

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF APRIL 22, 2009

REGULAR MEETING

TO: Francesca Loftis, Chairman, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

**AGENDA ITEM #2D: APPROVAL OF THE CONTRACT WITH MATSON AND ISOM
FOR AUDITING SERVICES**

RECOMMENDATION

Staff recommends that the Commission approve the contract with Matson and Isom to provide audit services to El Dorado LAFCO Office and authorize the Chair to sign the final document. In order to fund the first year of the contract, monies already allocated to the Annual Audit (general ledger #6030) and in the General Contingency accounts (GL #6300) of the El Dorado LAFCO 2008-09 Budget will be used.

REASON FOR RECOMMENDED ACTION

Staff circulated a Request for Proposals earlier in the year and Matsom and Isom submitted the most qualified offer to LAFCO for audit services. The firm is extremely familiar with LAFCO operations since it has two other LAFCOs as its clients.

BACKGROUND

Late in 2008, Moreland & Associates, the Commission's previous auditors, requested to cancel its contract with LAFCO. Moreland only fulfilled its first year of the three-year contract with LAFCO, so the audit for FY2007-2008 has not yet been conducted. Staff circulated a Request for Proposals to prepare this agency's General Purpose Financial Statements for two years, FY2007-2008 and 2008-2009. Unlike past practice, the RFP called for two guaranteed years with an optional third year for services. By the end of the RFP period, staff received two qualified bids. Although both respondents are qualified independent Certified Public Accounting firms, staff recommends contracting with Matsom & Isom for the following reasons:

- Matson & Isom is familiar with general LAFCO operations since it also audits Butte and Nevada LAFCOs
- It had the lowest bid among the respondents

Although Matson and Isom submitted the lowest bid, the cost of the contract for the first audit (FY2007-2008) is still \$2,700 over the allocated expenditures. Staff proposes using the funds in the Annual Audit category and Operating Contingency to cover this cost (staff proposes the same strategy for next year's budget. For more details, please refer to the Item #4 Staff Memo). Across the three years of the contract, the audit costs would increase at a moderate rate. El Dorado LAFCO Counsel has reviewed the contract.

Staff recommends the approval of the contract and for the Commission to authorize the Chairman to sign it. Immediately after execution, Matson and Isom will start the FY2007-2008 audit so that this agency is current with its audits. The audit for the current fiscal year will start in November.

Please note that the Matson and Isom response to the RFP, which is referenced in the contract as "Exhibit 'A'," is not included in the packet but is available at the LAFCO Office for review.

Attachment:

Attachment A: Consulting Contract with Matson and Isom