

City of Sacramento

Legislation Text

File #: 2018-01735, **Version:** 1

Title:

(City Council / Housing Authority) Approval of Auditor Contract for the Sacramento Housing and Redevelopment Agency

File ID: 2018-01735

Location: Citywide

Recommendation:

Adopt: 1) a City Council resolution to authorize the Sacramento Housing and Redevelopment Agency (Agency) to: a) execute a contract with Clifton Larson Allen LLP to provide audit services for the Agency for one year in the amount of \$114,920 with the option to extend for four years for a total amount of \$596,730; b) amend the contract for additional audit services subject to the Executive Director's contracting authority; and c) execute any and all documents necessary to carry out the annual examination of the Agency financial statements;; and 2) a Housing Authority resolution to authorize the Executive Director or her designee to: a) execute the contract with Clifton Larson Allen LLP to provide audit services for the Housing Authority of the City of Sacramento for one year with the option to extend for four years ; b) amend the contract for additional audit services subject to the Executive Director's contracting authority ; and c) execute any and all documents necessary to carry out provisions of the annual examination of the Housing Authority financial statements.

Contact: Susana Jackson, Interim Finance Manager, (916) 440-1373, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-City Council Resolution
- 3-Housing Authority Resolution
- 4-Audit Services Contract

Description/Analysis

Issue Detail: The United States Department of Housing and Urban Development (HUD) requires that

the Sacramento Housing and Redevelopment Agency (Agency) and the Housing Authority of the City of Sacramento (Housing Authority) publish a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP) applied to governmental entities. The financial statements are to be audited by certified public accountants (CPAs) in accordance with GAAP standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require the auditors to plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation.

The Agency issued a Request for Proposals (RFP) for audit services for both the Agency and the Housing Authority on September 11, 2018 and received four eligible proposals. The proposals were evaluated by a committee consisting of the Agency's Director of Finance, Director of Administrative Services, and Finance Manager. Each firm was evaluated and rated on the experience of the firm with comparable work, the qualifications of the firm and its team members, their understanding of audit requirements, the fee proposal, and their technical approach to the audit. After evaluation of the proposals, the evaluation committee is recommending awarding the audit services contract Clifton Larson Allen LLP.

Approval of this item will allow the Agency to execute a contract with Clifton Larson Allen LLP to provide audit services for the Agency and the Housing Authority for up to five years for calendar years ending December 31, 2018 through 2022. The initial one year contract in the amount of \$114,920 may be extended for four additional years at the sole discretion of the Agency based on the firm's performance and Agency needs, for a total amount of \$596,730.

Policy Considerations: The City Council, upon entering into the joint exercise of power agreement creating the Agency, retained the authority to select an audit firm. The actions recommended are consistent with this policy direction.

Economic Impacts: Not applicable

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions are administrative and fiscal activities which are exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) section 15378(b).

National Environmental Policy Act (NEPA): The proposed actions are administrative and fiscal activities and do not make any commitments to, or give approvals for, specific projects or activities and are exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) sections 58.34(a)(2) and (3).

Sustainability Considerations: N/A

Commission/Committee Action: It is anticipated that, at its meeting of January 16, 2019, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Rationale for Recommendation: Annual audits are a requirement for all housing authorities and it is financially and administratively beneficial to enter into a multi-year service contract.

Financial Considerations: The proposed cost for this service for the years ending December 31, 2018, 2019, 2020, 2021 and 2022 are \$114,920, \$117,040, \$119,260, \$121,590, and \$123,920, respectively, for a total amount of \$596,730. The cost of the contract for the first year is included in the Agency's annual budget. There is no budget action needed at this time.

Local Business Enterprise (LBE) - M/WBE and Section 3 requirements: The action proposed in this report has no M/WBE impact; however, Section 3 considerations do apply. LBE considerations do not apply to this report.