

COUNTY OF SAN MATEO

County Manager's Office

Last Revised: March 3, 2003

Board Date: March 11, 2003

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
Mike Bredenbeck, Foreman, Civil Grand Jury
SUBJECT: Contract for Audit Services

RECOMMENDATION

Adopt a resolution authorizing agreement with Macias, Gini and Company LLP for post-audits, examination of various County Auditors' financial statements and for other specified audit work for the years ending June 30, 2003, 2004 and 2005.

Background and Discussion

The Charter of the County (Article VI Section 603) provides that the Board of Supervisors shall have an annual audit made by a certified public accountant and the auditor shall report on the County's financial transactions and records and the effectiveness of internal controls. The current contract with Macias, Gini and Company LLP expires with the audit of the fiscal year ending June 30, 2002. A Request for Proposal (RFP) for audit services was prepared and issued in November. Macias was the only firm that submitted a proposal.

In comparison to costs of audit services for the prior fiscal year ending June 30, 2002, the contract amount will increase from \$132,025 to \$293,410 for the year ending June 30, 2003. Contract costs have increased significantly due to additional Governmental Accounting Standards Board (GASB) requirements, specifically the new reporting model set forth in GASB Statement No. 34, as well as the inclusion of a stand-alone audit for the San Mateo Medical Center's Enterprise Funds (Hospital and Clinics).

The term of the contract is for the fiscal years ending June 30, 2003, 2004 and 2005. The County at its discretion can exercise two additional one-year options if performance is deemed satisfactory. The County will request a rotation of the Partner assigned by Macias, Gini and Company LLP to this engagement after completion of three years. The current Partner has been assigned to the County for two years. The Civil Grand Jury foreman and the newly created

Audit Committee will receive drafts of the audit report and recommendations to management and will be involved in the County's exit conference with the Auditors in September.

Vision Alignment

Independent post-audit of the County's financial transactions and records furthers the commitment of a responsive, effective and collaborative government and Goal Number 22: County and local governments effectively communicate, collaborate and develop strategic approaches to issues affecting the entire County.

Fiscal Impact

Auditors agree to perform the services required under this Agreement for an all-inclusive maximum amount not to exceed the following by fiscal year:

- \$293,410.00 for the audit for the year ending June 30, 2003,
- \$308,829.00 for the audit for the year ending June 30, 2004, and
- \$323,756.00 for the audit for the year ending June 30, 2005.

Funds will be included each fiscal year in the Grand Jury budget which is fully funded by the General Fund.