

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 DEC 30 AM 8:44

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: January 13, 2004

RE: **A RESOLUTION AUTHORIZING THE CITY MANAGER TO AMEND A CONTRACT WITH MACIAS, GINI & COMPANY, LLP FOR AUDIT SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2003 AND 2004 TO PROVIDE ADDITIONAL FEES OF \$75,000 (FOR A REVISED TOTAL NOT TO EXCEED \$603,065) FOR THE AUDIT OF THE FISCAL YEAR ENDING JUNE 30, 2003 AND \$65,000 (FOR A REVISED TOTAL NOT TO EXCEED \$619,470) FOR THE AUDIT OF THE FISCAL YEAR ENDING JUNE 30, 2004.**

SUMMARY

On June 17, 2003, the City Council approved a two-year contract with Macias, Gini & Co. LLP (Macias) to provide audit services for the years ending June 30, 2003 and 2004. Macias' original response to the combined City-Port request for proposal for audit services contained no provision for the participation in the audit by Oakland firms. The former City Manager entered into discussions regarding local participation with Macias and the firm agreed to subcontract with Williams, Adley & Co. LLP (WACo).

FISCAL IMPACT

This amendment will result in increased costs of \$75,000 and \$65,000 for FY04 and FY05, respectively. Funds are available to cover this contract amendment in Fund 1010 (General Fund), Org 08222 in both the FY 03-04 and - 04-05 adopted budgets.

BACKGROUND

Macias' original response to the combined City-Port request for proposal for audit services contained no provision for the participation in the audit by Oakland firms. The former City Manager entered into discussions regarding local participation with Macias and the firm agreed to subcontract with Williams, Adley & Co. LLP.

Macias and the former City Manager also discussed an increase in audit fees to cover the cost of managing the subcontractor and the additional work required for joint signoff by Macias and WACo of the Redevelopment Agency and two retirement plan audits. Macias also requested additional fees, due to the late start to the audit, which resulted from the time it took to make the final selection of an auditor for the City and Port. The former City Manager agreed to bring this contract amendment to Council, which provides for \$50,000 in additional costs, due to the use of a local subcontractor, and \$25,000, due to the late start of the FY03 audit for a total of \$75,000.

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Also, Macias has requested additional fees for the second year of the contract (FY04 audit) of \$65,000. These additional fees will cover the cost of managing the subcontractor, WACo, and the cost of joint signoff on the three reports.

KEY ISSUES AND IMPACTS

None

SUSTAINABLE OPPORTUNITIES

None

DISABILITY AND SENIOR ACCESS

None

ALTERNATIVE RECOMMENDATION(S)

None

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that Council adopt a resolution authorizing the City Manager to amend the contract with Macias, Gini & Company LLP to provide for additional fees of \$75,000 for the audit of the fiscal year ending June 30, 2003 and \$65,000 for the audit of the fiscal year ending June 30, 2004.

Respectfully submitted,



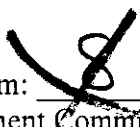
William E. Noland
Interim Agency Director
Finance and Management Agency

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



OFFICE OF THE CITY MANAGER

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RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY MANAGER TO AMEND A CONTRACT WITH MACIAS, GINI & COMPANY, LLP FOR AUDIT SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2003 AND 2004 TO PROVIDE ADDITIONAL FEES OF \$75,000 (FOR A REVISED TOTAL NOT TO EXCEED \$603,065) FOR THE AUDIT OF THE FISCAL YEAR ENDING JUNE 30, 2003 AND \$65,000 (FOR A REVISED TOTAL NOT TO EXCEED \$619,470) FOR THE AUDIT OF THE FISCAL YEAR ENDING JUNE 30, 2004.

WHEREAS, Section 809 of the Charter of the City of Oakland provides for an annual audit by an independent certified public accountant who shall examine and report to the City Council on the annual financial statements of the City; and

WHEREAS, on June 17, 2003, the City Council approved a contract to engage the services of the firm Macias, Gini & Company, LLP; and

WHEREAS, at the City's request, Macias, Gini & Company, LLP has agreed to subcontract with a local firm to participate in the audit; and

WHEREAS, the inclusion of a local subcontractor on the audit contract will result in additional costs to Macias, Gini & Co., LLP; and

WHEREAS, the City Council finds that this contract is for services of a professional nature; and

WHEREAS, the City Council finds that the service is temporary in nature; and

WHEREAS, the City Council finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, the City Council finds that the service is exempt from competitive bidding pursuant to Section 2.04.050 I of the Oakland Municipal Code; now therefore, be it

RESOLVED, that the City Manager is authorized to amend a contract with the firm of Macias, Gini & Company, LLP to provide additional fees in the amount of \$75,000 for the fiscal year ending June 30, 2003 and \$65,000 for the fiscal year ending June 30, 2004. This contract amendment will be approved as to form and legality by the Office of the City Attorney, and a copy will be on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES—BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

~~FINANCE & MANAGEMENT CMTE.~~

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NOES—

ABSENT—

ABSTENTION—

ATTEST: _____
City Clerk and Clerk of the Council
of the City of Oakland, California

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FINANCE & MANAGEMENT CMTE.
JAN 13 2004