



651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Finance Committee Staff Report

AGENDA ITEM NO.: _____

Date: February 10, 2016
To: NCPA Finance Committee
Subject: Consideration and Recommendation for Appointment of Audit Firm to Perform FY 2016 Annual Financial Audit

Background

In 2008, the Agency performed a Request for Proposal process to select new independent auditors to perform the Agency's annual outside financial audit. At the conclusion of that process, the certified public accounting firm of Moss Adams, LLP, Certified Public Accountants was selected to perform the audit for fiscal year 2008, 2009 and 2010, with the possibility of two three year extensions (up to nine (9) years total) at the sole discretion of the Agency. In 2014, the Finance Committee and Commission approved the extension of the contract for the last three year extension with the awareness that at any time the Agency has the option to issue a Request for Proposal and appoint new independent auditors. The request was made at that time to extend the contract, but to consider our options on a year to year basis.

There are two options to consider:

- 1) Continue the contract "as-is" with Moss Adams and request that they begin the planning for the FY 2016 audit
- 2) Issue a Request for Proposals (RFP) and consider the appointment of a new audit firm based on the responses to the RFP.

Things to consider:

- Moss Adams has successfully performed the annual audit under this contract for the last eight years with excellent customer service
- A huge learning curve would be required for new auditors and additional work for staff results when an auditor changes
- Prior RFP resulted in only three qualified responses, so the field is limited
- Periodic change or at least looking to change is not a bad thing
- 2016 is the final year of the Commission approved contract, and a Request for Proposals (RFP) will be required for the 2017 audit
- An RFP process could result in the selection of Moss Adams again.

If the RFP process is recommended, staff would begin the process of developing the RFP, the distribution list and work to having firms available for interviews in early May, with selection and approval at the May Commission meeting.

SR:

Fiscal Impact

The audit fee for the FY 2014/15 audit was \$73,000, slightly less than the calculated amount per the contract. Expected cost for the FY 2015/16 audit is around \$75,000. The cost of this contract will be incorporated into the General Costs - Related to All Programs portion of the Annual Budget. Such General Costs are proportionally allocated to all programs (equalized for debt service, property taxes, and other costs that would otherwise unfairly skew the results of the allocation).

Prepared by:

A handwritten signature in black ink, appearing to read "Donna Stevener". The signature is fluid and cursive, with the first name "Donna" and last name "Stevener" clearly distinguishable.

DONNA I. STEVENER
Assistant General Manager/CFO
Administrative Services/Finance

SR: