



**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: 10/7/2014
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Robert W. Geis, CPA x2100
Contact Info: Betsy Schaffer, CPA x2134
**SUBJECT: Amendment No. 1 to the Contract with Brown Armstrong Accountancy for County's
FY 2014-15 Financial Audits**

County Counsel Concurrence:

As to form: Yes No N/A

Auditor-Controller Concurrence:

As to form: Yes No N/A

Other Concurrence: Risk Management

As to form: Yes No N/A

Recommended Action(s):

- A. That the Board of Supervisors approve and authorize the Chair to execute Amendment No. 1 to the Agreement for Services of Independent Contractor with Brown Armstrong Accountancy Corporation (“Brown Armstrong”) – (not a local vendor) – in an amount not to exceed \$150,720 to perform the following audit services for the fiscal year ending June 30, 2015:
 - 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.

Summary:

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 current contract with Brown Armstrong began with the fiscal year 2013-14 audit, and contains an option to renew for fiscal year 2014-15. With this amendment, the contract price of \$150,720 for fiscal year 2014-15 remains unchanged from the fiscal year 2013-14 contract price, as does their scope of services.

Amendment **No. 1 to the Contract with Brown Armstrong Accountancy for County's FY 2014-15**

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Background:

Brown Armstrong has been the County’s independent audit firm for the past eight years (since the FY 2006-07 audit); their latest contract covered the fiscal year’s 2013-14 audit. The County has been satisfied with the independent audit services provided by Brown Armstrong and wishes to retain their services.

Performance Measures:

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

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

Funding Sources	Audit	FY 2013-14	FY 2014-15
General Fund	Annual Financial Audit	\$ 65,000.00	\$ 65,000.00
General Fund	Single Audit	64,260.00	64,260.00
General Fund	Treasury Audit	10,000.00	10,000.00
First 5 Fund	First 5 Audit	11,460.00	11,460.00
Total		\$ 150,720.00	\$ 150,720.00

The contract amount for the audits for fiscal year ending 6-30-15 is \$150,720 and covers the County and First 5 funds. The timing of the audit work spans one fiscal year; 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.

Staffing Impact(s):

Legal Positions:

FTEs:

Special Instructions:

Copy of signed Amendment No. 1 to Auditor’s Office.

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Attachments:

1. Amendment No. 1
2. Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong Accountancy Corporation.
3. Board Contract Summary

Authored by:

Betsy Schaffer, Division Chief Financial Reporting (568-2134)

cc: First 5; Treasurer-Tax Collector