



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: 1/16/2007
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors Board of Directors, Redevelopment Agency
FROM: Department Director(s) Robert W. Geis, CPA x2100
Contact Info: Robilyn Eggertsen, CPA x2134

SUBJECT: Contract with Brown Armstrong Accountancy for County's Annual Financial Audit

County Counsel Concurrence:

As to form: [X] Yes [] No [] N/A

Auditor-Controller Concurrence:

As to form: [X] Yes [] No [] N/A

Other Concurrence: Risk Management

As to form: [X] Yes [] No [] N/A

Recommended Action(s):

That the Board of Supervisors execute the contract with Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation in the amount of \$128,400 to perform the County's annual financial audit and Single Audit, Santa Barbara County's Redevelopment Agency's (RDA) financial and compliance audit, and the First 5 Commission's annual financial audit, for the fiscal year 2006-07, with two 1-year options to renew.

Summary:

The subject contract with Brown Armstrong commences with the fiscal year 2006-07 audit, and contains two options to renew for 2007-08 and 2008-09. The contract price is \$128,400 for each of the three years and is premised on the County supplying 300 hours of Internal Audit support. The price includes audits of the County, the County's RDA, and the County's First 5 Fund.

State law requires that every Board of Supervisors cause an audit of the County's financial accounts and records (Govt. Code section 25250.) State law requires that every Redevelopment Agency shall present to its legislative body its audited annual report within six months of its fiscal year end (Health & Safety Code section 33080.) State law requires that every county First 5 Commission on or before October 15 shall have an audit conducted and a report issued (Health & Safety Code section 130150.)

Background:

KPMG LLP has been the County's independent audit firm for the past eleven years; their latest contract expired with this year's 2005-06 audit. In September 2006 the County issued notice of an opportunity to bid to seven independent CPA firms; five expressed an interest in bidding. On October 30, 2006 the County issued its formal RFP; four firms responded with technical proposals and sealed dollar cost bids.

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The four-member Audit Selection Committee from the Auditor-Controller's Office each independently reviewed and scored the technical proposals using criteria recommended by the Government Finance Officer's Association.

Those criteria were:

1. Mandatory elements related to independence and license to practice
2. Experience and performance on comparable audits
3. Quality of firms personnel assigned to the audit
4. Adequacy of proposed staffing plan
5. Adequacy of sampling techniques and analytical procedures
6. Realistic time estimates
7. Responsiveness to County's required completion dates

They then met to discuss their ratings and open the sealed cost bids. The resulting overall ranking put Brown Armstrong in first place. The committee then recommended their selection to an executive committee consisting of the County Executive and County Auditor; the recommendation was approved.

Performance Measures:

1. Publish the County's Comprehensive Annual Financial Report (CAFR) within 60 days of fiscal year end.
2. Receive unqualified opinion and the Government Finance Officers Association award for excellence on the County's CAFR.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost</u>	<u>Each Annual Option (qty 2)</u>	<u>Total One-Time Project Cost</u>
General Fund	\$ 63,000.00	\$ 98,840.00	
RDA Fund		18,100.00	
First 5 Fund		11,460.00	
Fees			
Other:			
Total	\$ 63,000.00	\$ 128,400.00	\$ -

Narrative: The contract amount for the audit of fiscal year ending 6-30-07 is \$128,400 and covers the County and its RDA and First 5 funds. The timing of the audit work spans two fiscal years; roughly one half of the contract will be paid from the current year's budget and the remainder from next year's budget. The Auditor's Office will initially pay all invoices, and subsequently bill the RDA and First 5 funds for their portion of the audit fees. Approximately 35% of the general fund costs are reimbursable through the Cost Allocation Plan from state and federal programs.

If exercised, each of the two subsequent annual options will be budgeted with a similar split between fiscal years.

Staffing Impact(s):

Legal Positions:

FTEs:

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Special Instructions:

Attachments:

Contract: Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation.

Authored by: Robilyn Eggertsen, Division Chief Financial Reporting

cc: