



R-10-33
 Meeting 10-11
 June 10, 2010

AGENDA ITEM #2

To: Board of Directors
 Open Space Authority

From: Patrick Congdon
 General Manager

Prepared By: Jayne Brownlee
 Accountant

RECOMMENDATION

It is recommended that the Board adopt a Resolution approving the engagement of R. J. Ricciardi, Inc. Certified Public Accountants to conduct the organization’s annual audit for the Fiscal years ending June 2010, 2011 and 2011, with the option for the Authority to extend the engagement for an additional two years.

COST/REVENUE

All-inclusive audit costs for the Fiscal Years ending June 30, 2010; 2011 and 2012 including filing of the State Controllers Report and out-of-pocket expenses are expected not-to-exceed \$8,000; \$8,000 and \$8,800 respectively.

BACKGROUND

All California special districts are required to have an external audit conducted annually in accordance with procedures provided by the State Controller. The auditor’s report and accompanying financial statements are presented to the OSA Board. Additionally, as required by law, the report is submitted annually to the Office of the State Controller and confirmed as completed by copy to the Santa Clara County Controller’s office.

OSA had contracted with the public accounting firm Charles Z. Fedak and Co. for the fiscal years ending June 2006, 2007, 2008 and 2009. Upon expiration of that contract, staff conducted a request for proposal from interested auditing firms. All RFP respondents had experience auditing California special districts and the requisite professional qualifications including positive peer review reports. The following is a list of the firms that responded to the RFP and their three year total proposed audit fees:

Mayer Hoffman McCann P.C.	\$ 59,700
Maze & Associates	\$ 50,781
Varinek, Trine, Day &Co., LLP	\$ 44,500
Charles Z. Fedak & Company	\$ 51,250
R. J. Ricciardi, Inc.	\$ 24,800

The selection of R.J. Ricciardi, Inc. was made by the OSA accountant and General Manager after careful consideration of all proposals submitted. R.J. Ricciardi’s low bid is largely due to significantly fewer estimated hours and lower management pay rates. Estimated job hours ran from a high of 200 to R.J. Ricciardi’s low of 80. Staff has reviewed the applicant’s qualifications and feels that the low bid does not reflect a lack of ability to complete the task effectively. The Administration and Budget Committee has also reviewed and approved the selected applicant’s proposal and engagement letter.

Attachments: Resolution –10-17 – Engage Independent Auditors