



CITY COUNCIL AGENDA REPORT

MEETING DATE: APRIL 5, 2016

ITEM NUMBER: **CC-4**

SUBJECT: EXTEND ONE YEAR CONTRACT FOR ANNUAL INDEPENDENT FINANCIAL AUDIT SERVICES

DATE: MARCH 8, 2016

FROM: FINANCE DEPARTMENT

PRESENTATION BY: COLLEEN O'DONOGHUE, CPA, ASSISTANT FINANCE DIRECTOR

FOR FURTHER INFORMATION CONTACT: COLLEEN O'DONOGHUE (714) 754-5219

RECOMMENDATION

1. Extend one (1) year term of the Professional Services Agreement (PSA) with White Nelson Diehl Evans LLP, for annual independent financial audit services, for fiscal year 2016, and to provide a three percent (3%) increase in Consultant's compensation in the amount of \$67,370.
2. Authorize City Chief Executive Officer to execute the Second Amendment to the Professional Services Agreement with White Nelson Diehl Evans LLP.

BACKGROUND

On May 1, 2013, the City entered into a Professional Services Agreement with White Nelson Diehl Evans LLP to provide auditing services for fiscal years 2013 and 2014, with an option to extend the contract in one-year periods, for a minimum of two fiscal years. On February 17, 2015, the City exercised the option to extend the first one-year period to fiscal year ending June 30, 2016. Staff recommends an extension of the second one-year period to fiscal year ending June 30, 2017.

ANALYSIS

White Nelson Diehl Evans LLP has served as the City's auditors over the past four years, beginning with the 2011-12 fiscal year audit. Staff are pleased with their work. The audits had been very thorough in evaluation of internal controls and met all the benchmarks and timelines on issuing reports. The firm also provides the City exceptional guidance on implementation of new governmental accounting standards, most recently, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 on pension accounting and reporting.

ALTERNATIVES CONSIDERED

At this time, there are no alternatives proposed. To change auditors, the City would need to issue a Request for Proposal (RFP) for audit services. However, given the timeline on issuing an RFP, evaluating the proposals and bringing a professional service contract to City Council for approval, staff does not believe there would be enough time before the audit fieldwork would need to commence.

FISCAL REVIEW

An amount of \$67,370 is currently included as part of the FY 16-17 proposed budget for financial audit services.

LEGAL REVIEW

The Second Amendment to the 2013 Professional Services Agreement has been reviewed and approved as to form.

RECOMMENDATION

Staff is recommending the execution of this Second Amendment to the Professional Services Agreement with White Nelson Diehl Evans, extending the existing PSA for one more fiscal year with the three percent (3%) compensation increase. The firm has excellent qualifications, reputation and experience. In addition, the firm has a solid understanding of the scope of the project; and has extensive auditing experience in municipal governments.

STEPHEN DUNIVENT
Interim Finance Director

THOMAS DUARTE
City Attorney

Attachment:

1. [Professional Services Agreement, \(May 2013\)](#)
2. [First Amendment to the Professional Services Agreement with White Nelson Diehl Evans \(February 2015\)](#)
3. [Second Amendment to the Professional Services Agreement with White Nelson Diehl Evans \(July 1, 2016\)](#)