



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: 10/2/2012
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors Board of Directors, Redevelopment Agency
FROM: Department Director(s) Robert W. Geis, CPA x2100
Contact Info: Betsy Schaffer, CPA x2134

SUBJECT: Contract with Brown Armstrong Accountancy for County's Annual Financial Audit

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):

That the Board of Supervisors approve and authorize the Chair to execute a contract for fiscal year 2012-13, including two 1-year options to renew, with Brown Armstrong Accountancy Corporation ("Brown Armstrong") in the amount of \$128,000 for the following audit services:

- the annual financial audit for the County,
- the Single Audit,
- the County of Santa Barbara as Successor Agency to the former County of Santa Barbara Redevelopment Agency's ("Successor Agency") financial audit, and
- the First 5 Commission's annual financial audit.

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 shall have an audit conducted and a report issued (Health & Safety Code section 130150) on or before October 15.
- The contract with Brown Armstrong begins with the fiscal year 2012-13 audit, and contains two options to renew for fiscal years 2013-14 and 2014-15. The contract price is \$128,000 for each of the three years and is premised on the County supplying 400 hours of Internal Audit support. The price includes audits of the County, the Successor Agency, and the County's First 5 Fund.

Background:

Brown Armstrong has been the County's independent audit firm for the past six years (since the FY 2006-07 audit); their latest contract renewal expires with this fiscal year's 2011-12 audit. The county has been satisfied with the independent audit services provided by Brown Armstrong and wishes to retain their services.

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It is not unusual for audit firms to be retained for several years. The audit firm prior to Brown Armstrong was KPMG and they audited the county for 11 years. Additionally, the Government Finance Officers Association states in their Best Practices for Audit Procurement (1996 and 2002) that *“Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors... Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.”*

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:

<u>Funding Sources</u>	<u>Current FY Cost</u>	<u>Each Annual Option (qty 2)</u>	<u>Total One-Time Project Cost</u>
General Fund	\$ 104,260.00	\$ 104,260.00	
Successor Agency Fund	12,280.00	12,280.00	
First 5 Fund	11,460.00	11,460.00	
Total	<u>\$ 128,000.00</u>	<u>\$ 128,000.00</u>	\$ -

Narrative: The contract amount for the audit of fiscal year ending 6-30-13 is \$128,000 and covers the County, the Successor Agency, and First 5 funds. 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. The Auditor’s Office will initially pay all invoices, and subsequently bill the Successor Agency and First 5 funds for their portion of the audit fees. Approximately 35% of the General Fund costs are reimbursable through the Cost Allocation Plan from state and federal programs.

If exercised, each of the two subsequent annual options will be budgeted with a similar split between fiscal years.

Staffing Impact(s):

Legal Positions:

FTEs:

Special Instructions:

Attachments:

Contract: Agreement for Services of Independent Contractor between the County of Santa Barbara and Brown Armstrong Accountancy Corporation.

Authored by: Betsy Schaffer, Division Chief Financial Reporting

cc: