

CITY OF OAKLAND

AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Finance and Management Agency
DATE: January 09, 2007

RE: **Request for Finance Committee Direction Regarding the Extension of the City's Contract for Outside Audit Services with Macias, Gini, and O'Connell LLP**

SUMMARY

Section 809 of the Oakland City Charter states that the City Council shall engage an independent certified public accountant to examine and report on the annual Financial Statements of the City. In 2002, the Finance Committee directed staff to issue a joint Request for Proposal (RFP) with the Port of Oakland (Port) for outside audit services. On July 15, 2003, the City Council approved a two-year contract with Macias, Gini & Company, LLP to provide audit services for the fiscal years ending June 30, 2003 and 2004 with an extension option of two additional years (June 30, 2005 and 2006). The current audit contract, including the two additional year options, with Macias, Gini & Company LLP has expired.

A meeting was held with City and Port staff to discuss the development of a joint RFP for audit services for fiscal years 2006/2007 and 2007/2008. The Port expressed their desire to extend their audit contract with Macias, Gini & O'Connell LLP (O'Connell was recently added as a partner of the firm) for the fiscal year ending June 30, 2007 and to issue an RFP for the following years' audits. City staff believes it would be prudent to issue an RFP for the June 30, 2007 audit, as the original contract has now expired.

If City Council requires the City and Port to continue to contract with the same auditors, staff will return with a one-year contract extension, then issue another joint RFP with the Port. Otherwise, staff will proceed with the issuance of an RFP immediately and return to City Council with a new audit contract.

FISCAL IMPACT

This is an informational report only; there are no fiscal impacts.

BACKGROUND

In January 2003, the Finance and Management Committee directed City staff to prepare a joint Request For Proposal (RFP) with the Port of Oakland (Port) for audit services for fiscal years 2002/2003 and 2003/2004.

Item: _____
Finance and Management Committee
January 09, 2007

City and Port staff developed and reviewed the responses to the joint RFP and selected the firm of Macias, Gini & Company, LLP to provide audit services. The City Council approved a two-year contract with Macias, Gini & Company, LLP to provide audit services for the fiscal years ending June 30, 2003 and 2004 with an extension option of two additional years (June 30, 2005 and 2006).

SUSTAINABLE OPPORTUNITIES

None.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no ADA or senior access issues contained in this report.

ACTION REQUESTED OF THE FINANCE COMMITTEE

Staff requests direction from the Finance Committee regarding the following:

- Should the City issue an independent RFP for audit services for fiscal years 2006/2007 and 2007/2008 with an extension option of two additional years?
- Should the City extend the current contract with Macias, Gini & O'Connell LLP for one additional year (fiscal year 2006/2007) and issue a joint RFP with the Port for fiscal years 2007/2008 and 2008/2009 with an extension option of two additional years?

Respectfully submitted,



William E. Noland

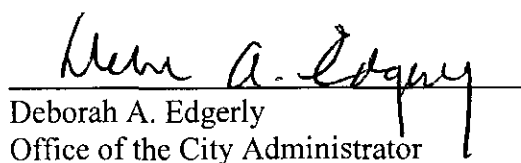
Director, Finance and Management Agency

Prepared by:

LaRae Brown, Controller

Finance and Management Agency

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Deborah A. Edgerly
Office of the City Administrator

Item: _____
Finance and Management Committee
January 09, 2007