



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by Wmm Date 8/8/07
General Manager

DATE: August 8, 2007
TO: General Manager
FROM: Finance Manager
SUBJECT: Independent Audit Firm for Fiscal Year 2006/2007

RECOMMENDATION: That the Board consider contracting with the CPA and consulting firm of Bianchi, Kasavan & Pope, LLP to conduct the annual independent audit of the District's financial statements for the year ended June 30, 2007 at a cost of \$18,500.

BACKGROUND

On July 20, 2007, the Board authorized the assignment of the Service Agreement from Kasavan & Pope to Blanding, Boyer & Rockwell (BB&R) to conduct the District's audit for the Fiscal Year 2006/2007. On July 24, 2007, staff was notified that Mr. Nowinski had resigned from the firm of Blanding, Boyer & Rockwell due to medical reasons. One of the primary reasons for selecting BB&R was to maintain the continuity of service from Mr. Nowinski. Staff has been in discussions with the BB&R managing partner Mr. Gary Bong who agreed to complete the service agreement under the terms approved by the Board. In the absence of Mr. Nowinski, staff does not believe that the BB&R has the necessary experience to provide the level of service expected by the District.

Bianchi, Kasavan & Pope (BKP), a Member of the Moss Adams LLP network of independent certified public accounting firms, was formed in July of 2007 with the merger of Bianchi, Lorincz, Huey, Hudson & Co. and Kasavan & Pope (K&P). In 2005, the District entered into a three-year agreement with K&P to perform the District's independent audits through FY 2006/2007. Mr. Robert Bianchi has agreed to complete the audit for FY 2006/2007 under the terms of the K&P proposal with a fee of \$18,500. BKP provided client references of Sunnyslope County Water District, Tres Pinos Water District, Aromas Water District and Pacheco Pass Water District.

Staff also contacted the District's prior auditor Hayashi & Wayland (H&W). Mr. Mike Briley stated that H&W would be able to perform the audit based on their proposal dated June 15, 2005 and estimated the fee at \$30,000.

CONCLUSION

It is therefore recommended that the Board contract with BKP to conduct the annual independent audit for the year ending June 30, 2007 at a cost of \$18,500.



Chuck Rees