COUNTY OF SANTA BARBARA

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OFFICE OF THE AUDITOR-CONTROLLER

Contract Amendment

Contract: BC 04190 was approved and executed on April 27, 2004 with the joint venture of KPMG LLP (CONTRACTOR) and Stoltey & Associates (a local vendor) to perform Santa Barbara County's financial audit, the Single Audit, the Santa Barbara County Redevelopment Agency's (RDA) financial and compliance audits, and audit work on OCJP/DOJ grants. The contract began with fiscal year 2003-04, with options to renew for fiscal years 2004-05 and 2005-06

Amendment 3: Increase the amount to be paid to CONTRACTOR for fiscal year 2004-05 from $113,100 to $208,766. Increase the amount to be paid to CONTRACTOR for fiscal year 2005-06 from $117,300 to $180,000. Increase the number of hours that Auditor-Controller Internal Audit staff will work on the audit for CONTRACTOR from 1,200 to 1,505.

Discussion: Section 3 of the contract specifies the scope of services and makes provision for adjusting the maximum fee in the event of irregularities or circumstances necessitating the extension of audit services beyond the normal scope of auditing services. Three sets of circumstances required additional auditing services from CONTRACTOR: (1) The RDA's financial statements contained a material re-statement, which greatly expanded CONTRACTOR'S auditing requirements; (2) Continuation of the Single Audit added scope due to the County's status as a high-risk auditee, plus the addition of four major programs for the Single Audit; and (3) CONTRACTOR assumed a larger role in the Single Audit fieldwork for FY 2003-04 and FY 2004-05 and anticipates a continuation of that expanded role for FY 2005-06.

We have negotiated with CONTRACTOR for the additional $95,666 for the FY 2004-05 audit, and the additional $62,700 and 305 hours for the FY 2005-06 audit.

_____ County Representative
Robilyn Eggertsen, CPA Date
Financial Reporting Division Chief

_____ Contractor Representative
Mark T. Thomas, Partner Date
KPMG LLP