



**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: 2/16/2010
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Robert W. Geis, CPA x2100
Director(s)
Contact Info: Jennifer C. Christensen x2134
SUBJECT: Contract with Brown Armstrong Accountancy for County's Annual Financial Audit

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors execute the contract with Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation in the amount of \$148,400 to perform the County's fiscal year 2009-10 financial audit and Single Audit, and the First 5 Commission's fiscal year 2009-10 financial audit, and the Redevelopment Agency's (RDA) fiscal year 2009-10 financial and compliance audits.

Summary Text:

State law requires that every Board of Supervisors cause an audit of the County's financial accounts and records (Govt. Code section 25250.) State law requires that every Redevelopment Agency present to its legislative body its audited annual report within six months of its fiscal year end (Health & Safety Code sections 33080 and 33080.1.) State law requires that every county First 5 Commission on or before October 15 shall have an audit conducted and a report issued (Health & Safety Code section 130150.)

After completing an RFP process, the County engaged Brown Armstrong to perform audit services for fiscal year 2006-07 audit, with two options to renew for the same cost and terms for 2007-08 and 2008-09. In addition, the contract included an option to renew the contract for three additional years at a price to be agreed upon by the parties. The contract price for the audits of the County, the County's RDA, and the County's First 5 Fund was \$128,400 for each year for fiscal years 2006-07, 2007-08, and 2008-09; it was premised on the County supplying 300 hours of Internal Audit support. Brown Armstrong has agreed to perform the same scope of work without an increase in price of \$128,400.

The American Recovery and Reinvestment Act (ARRA) imposes additional audit requirements on state and local entities that receive funding. Based on the current guidelines, all programs receiving ARRA funding must be audited as part of the Single Audit subject to the provisions of OMB Circular A-133. As part of the contract renewal, Brown Armstrong has agreed to provide additional audit services in order to comply with the current audit requirements pertaining to ARRA for inclusion in the Single Audit Report for \$20,000.

In light of the satisfactory performance of Brown Armstrong over the past three years, the Auditor-Controller recommends that the County engage Brown Armstrong to perform audit services for up to three additional years.

First 5 and the Redevelopment Agency concur.

Background:

After going through a formal RFP process in 2006, the County awarded the contract to Brown Armstrong Accountancy Corporation on January 16, 2007. Brown Armstrong successfully completed the statement of work for fiscal years 2006-07, 2007-08, and 2008-09. Brown Armstrong is interested in contracting with the County for up to three additional years for the purpose of auditing the County's financial statements and completing the Single Audit. In addition to the scope of work covered by the previous contract, the proposed contract will also include audit services required for ARRA funding.

Performance Measure:

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

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost</u>	<u>Total Contract to Date</u>	<u>FY 2009-10 (if exercised)</u>
General Fund - Financial Audit	\$ 62,000.00	\$ -	\$ 62,000.00
General Fund - Single Audit	36,840.00	-	36,840.00
General Fund - Single Audit (ARRA)	20,000.00	-	20,000.00
RDA Fund	18,100.00	-	18,100.00
First 5 Fund	11,460.00	-	11,460.00
Total	\$ 148,400.00	\$ -	\$ 148,400.00

Narrative: The contract amount for the audits for fiscal year ending 6-30-10 is \$148,400 and covers the County and its RDA and First 5 funds. The timing of the audit work spans two fiscal years; roughly one Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong

half of the contract will be paid and the remainder accrued against the 09-10 fiscal year's budget. Approximately 40% of the general fund costs are reimbursable through the Cost Allocation Plan from state and federal programs.

Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions:

Copy of signed contract to Auditor-Controller's Office.

Attachments:

Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation.

Authored by: Jennifer C. Christensen, Financial Reporting Division Chief (568-2134)

cc: First 5; Redevelopment Agency