



**OFFICE OF THE CITY AUDITOR**  
Long Beach, California

**LAURA L. DOUD, CPA**  
City Auditor

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November 16, 2010

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute a contract with Edward White and Company, LLP to perform an Article 9 review for three one-year terms from December 1, 2010 through November 30, 2013 in amounts not to exceed \$185,000 in Fiscal Year (FY) 2011, \$190,000 in FY 2012 and \$195,000 in FY 2013; with two one-year options for renewal not to exceed \$200,000 for each of those years.

**DISCUSSION**

Under provisions of Article 9 of the Contractor's Agreement for the Long Beach Unit, Wilmington Oil Field, the Office of the City Auditor is responsible for causing an annual review of oil company records. The purpose of this review is to determine whether further compensation for oil allocated to certain companies on a calendar year basis is due to the City and State.

In August 2010, the Office of the City Auditor conducted a Request for Proposal process. Of the six qualified respondents, Edward White and Company, LLP, was unanimously selected for the engagement.

Edward White and Company, LLP has over 23 years experience in conducting reviews of oil company records, and has performed the Article 9 Review for the City of Long Beach since 1986. Over the last 19 years, audit adjustments resulting from the work performed by Edward White & Company resulted in over \$190 million in additional oil revenues to the State of California and to the City of Long Beach.

The term of the contract is for three one-year terms from December 1, 2010 through November 30, 2013 in amounts not to exceed \$185,000 in FY 2011, \$190,000 in FY 2012 and \$195,000 in FY 2013 for a total over three years not to exceed \$570,000. We note that the total three year contract amount of \$570,000 represents a negotiated fee reduction of \$45,000 from the prior three year contract.

**TIMING CONSIDERATIONS**

City Council action is requested on November 16, 2010, to allow time for the planning of the audit engagement.

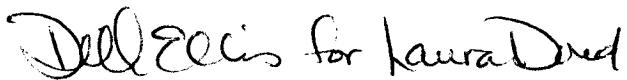
FISCAL IMPACT

There is no impact to the General Fund. Sufficient funding for this contract is budgeted in the Tidelands Oil Revenue Fund in the Long Beach Gas and Oil Department (GO).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in black ink that reads "Dee Decis for Laura Doud". The signature is written in a cursive, flowing style.

Laura L. Doud, CPA  
CITY AUDITOR