



Legislation Details (With Text)

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Title: RESOLUTION AUTHORIZING AMENDMENT NO. 3 WITH MACIAS GINI & OCONNELL, LLP FOR PROFESSIONAL EXTERNAL AUDITING SERVICES, INCREASING THE AGREEMENT AMOUNT BY \$364,370 WHICH INCREASES THE TOTAL TO THE AGREEMENT FROM \$517,214 TO \$881,584 AND EXTENDING THE AGREEMENT FROM APRIL 30, 2018 TO APRIL 30, 2021 AND INCLUDING A REQUIREMENT FOR ROTATION OF THE ENGAGEMENT PARTNER. FY 2018 EXPENDITURES, IF NEEDED, ARE BUDGETED. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET

Sponsors:

Indexes:

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Attachments: 1. 8. 2018-0048 Attachment A, 2. 8. 2018-0048 Draft Resolution

Date	Ver.	Action By	Action	Result
4/10/2018	1	Board of Port Commissioners	adopted	

DATE: April 10, 2018

SUBJECT:

RESOLUTION AUTHORIZING AMENDMENT NO. 3 WITH MACIAS GINI & OCONNELL, LLP FOR PROFESSIONAL EXTERNAL AUDITING SERVICES, INCREASING THE AGREEMENT AMOUNT BY \$364,370 WHICH INCREASES THE TOTAL TO THE AGREEMENT FROM \$517,214 TO \$881,584 AND EXTENDING THE AGREEMENT FROM APRIL 30, 2018 TO APRIL 30, 2021 AND INCLUDING A REQUIREMENT FOR ROTATION OF THE ENGAGEMENT PARTNER. FY 2018 EXPENDITURES, IF NEEDED, ARE BUDGETED. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET

EXECUTIVE SUMMARY:

In February 2013 the Office of the Port Auditor retained the firm of Macias Gini & O'Connell, LLP (MGO) for professional external auditing services. The agreement was for the financial and single audits covering fiscal years 2013, 2014 and 2015 with two options to extend the agreement at the sole discretion of the District. The original agreement was scheduled to terminate on April 30, 2016. On October 6, 2015 the Board exercised the first one-year option to extend the agreement with MGO from May 1, 2016 through April 30, 2017. This option covered the audit for fiscal year 2016. On October 13, 2016 the Board exercised the second option to extend the agreement from May 1, 2017 through April 30, 2018. This extension covered the audit for fiscal year 2017.

On June 15, 2017 the Audit Oversight Committee (Committee) met and recommended that the Board amend the agreement with MGO to extend the term from April 30, 2018 to April 30, 2021 and increase the maximum not-to-exceed amount covering the financial and single audits for fiscal years 2018, 2019 and 2020. The Committee also recommended that the amended agreement should include a requirement for rotation of the engagement partner in compliance with Government Code Section 12410.6 (AB1345).

RECOMMENDATION:

Adopt a resolution authorizing Amendment No. 3 with Macias Gini & O'Connell, LLP for professional external auditing services, extending the agreement from April 30, 2018 to April 30, 2021 and increasing the agreement amount by \$364,370 which increases the maximum not-to-exceed amount payable under the agreement from \$517,214 to \$881,584 and require a provision for rotation of the engagement partner within the agreement's scope of services.

FISCAL IMPACT:

FY 2018 expenditures, if needed, are budgeted. Funds required for future fiscal years will be budgeted in the appropriate fiscal year, subject to Board approval upon adoption of each fiscal year's budget.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

On February 12, 2013 the Board authorized an agreement (No. 177-2012) with Macias, Gini & O'Connell, LLP to provide external auditing services for an amount not-to-exceed \$306,264 for the audit of fiscal years 2013, 2014 and 2015. The agreement includes two one-year options to extend for an amount not to exceed \$105,475 per year. The original agreement was scheduled to terminate on April 30, 2016. On October 6, 2015 the Board exercised the first one-year option to extend the agreement with MGO from April 30, 2016 through April 30, 2017 for an amount not to exceed \$105,475 increasing the maximum amount under the agreement from \$306,264 to \$411,739. On October 13, 2016 the Board exercised the second one-year option to extend the agreement with MGO from April 30, 2017 through April 30, 2018 for an amount not to exceed \$105,475 increasing the maximum amount under the agreement from \$411,739 to \$517,214.

The Port Auditor advised the Audit Oversight Committee (Committee) at its meeting on June 15, 2017 that the District's agreement with MGO expires April 30, 2018. After discussing the item, the Committee recommended the Board authorize amending the agreement with MGO to extend the term for three years from April 30, 2018 to April 30, 2021 and increase the not-to-exceed amount covering the financial and single audits for fiscal years 2018, 2019 and 2020. The Committee also recommended that the amended agreement include a requirement for rotation of the engagement partner in compliance with Government Code Section 12410.6 (AB1345).

General Counsel's Comments:

The General Counsel's Office has reviewed and approved the proposed Amendment No. 3 as to form and legality.

Environmental Review:

The proposed Board direction or action, including without limitation, an amendment to an agreement for professional auditing services, does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further action under CEQA is required.

In addition, the proposed Board direction or action complies with Section 52 of the Port Act, which requires the accounts of the district to be audited annually in accordance with generally accepted auditing standards by independent certified public accountants. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board direction or action is consistent with the Public Trust Doctrine.

The proposed Board direction or action does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or exclusion is not required.

Equal Opportunity Program:

Not Applicable.

PREPARED BY:

Robert Monson
Port Auditor, Office of the Port Auditor

Attachment(s):

Attachment A: Amendment No. 3 to Agreement Between San Diego Unified Port District and Macias Gini & O'Connell LLP for Annual External Services (Agreement No. 177-2012)