



CITY OF PALO ALTO OFFICE OF THE CITY AUDITOR

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April 4, 2005

**The Honorable City Council
Palo Alto, California**

Resolution Authorizing Examination of Sales and Use Tax Records

RECOMMENDATION

The City Auditor's Office recommends the City Council approve the attached resolution authorizing the firm of MBIA MuniServices Company to represent the City with authority to examine confidential sales and use tax records of the State Board of Equalization (SBOE).

BACKGROUND

Per agreement with the SBOE, the City has authority to examine confidential sales and use tax records. The City Auditor's Office and an outside vendor use this information to ensure that the City is receiving its proper allocation of retail sales tax. The outside vendor also provides revenue reporting and forecasting services to the Administrative Services Department and Economic Resources Planning. All persons who receive and/or examine confidential information from the SBOE must be authorized by resolution or letter of designation.

The City's contract with Hinderliter, De Llamas and Associates for sales tax auditing and reporting services expired on March 15, 2005. The City Auditor's Office, in cooperation with the Administrative Services Department and Economic Resources Planning, issued a Request for Proposal for revenue recovery and reporting services. We have selected MBIA MuniServices Company (MMC) to provide sales and use tax services on a contingency fee basis beginning April 2005.

The SBOE requires that we provide the attached resolution authorizing our new vendor access to confidential SBOE records pertaining to the City of Palo Alto. The earlier authorization of the City Auditor, City Manager, and their designees, granted by Resolution No. 6336, continues to be in effect.

Respectfully submitted,

Sharon W. Erickson
City Auditor

Attachment