



**Lou Ann Teixeira**  
*Executive Officer*

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*County Member*

November 9, 2011 (Agenda)

November 9, 2011  
Agenda Item 9

Local Agency Formation Commission  
 651 Pine Street, Sixth Floor  
 Martinez, CA 94553

**Authorize a Contract for Financial Audit Services**

Dear Members of the Commission:

DISCUSSION

The LAFCO budget includes funding for two full-time LAFCO positions, along with funding for other professional services including auditing, GIS/mapping, legal and planning services. These other services are currently provided through contracts, which provide maximum staffing and budgetary flexibility.

Earlier this year, the Commission directed LAFCO staff to solicit proposals for various services, including financial auditing, planning and website maintenance in order to maintain open and competitive services. Contracts for planning and website maintenance services were previously awarded.

Since FY 2002-03, Contra Costa LAFCO has performed an annual financial audit using an independent auditing firm. Prior to FY 2002-03, the LAFCO audit was performed by the County Auditor’s Office.

In early October, staff released a Request for Proposal (RFP) for financial auditing services to prepare the financial audits for years ending June 30, 2011 and June 30, 2012, with an option to prepare the financial audit for year ending June 30, 2013. The RFP was posted on the CALAFCO and Contra Costa LAFCO websites and individual notices were sent to approximately 30 firms. The deadline for submitting proposals was October 28, 2011. Proposals were submitted by two firms: James Marta & Company, CPAs (Sacramento) and R.J. Ricciardi, Inc., CPAs (San Rafael). Copies of the proposals are available through the LAFCO office.

The proposals were reviewed by LAFCO staff and Laura Garvey from the County Auditor’s Office. The reviewers were impressed with both proposals; and both firms meet the qualifications specified in the RFP.

**James Marta & Company** has over 20 years experience providing auditing and consulting services to numerous governmental agencies, including special districts and Sacramento LAFCo. The firm team, comprised of a Principal, Director of Assurance Services, Audit Manager, Senior Accountant and Senior Staff, is experienced and familiar with governmental accounting standards and compliance with GASB Statement Nos. 34, 45 and 54. The firm also has experience in calculating Other Post Employment Benefits liability. Their audit approach is comprehensive and includes risk assessment, evaluation of internal controls, gathering audit evidence and financial reporting. They place a strong emphasis on early planning and gaining a full

understanding of the client agency and environment under which the agency operates. The firm's audit fees are based on approximately 92 hours of work and are quoted as follows: \$9,900 (2011 audit), \$10,200 (2012 audit), and \$10,500 (2013 audit).

**R.J. Ricciardi, Inc.** was established in 1976 and has significant experience in auditing government (county, city, special district, LAFCO, etc.) and nonprofit entities. The engagement team, comprised of the CEO/Director, Manager, Senior Accountant and Staff, has extensive audit experience with government agencies. The firm was selected by Contra Costa LAFCO in 2002-03 following a competitive bid process, and has prepared the annual financial audit for LAFCO since that time. The firm's work plan includes planning, compliance and financial reporting elements. They emphasize advance planning and ongoing communication with agency staff. The firm's audit fees are based on approximately 60 hours of work and are quoted as follows: \$6,000 (2011 audit), \$6,000 (2012 audit), and \$6,000 (2013 audit).

Based on a review of the written proposals, follow-up conversations and reference checks, staff recommends that R.J. Ricciardi, Inc. be selected to provide financial auditing services to Contra Costa LAFCO.

R.J. Ricciardi, Inc. is recommended for a number of reasons, including, but not limited to, the following:

- The firm has extensive audit experience with government agencies, including this LAFCO.
- The proposal presents a comprehensive approach and work plan.
- The proposal presents a highly qualified audit team with extensive experience with governmental accounting standards and compliance with GASB Statement Nos. 34, 45 and 54.
- The firm has experience with Contra Costa LAFCO and is familiar with the LAFCO and County financial systems.
- The firm has presented a cost-effective proposal. While there may be some benefit to audit firm rotation, the other proposal exceeds the FY 2011-12 budgeted amount.

#### FINANCING

The FY 2011-12 budget includes \$6,800 for the annual financial audit. The proposal submitted by R.J. Ricciardi, Inc. is within the budgeted amount.

#### RECOMMENDATION

Authorize LAFCO staff to execute a contract with R.J. Ricciardi, Inc. to prepare the financial audits for years ending June 30, 2011 and June 30, 2012, with an option to prepare the financial audit for year ending June 30, 2013 in an amount not to exceed \$18,000 for three annual financial audits.

Please contact the LAFCO office if you have any questions.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

c: David Becker, CPA, James Marta & Company, CPAs  
R.J. Ricciardi, R.J. Ricciardi Inc., CPAs  
Laura Garvey, Contra Costa County Auditor's Office