

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:
Prepared on: 3/3/04
Department Name: Auditor-Controller
Department No.: 061
Agenda Date: 4/27/04
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Robert W. Geis, CPA
Auditor-Controller

STAFF CONTACT: Michael L. Struven
Financial Reporting Division Chief

SUBJECT: Execution of Contract with KPMG LLP for County's Financial Audit

Recommendation(s):

That the Board of Supervisors:

Execute contract with KPMG LLP to perform the County's financial audit, the Single Audit, and the Santa Barbara County's Redevelopment Agency financial and compliance audits. The contract for audit services includes fiscal year 2004-05 at a cost of \$109,000 with options to renew for fiscal years 2005-06 and 2006-07 at a cost of \$ 113,100 and \$ 117,300 respectively.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 3: A Strong, Professionally Managed County Organization and are required by law or by routine business necessity.

Executive Summary and Discussion:

For the past two years, the County has been deeply involved in implementing the Government Accounting and Standards Board's "Statement No. 34" (GASB 34). GASB 34 represents the biggest single change in the history of governmental accounting and financial reporting. The County's mandatory deadline for implementing all of the provisions of GASB 34 requires that all changes be incorporated in the June 30, ²⁰⁰⁷ financial statements. In order to successfully meet this deadline, we believe it is in the county's best interest to retain the current auditors, KPMG LLP throughout the implementation and post-implementation period. As in the past, a local CPA firm will perform a portion of the field audit work. The local firm, Stoltey and Associates, will perform pursuant to a sub-contract with KPMG as approved by the Auditor-Controller's

office. Audit services provided KPMG and Stoltey in the past have helped us to consistently receive the annual Government Finance Officers Association's Award for Excellence in Financial Reporting.

Mandates and Service Levels:

Government Code Section 25250, Health and Safety Code Section 33080, Penal Code Sections 925 and 926.

Fiscal and Facilities Impacts:

Cost for each year of the contract should be appropriated as follows:

<u>Department</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Auditor-Controller	\$ 88,500	\$ 91,500	\$ 94,500
DOJ/OCJP Grants	10,500	11,100	11,800
Redevelopment Agency	<u>10,000</u>	<u>10,500</u>	<u>11,000</u>
	\$109,000	\$113,100	\$117,300

Special Instructions: Please return second copy of agreement to the Auditor's Office for forwarding to KPMG

Concurrence:

Auditor-Controller
County Counsel
Risk Management