



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: 1/30/2018
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Theodore A. Fallati, CPA, CPFO
Director(s)
Contact Info: Kyle Slattery, CPA, CPFO x2134

SUBJECT: Approval of Amendment No. 2 to the 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

Recommended Actions:

That the Board of Supervisors:

- a) Approve 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 \$147,000 to perform the following audit services, for the fiscal year 2017-18:
 - 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.
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(5), 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 2015-16 audits, and contains two options to renew for the fiscal year 2016-17 and fiscal year 2017-18 audits. With this amendment, the contract price of \$147,000 for fiscal year 2017-18 remains unchanged from the fiscal year 2016-17 contract price, as does their scope of services. The price includes audits of the County, the Treasury audits, and the County's First 5 Fund.

Auditor-Controller Concurrence

As to form: Yes

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 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.”

Background:

After completing a formal request for proposal process in 2015, the County awarded a contract to Brown Armstrong to perform audit services for fiscal year 2015-16 with two options to renew for the same cost and terms for the fiscal year 2016-17 and 2017-18 audits. The first renewal option was approved and executed by your Board on January 24, 2017. This latest contract expires February 15, 2018. The County has been satisfied with the independent audit services provided by Brown Armstrong and wishes to retain their services by exercising the second option to renew the contract for the fiscal year 2017-18 audits.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

		<i>Original Contract</i>	<i>Amendment No. 1</i>	<i>Amendment No. 2</i>
<u>Funding Sources</u>	<u>Audit</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
General Fund	Annual Financial Audit	\$ 75,800.00	\$ 75,800.00	\$ 75,800.00
General Fund	Single Audit	50,700.00	50,700.00	50,700.00
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		\$ 147,000.00	\$ 147,000.00	\$ 147,000.00

The contract amount for the audits for fiscal year ending 6-30-18 is \$147,000 and covers the County, Treasury, and First 5. 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 number of bidders that responded in the competitive acquisition 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 audited financial statements.
3. Receive the Government Finance Officers Association award for excellence on the County’s CAFR.

Special Instructions:

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

Attachments:

- A. Amendment No. 2 to Contract No. BC-16-220, w/ Board Contract Summary
- B. Amendment No. 1 to Contract No. BC-16-220
- C. Contract No. BC-16-220

Authored by:

Kyle Slattery, Financial Reporting, Budget & Cost Division Chief (568-2134)

cc:

First 5

Treasurer-Tax Collector