



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: 03/05/2024
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Betsy Schaffer, CPA x82100
Director(s)
Contact Info: Jenavieve Shiloh, CPA x82134

SUBJECT: Renewal of Contract with Brown Armstrong Accountancy Corporation for County's Annual Financial Audits

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve, ratify and authorize the Chair to execute Amendment No. 2 to the contract with Brown Armstrong Accountancy Corporation ("Brown Armstrong") [not a local vendor] in the amount of \$145,000 to perform the following audit services, for the fiscal year 2023-24:
 1. the annual financial audit for the County,
 2. the Single Audit,
 3. the First 5 Commission's annual financial audit, and
 4. the annual Treasury financial and compliance audits; and
- b) Authorize the Auditor-Controller to approve change orders for up to two additional Single Audit Major Programs of \$6,000 each, if identified, that exceed the seven included in the Single Audit base amount for a total contract amount not to exceed \$157,000 for fiscal year 2023-24; and
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(4), because they are government fiscal activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

Summary Text:

The current contract with Brown Armstrong began with the fiscal year 2021-22 audits, and contains two options to renew for the fiscal year 2022-23 and fiscal year 2023-24 audits. The option to renew for fiscal year 2022-23 was exercised in February 2023. With this amendment, the contract price for fiscal year 2023-24 is \$145,000. The Auditor-Controller was already authorized to approve a change order increasing the contract price for the fiscal year 2021-22 audits to \$157,000, as the scope of services expanded to include two additional major programs with respect to the Single Audit. The price includes audits of the Annual Financial Audit, Single Audit, the Treasury audits, 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 (Government Code Section 25250). State law also requires that every county First 5 Commission have an audit conducted and a report issued (Health & Safety Code section 130150) on or before October 15. Additionally, Government Code Section 26920(b) and Section 27134 require that financial and compliance audits of the assets in the County Treasury be performed. The Federal Office of Management and Budget provides guidance on required "Single Audits." State law requires a change in the audit partner in charge of the audit every six years (Government Code Section 12410.6).

Background:

In the fall of 2022, the County completed a formal "Request for Proposal" (RFP) process and the Auditor-Controller's Office recommended awarding a contract to Brown Armstrong Accountancy Corporation to perform audit services for fiscal year 2021-22, with two options to renew for the same cost and terms for the fiscal year 2022-23 and 2023-24 audits. The County has been satisfied with the independent audit services provided by Brown Armstrong and wishes to retain their services by exercising the option to renew the contract for the fiscal year 2023-24 audits.

Performance Measure:

1. Publish the County's Annual Comprehensive Financial Report (ACFR) within 60 days of fiscal year end and finalization within two weeks of receiving the fiduciary funds Pension and OPEB Trust Funds information.
2. Receive an unmodified opinion on the County's ACFR.
3. Receive the Government Finance Officers Association award for excellence on the County's ACFR.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Funding Sources	Audit	FY 2021-22	FY 2022-23	FY 2023-24
General Fund	Annual Financial Audit	\$ 75,500.00	\$ 75,500.00	\$ 75,500.00
General Fund	Single Audit*	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
General Fund	2 Add'l Major Programs*	\$ 12,000.00	\$ -	\$ -
General Fund	Treasury Audit	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00
First 5	First 5 Audit	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00
Total		\$ 157,000.00	\$ 145,000.00	\$ 145,000.00

*Assumes no more than 7 major programs. Additional major programs will be charged \$6,000 per major program.

Narrative: The contract amount for the audits for fiscal year 2023-24 is \$145,000 and covers the Annual Financial Audit, Single Audit, the Treasury, and First 5. The contract amount of \$145,000 for fiscal year 2021-22 audits was changed to \$157,000, as two additional major programs were identified in the Single Audit for fiscal year 2021-22. For fiscal year 2023-24, the timing of the audit work spans two fiscal years; roughly one half of the contract will be paid from the current fiscal year’s budget and the remainder from the next year’s budget. Approximately 35% of the General Fund costs are reimbursable through the Cost Allocation Plan from state and federal programs.

Key Contract Risks:

This contract has been determined to be a medium risk contract by the Auditor-Controller’s Office. Based on subjective and actual criteria factors, there were no specific areas of high risk. The factors reflecting medium risk include: 1) a fixed price contract, 2) limited competition process for the service, 3) a moderately visible, sensitive, or controversial contract subject, and 4) a requirement for limited access to secure information. All other risk factors were determined to be low risk.

Special Instructions:

Copy of signed Amendment No. 2 to Auditor-Controller’s Office

Attachments:

- A. Amendment No. 2 to Contract No. BC-22-011
- B. Amendment No. 1 to Contract No. BC-22-011
- C. Contract No. BC-22-011 - Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong Accountancy Corporation

Authored by:

Ed Price, Assistant Auditor-Controller (x82102)

cc:

First 5
Treasurer-Tax Collector