

# COUNCIL COMMUNICATION

TO: THE CITY COUNCIL FROM: THE CITY MANAGER'S OFFICE	DATE: May 6, 1987	NO.
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SUBJECT: CONSIDER RECOMMENDATION OF SCREENING COMMITTEE FOR RETAINING CITY AUDITING FIRM

RECOMMENDED ACTION: That the City Council accept the proposal from Ernst & Whinney to provide audit services for fiscal year 1986-87 at a cost of \$22,500.

BACKGROUND INFORMATION: At the February 18, 1987, Council meeting, Council approved the Request for Proposals for Audit Services and authorized the Finance Director to advertise and solicit proposals. At this meeting, Mayor Fred Reid, with Council approval, appointed the following screening committee of five persons to review proposals submitted:

- . Mayor Fred M. Reid
- . Councilmember John R. (Randy) Snider
- . Assistant City Manager Jerry Glenn
- . Finance Director Robert Holm
- . Rich Emde, Plant Controller--General Mills, Inc.

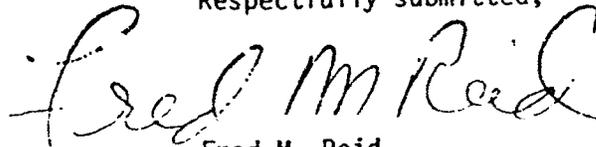
On March 30, 1987, proposals were received from the following firms:

- |                             |                |
|-----------------------------|----------------|
| . Bartig, Basler & Ray      | Citrus Heights |
| . Deloitte, Haskins, Sells  | Sacramento     |
| . John Donovan & Co.        | Lodi           |
| . Ernst & Whinney           | Sacramento     |
| . Peat, Marwick, Main & Co. | Sacramento     |
| . Price Waterhouse          | Sacramento     |
| . Touche Ross & Co.         | Sacramento     |

The screening committee met April 15, 1987. After careful review and evaluation of each proposal in the areas of technical experience, qualifications of the audit team and comparison of costs, it was the unanimous agreement of the committee to continue with the services of Ernst & Whinney.

Each respondent was notified of the committee's recommendation by letter on April 28, 1987.

Respectfully submitted,



Fred M. Reid  
Council Member

COUNCOM8  
TXTA.02D

CITY COUNCIL

EVELYN M. OLSON, Mayor  
JOHN R. (Randy) SNIDER  
Mayor Pro Tempore  
DAVID M. BINCHMAN  
JAMES W. PINKERTON, Jr.  
FRED M. REID

# CITY OF LODI

CITY HALL, 221 WEST PINE STREET  
CALL BOX 3006  
LODI, CALIFORNIA 95241-1910  
(209) 334-5634  
TELECOPIER (209) 333-6795

THOMAS A. PETERSON  
City Manager

ALICE M. REIMCHE  
City Clerk

RONALD M. STEIN  
City Attorney

May 11, 1987

James E. Olson  
Partner  
Ernst and Whinney  
555 Capital Mall, Suite 650  
Sacramento, CA 95814

Gentlemen:

This letter will confirm that the Lodi City Council, at its regular meeting of May 6, 1987, accepted the proposal from Ernst and Whinney to provide audit services for fiscal year 1986-87 at a cost of \$22,500. Further, Council approved an option to renew the contract with Ernst and Whinney for an additional four years.

Section E entitled "Acceptance of Proposal Contents" of the Invitation to Submit Proposals for Auditing Services indicated that "After the Auditing firm is selected by the City, the contents of the submitted proposal will become a contractual obligation. We have therefore enclosed two copies of the Request for Proposal containing a signature page. Please execute these documents and return them at your earliest convenience.

Should you have any questions regarding this matter, please do not hesitate to call this office.

Very truly yours,

Alice M. Reimche  
City Clerk

AMR:jj

# Ernst & Whinney

555 Capitol Mall, Suite 650  
Sacramento, California 95814

916/447-3237

March 30, 1987

Audit Selection Committee  
City of Lodi  
221 W. Pine Street  
Lodi, California 95241-1910

Dear Sirs:

Ernst & Whinney is pleased to submit our proposal for reappointment as the independent accountants for the City of Lodi. We will perform an examination of the general purpose financial statements of the City of Lodi as of June 30, 1987, as well as a single audit of the City's compliance with grantor requirements in accordance with OMB Circular No. A-128 Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments, and the Compliance Supplement for Single Audits of State and Local Governments issued by OMB. We will also issue a report on the City's investment policy and issue a management letter at the conclusion of the engagement.

Ernst & Whinney has been proud to serve as the independent accountants for the City of Lodi. We have developed strong working relationships with City employees. Keeping with our commitment to provide quality service to the City, Ernst & Whinney will continue to maximize the use of audit team members who have prior audit experience on this engagement. We understand the City's administrative accounting and internal control systems. We have also become familiar with the audit requirements of your cognizant agency. After reviewing our proposal we are sure you will agree that Ernst & Whinney will provide the City with the most efficient audit possible with a minimum disruption of your day-to-day operations.

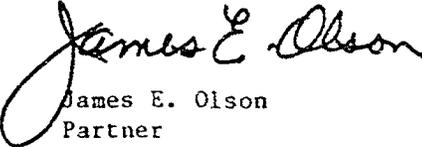
The request for proposal states that preliminary fieldwork may commence near June 30, 1987 and that the City's financial records will be closed by approximately September 30, 1987. Considering these facts, Ernst & Whinney will be able to finish field work and have an exit conference by October 30 and a final report by December 1, 1987. During the course of our work, if events arise which are beyond our control and would preclude us from meeting these deadlines, we will immediately notify Robert H. Holm.

I represent Ernst & Whinney in all matters concerning the City and am authorized to bind Ernst & Whinney in a contract with the City. You can contact me at the address indicated on the previous page or at (916) 447-3237.

The all-inclusive fee included in a sealed envelope is based upon a number of factors including past experience, our knowledge of the City and the amount of assistance to be provided by the City's staff.

It is our desire to continue to provide a full range of professional services to the City of Lodi and we believe there are many items in this proposal which distinguish us from other firms you will be considering. We will be glad to meet with the Council and City officials to elaborate upon our credentials and our commitment to continue serving the City.

Very truly yours,

  
James E. Olson  
Partner

JEO:t11