



May 27, 2010

## Sacramento Public Library Authority

### Agenda Item 13.0: Service Contract: Audit Services FY 2009-10 to FY 2011-12

**TO: Sacramento Public Library Authority Board Members**

**FROM: Vicki Johnson, Director of Finance**

**RE: Service Contract: Audit Services FY 2009-10 to FY 2011-12**

#### **RECOMMENDED ACTION:**

1. **Approve** the Recommendation of the Budget/Audit Committee to engage Richardson and Company for the purpose of performing annual audit services for the three fiscal years 2009-10, 2010-11, and 2011-12 in an amount not to exceed \$101,700.
2. **Authorize** the Library Director to sign all documents related to this contract within the approved terms.

#### **BACKGROUND**

The Sacramento Public Library's three year contract for audit services expired with the completion of the fiscal year 2008-09 audit. It is necessary to engage a new audit firm for the next three-year period, including fiscal years 2009-10, 2010-11 and 2011-12.

Sacramento Public Library posted a Request for Proposal (RFP #1012) for annual audit services on both the Sacramento County and City of Sacramento websites on March 23, 2010. Invitations to propose were sent by mail to approximately 25 firms in the greater Sacramento and surrounding areas. Seventeen audit firms responded to the RFP.

The Authority Board's Budget/Audit Committee met on April 26, 2010 and reviewed the RFP and the proposal from Richardson and Company. The Committee discussed the staff recommendation to contract with Richardson and Company for audit services. The Committee action recommends approval of the contract to the Library Board.

#### **EVALUATION PROCESS**

The proposals were evaluated by an evaluation committee of four individuals: Dennis Kauffman, Accounting Manager, City of Sacramento, and three Library staff: Rick Teichert, Deputy Director-Support Services; Vicki Johnson, Director of Finance; and Don Tucker, Director of Facilities. The Library followed an established process of ranking the proposals on a 100-point system in the following main areas of focus:

- Proposer's Information and Understanding of Library Needs (15 points)
- Capabilities and Experience (30 points)
- Technical and Management Approach (30 points)
- Cost Proposal (25 points)



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Additionally, the proposals were evaluated for their thoroughness in responding to and meeting the requirements of the RFP.

### RANKING

Each member of the evaluation committee separately ranked the proposals in the areas listed above. When the committee met, each member shared their top four ranked firms. Three out of four committee members independently ranked Richardson & Company as number one out of their four top ranked firms. Richardson ranked high in all categories, but key deciding factors were a reasonable estimate of the number of hours required to complete the audit and the cost. Richardson & Company came in \$6,300 less than the next highest ranked firm.

### INTERVIEW WITH RICHARDSON & COMPANY

On Thursday, April 22, 2010, the evaluation committee met with Ingrid Shepline, the Director of Audit Services; Brian Nash, Project Manager; and Rebecca (Becky) McAllister, the On-Site Audit Manager. The firm had familiarized themselves on Library matters available to them through various sources. Afterwards, the committee unanimously agreed the firm satisfactorily answered all questions related to various technical and managerial aspects of an audit and felt comfortable moving forward with the references.

### REFERENCE CHECKS

The RFP required three references. Staff was able to contact five of the dozen or so references provided by the firm. References were obtained from managers of various government agencies in Sacramento and Yolo Counties, the City of Sacramento, and the City of Elk Grove. Each contact was asked nine identical pre-selected questions. All responses were positive ranging from good to glowing.

### COST OF ENGAGEMENT

Fiscal Year 2009-10	\$ 32,900
Fiscal Year 2010-11	\$ 33,900
Fiscal Year 2011-12	<u>\$ 34,900</u>
<b>Total cost</b>	\$101,700

### FISCAL IMPACT

The budget for audit services included in the FY 2009-10 budget is \$65,000. Most costs associated with the Fiscal Year 2009-10 audit will occur in FY 2010-11. The budget for FY 2010-11 will reflect a reduction of \$30,000, based on this proposed agreement. Compared to the previous audit contract, the Authority will recognize savings of about \$89,300 over the next three years.