a request for proposal and;

WHEREAS, the external audit selection panel recommends Touche Ross & Co. as the City's new external auditors.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF SACRAMENTO, THAT:

1. Touche Ross and Co. is selected as the City's new external auditors for an amount not to exceed \$99,600 for the audit year ended June 30, 1986 and;
2. The City Manager is authorized to sign an agreement with Touche Ross & Co. for the 1985-86 external audit.

MAYOR

ATTEST:

CITY CLERK

APPROVED
BY THE CITY COUNCIL

MAY 8 1986

OFFICE OF THE
CITY CLERK

CITIZENSHIP

VERBODEN

ARTICLE

BOSS & CO. FOR THE YEAR 1922 BY EXCESSIVE QUANTITY
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TO SIGN BY THE CITY MANAGER
EXHIBIT YODLONS AND WITHHOLDING THE CITY MANAGER
RESOLUTION APPROVING LOUCHE BOSS & CO. VS THE CITY

#27

May 9, 1986

Pfanner & Tate
1420 River Park Dr Ste 200
Sacramento CA 95815

Gentlemen:

This is to inform you that you were not the successful bidder for RFP-External Audit Service. The said bid having been awarded by the City Council at the regular meeting of May 8, 1986 to Touche Ross and Company in the amount of \$99,600.00.

No bid security was required on the above bid.

Sincerely,

Lorraine Magana
City Clerk

LM/mls/27

#27

May 9, 1986

Peat, Marwick, Mitchell & Co.
555 Capitol Mall
Sacramento CA 95814

Gentlemen:

This is to inform you that you were not the successful bidder for RFP-External Audit Service. The said bid having been awarded by the City Council at the regular meeting of May 8, 1986 to Touche Ross and Company in the amount of \$99,600.00.

No bid security was required on the above bid.

Sincerely,

Lorraine Magana
City Clerk

LM/mls/27

#27

May 9, 1986

Coopers & Lybrand
555 Capitol Mall
Sacramento CA 95814

Gentlemen:

This is to inform you that you were not the successful bidder for RFP-External Audit Service. The said bid having been awarded by the City Council at the regular meeting of May 8, 1986 to Touche Ross and Company in the amount of \$99,600.00.

No bid security was required on the above bid.

Sincerely,

Lorraine Magana
City Clerk

LM/mls/27

#27

May 9, 1986

KMG Main Hurdman
300 Capitol Mall Ste 1100
Sacramento CA 95814

Gentlemen:

This is to inform you that you were not the successful bidder for RFP-External Audit Service. The said bid having been awarded by the City Council at the regular meeting of May 8, 1986 to Touche Ross and Company in the amount of \$99,600.00.

No bid security was required on the above bid.

Sincerely,

Lorraine Magana
City Clerk

LM/mls/27

#27

May 9, 1986

Grant Thornton
555 Capitol Mall Ste 302
Sacramento CA 95814

Gentlemen:

This is to inform you that you were not the successful bidder for RFP-External Audit Service. The said bid having been awarded by the City Council at the regular meeting of May 8, 1986 to Touche Ross and Company in the amount of \$99,600.00.

No bid security was required on the above bid.

Sincerely,

Lorraine Magana
City Clerk

LM/mls/27

#27

May 9, 1986

Ernst & Whinney
555 Capitol Mall Ste 650
Sacramento CA 95814

Gentlemen:

This is to inform you that you were not the successful bidder for RFP-External Audit Service. The said bid having been awarded by the City Council at the regular meeting of May 8, 1986 to Touche Ross and Company in the amount of \$99,600.00.

No bid security was required on the above bid.

Sincerely,

Lorraine Magana
City Clerk

LM/mls/27

27

March 19, 1986

Peat Marwick
Certified Public Accountants
555 Capitol Mall
Sacramento CA 95814

Gentlemen:

Enclosed please find your bid proposal for RFP-External Audit Service.

Your bid was not received in this office prior to the deadline of 03-18-86 at 10:30 A.M. Please note the time and date of 03-18-86 at 11:39 A.M. stamped on your bid envelope which has not been opened.

Sincerely,

LORRAINE MAGANA, CITY CLERK

Deputy City Clerk

LM/mls

Enclosure: Your unopened bid envelope.

#27

RFP - External
Audit Sewer

Frederick D. Tiner

LARRY ROBERTSON



Peat, Marwick, Mitchell & Co.
555 Capitol Mall, Suite 900
Sacramento, California 95814
916-448-1501

UNACCEPTABLE BID

THIS BID SUBMITTED
AFTER THE ESTABLISHED
DEADLINE OF 10:30 A.M.

TIME: 11:39 AM

DATE: 3-18-86

EMP. INITIALS (mls)

OFFICE OF THE
CITY CLERK



Peat, Marwick, Mitchell & Co.
Certified Public Accountants
555 Capitol Mall
Sacramento, California 95814

FIRST CLASS MAIL

Ms. Lorraine Magana, City Clerk
915 "I" Street, Room 203
Sacramento, California 95814

MAR 18 11 39 AM '86

#27

May 12, 1986

Touche Ross & Company
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8294

Dear Sir:

On May 8, 1986, the Sacramento City Council accepted your bid in the amount of \$99,600.00 for External Audit.

The Director of Finance will contact you concerning the necessary bond and contract.

Sincerely,



Anne Mason
Assistant City Clerk

AM/lw/27

cc: Finance Department

#27

July 23, 1986

Touche Ross and Co.
100 Howe Avenue - Suite 100 South
Sacramento, CA 95825

Dear Gentlemen:

On May 8, 1986, the Sacramento City Council adopted a Resolution No. 86-328 authorizing the execution of Agreement No. 85181 for the 1985/86 external audit of the City of Sacramento.

Enclosed, for your records, is one fully certified copy of said agreement and authorizing resolution.

Sincerely,

LORRAINE MAGANA, CITY CLERK

Janice Beaman
Deputy City Clerk

JB/dah/27
Enclosure

cc: Finance Department
Risk Management