

AG 94-078
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APPROVED
BY THE CITY COUNCIL

1.1

JUN 21 1994

OFFICE OF THE
CITY CLERK

DEPARTMENT OF
FINANCE

ACCOUNTING DIVISION

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
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June 10, 1994

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City Council
Sacramento, California 95814

Honorable Members in Session:

SUBJECT: Request to Enter Into Service Agreement with External Audit Firms

LOCATION: Citywide

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution to authorize the City Manager to enter into a service agreement with Arthur Andersen and Macias and Company.

CONTACT PERSON: Sandra Benoit, Accounting Manager - (916) 264-5058

FOR COUNCIL MEETING OF: June 21, 1994

SUMMARY

This report recommends that the City Manager be authorized to enter into a service agreement for the annual external audit for the fiscal year ending June 30, 1994.

COMMITTEE ACTION: None.

BACKGROUND

In February 1978, the City Council adopted a policy wherein external auditors will be rotated at least every five years. In 1990-91 a Request for Services was prepared and resulted in five audit firms responding to the request. A selection panel conducted interviews and selected the Arthur Andersen and Co. and Macias and Company. The audit is to be conducted in accordance with generally accepted auditing standards. Those standards require that the audit be planned and performed in a manner to provide a reasonable assurance that the general

purpose financial statements are free of material misstatement. In addition, the scope of the audit will include all areas of oversight responsibility appointed to the City Council, which are the operations of the City Attorney, City Treasurer, City Clerk and City Manager. The original contracts were for one year, but included four renewals at the City's options. The Fiscal Year 1993-94 audit represents the third renewal.

FINANCIAL CONSIDERATIONS

The proposed contracts for the audit year ending June 30, 1994 total \$165,837.00 (Arthur Andersen and Co. in the amount of \$137,014.00 and Macias and Company in the amount of \$28,823.00). The contracts increase each year based on the Consumer Price Index (CPI) (1994 CPI = 2.4%). The cost of these contracts is included in the Finance Department's 1994-95 budget.

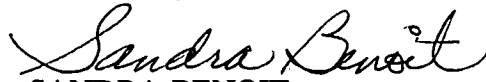
POLICY CONSIDERATIONS

It is consistent with City Charter Section 117 and Council policy to annually contract for an external audit. This contract also allows us to fulfill specific grant requirements, as stated in Office of Management and Budget (OMB) Federal Circular A-128.


M/WBE

This is an extension of an existing contract. Certain sub-audit areas have been assigned to a minority owned audit firm (Macias and Company). This portion accounts for approximately 20% of the total audit contract.

Respectfully submitted,


SANDRA BENOIT
Accounting Manager

RECOMMENDATION APPROVED:


WILLIAM H. EDGAR
City Manager

RESOLUTION NO. 94-387

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED
BY THE CITY COUNCIL

JUN 21 1994

OFFICE OF THE
CITY CLERK

**RESOLUTION AUTHORIZING THE CITY MANAGER AND CITY CLERK
TO EXECUTE AGREEMENTS FOR THE CITY'S EXTERNAL AUDIT
FOR FY 1994 WITH ARTHUR ANDERSEN AND CO. IN THE
AMOUNT OF \$137,014 AND WITH MACIAS AND COMPANY IN
AMOUNT OF \$28,823**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City Manager and the City Clerk are hereby authorized to execute an agreement with Arthur Andersen and Co. in the amount of \$137,014 to provide external audit services for the City of Sacramento for the Fiscal Year 1994.
2. That the City Manager and the City Clerk are hereby authorized to execute an agreement with Macias and Company in the amount of \$28,823 to provide external audit services for the City of Sacramento for the Fiscal Year 1994.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____