

**OFFICE OF THE CITY AUDITOR**

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GARY L. BURROUGHS, CPA
City Auditor

December 7, 2004

HONORABLE MAYOR AND CITY COUNCIL
Long Beach, California

SUBJECT: ARTICLE 9 CONTRACT WITH EDWARD WHITE & CO., LLP

Each year my office conducts an audit commonly known as the Article 9 Review. The purpose of this review is to determine if the City received the proper price for the oil extracted and sold from the Long Beach Unit Oil Operations.

For the past 18 years we have contracted with Edward White & Co., LLP, to perform this work. This work is both labor intensive and technical, and Edward White & Co., LLP, brings a level of knowledge and experience that is unique to their history with this contract. Since 1990, audit adjustments resulting from their work have produced over \$110 million in additional oil revenue, without a single challenge from the oil operators.

Once again we propose to contract with Edward White & Co., LLP, in order to capitalize on their experience and expertise with this review. The term of the contract will be December 1, 2004 to November 30, 2005, in an amount not to exceed \$257,500.

RECOMMENDATED ACTION

Authorize the City Manager to execute a contract with Edward White & Co., LLP, to conduct the Article 9 review, in an amount not to exceed \$257,500. The term of this contract will be December 1, 2004 to November 30, 2005

Sincerely,

GARY L. BURROUGHS, CPA
City Auditor


By: J.C. Squires, CPA
Assistant City Auditor

JCS:djw
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