



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: 02/25/2020  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department Betsy Schaffer, CPA x82100 *BS*  
Director(s)  
Contact Info: Ed Price, CPA x82102

**SUBJECT:** Approval of Contract with Eide Bailly, LLP for County's Annual Financial Audits

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**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 Eide Bailly, LLP ("Eide Bailly") [not a local vendor] in the amount of \$145,000 to perform the following audit services, for the fiscal year 2019-2020 with options to renew for fiscal years 2020-2021 at a cost of \$145,000 and 2021-2022 for a cost of \$145,000:
  - 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 \$6,000 each, if identified, that exceed the six included in the Single Audit base amount for a total contract amount not to exceed \$157,000.
- 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 Eide Bailly, LLP is for the fiscal year 2019-2020 audit for \$145,000 with two options to renew at the same costs and terms for fiscal year 2020-21 and 21-22. The price includes audits of the County, 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 2019, the County completed a formal “Request for Proposal” (RFP) process and the Auditor-Controller’s Office recommends awarding a contract to Eide Bailly, LLP to perform audit services for fiscal year 2019-20, with two options to renew for the same cost and terms for the fiscal year 2020-21 and 2021-22 audits.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<u>Funding Sources</u>	<u>Audit</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>
General Fund	Annual Financial Audit	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00
General Fund	Single Audit*	\$ 53,000.00	\$ 53,000.00	\$ 53,000.00
General Fund	Treasury Audit	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
First 5	First 5 Audit	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Total		\$ 145,000.00	\$ 145,000.00	\$ 145,000.00

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

Narrative: The contract amount for the audits for fiscal year 2019-2020 is \$145,000 and covers the County, the Treasury, and First 5. This amount is \$2,000 less than the previous contract for fiscal year 2018-19 audits. 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. 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.

**Performance Measure:**

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

**Special Instructions:**

Copy of signed contract to Auditor's Office

**Attachments:**

- A. Agreement for Services of Independent Contractor between the County of Santa Barbara and Eide Bailly, LLP.

**Authored by:**

Ed Price, Assistant Auditor-Controller (x 82102)

**CC:**

First 5

Treasurer-Tax Collector