

August 15, 2002

03-012

AUTHORIZATION TO RENEW CONTRACT FOR FINANCIAL
AUDIT SERVICES

PREPARED BY:

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FINANCIAL
RESPONSIBILITY:

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APPROVED BY:

Randy McEwen, Vice President, Administrative Services
Jesus "Jess" Carreon, President

REPORT:

Resolution #99-113 awarded a three-year contract, which was initiated by a formal Request for Proposals for Financial Audit Services, to Talbot, Korvola and Warwick (TKW). The contract has an option for renewal on an annual basis for two additional years. The College desires to renew this contract with TKW so they may continue to provide the necessary audit services to meet the College's needs. The renewed contract period will run through September 30, 2003, with an option to renew again through September 30, 2004. Staff would like to extend the contract because of a substantive accounting change described below. Continuation with the existing Auditor will help staff in the challenging transition.

In December 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The objective of GASB #35 is to enhance the understandability and usefulness of external financial information issued by public colleges and universities through the establishment of new accounting and financial reporting standards. GASB #35 has to be implemented for the financial statements of the College for the fiscal year ending on June 30, 2002, thus creating the need for additional work not included in the existing contract to implement GASB #35.

RECOMMENDATION:

That the Board of Directors authorize the renewal of the contract with Talbot, Korvola and Warwick to continue to provide Financial Audit Services through December 31, 2004. The annual expenditure for these services will be \$69,700 (through December 31, 2003) and \$72,500 (through December 31, 2004). Also, authorize the expenditure of an estimated \$13,000 for the additional work related to the implementation of GASB #35. Funds for this project will come from the general fund.

Resolutions 03-010 through 03-012 were moved for approval by Director Germond and passed unanimously.