



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

Submitted on:
(COB Stamp)

Department Name: Auditor-Controller
Department No.: 061
Agenda Date: 2/25/2025
Placement: Administrative Agenda
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Betsy Schaffer, CPA, CPFO, x82100
Contact Info: C. Edwin Prince, Jr., CPA, CPFO x82102
SUBJECT: Brown Armstrong Contract Renewal FY25-28

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 the contract with Brown Armstrong Accountancy Corporation ("Brown Armstrong") [not a local vendor] in the amount of \$153,000 to perform the following audit services, for the fiscal year 2024-2025 with options to renew for fiscal years 2025-2026 at a cost of \$173,000 and 2026-2027 for a cost of \$153,000:
 - I. the annual financial audit for the County,
 - II. the Single Audit,
 - III. the First 5 Commission's annual financial audit, and
 - IV. 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 \$6,500 each, if identified, that exceed the seven included in the Single Audit base amount for a total contract amount not to exceed \$166,000 in fiscal years 2024-2025 and 2026-2027, and \$186,000 in fiscal year 2025-2026.
- 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 contract with Brown Armstrong is for the fiscal year 2024-2025 audit for \$153,000 with two options to renew at the same terms for fiscal years 2025-26 and 2026-27 at \$173,000 and \$153,000 respectively. The \$20,000 cost increase for fiscal year 2026-27 represents additional audit services that Brown Armstrong will need to perform on the annual financial audit for the County, due to the implementation of the County's new ERP.

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 21-22, with two options to renew for the same cost and terms for the fiscal year 2022-23 and 2023-24 audits, and the option to continue a new contract cycle with Brown Armstrong.

With the previous contract and renewal options expiring, the Auditor-Controller's Office is recommending to continue the current relationship with Brown Armstrong Accountancy Corporation and awarding a new contract for fiscal year 24-25, with two options to renew for the fiscal year 2025-26 and 2026-27 audits.

Performance Measure:

1. Publish the County's Annual Comprehensive Financial Report (ACFR) within 60 days of fiscal year end.
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:

<u>Funding Sources</u>	<u>Audit</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
General Fund	Annual Financial Audit	\$ 80,000.00	\$ 100,000.00	\$ 80,000.00
General Fund	Single Audit*	\$ 52,500.00	\$ 52,500.00	\$ 52,500.00
General Fund	Treasury Audit	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
First 5	First 5 Audit	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Total		\$ 153,000.00	\$ 173,000.00	\$ 153,000.00

*Assumes no more than 7 major programs. Additional major programs will be charged \$6,500 per major program.

Narrative: The contract amount for the audits for fiscal year 2024-25 is \$145,000 and covers the County, the Treasury, and First 5. This amount represents a 5.52% increase over the previous contract for fiscal year 2023-24 audits. In addition, fiscal year 2025-26 includes an additional \$20,000 associated with increased audit procedures related to the ERP conversion. The timing of the audit work spans three fiscal years. 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 contract to Auditor’s Office.

Attachments:

Attachment A – Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong Accountancy Corporation.

Authored by:

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 Cost Division Supervisor
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cc:

First 5
 Treasurer-Tax Collector