



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: 12/15/2015  
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: Betsy Schaffer, CPA x2134

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

---

**County Counsel Concurrence**

As to form: Yes

Other Concurrence: N/A

As to form: Select\_Concurrence

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a. Approve and authorize the Chair to execute 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 2015-16, with two 1-year options to renew:
  - 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 subject contract with Brown Armstrong begins with the fiscal year 2015-16 audit, and contains two options to renew for 2016-17 and 2017-18. The contract price is \$147,000 for each year. 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 (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:**

Brown Armstrong Accountancy Corporation has been the County's independent audit firm for the past 9 years (beginning with the fiscal year 2006-07's audit); their latest contract expires February 15, 2016.

On October 07, 2015, the County issued its formal RFP, as well as posted the RFP to the County's Purchasing web site; five firms responded with technical proposals and sealed dollar cost bids. A four-member Audit Selection Committee from the Auditor-Controller's Office each reviewed and scored the technical proposals using criteria recommended by the Government Finance Officer's Association.

Those criteria included:

1. Mandatory elements - independence and license to practice
2. Experience and performance on comparable audits
3. Quality of firm's personnel assigned to the audit
4. Adequacy of proposed staffing plan
5. Adequacy of sampling techniques and analytical procedures
6. Realistic time estimates
7. Responsiveness to County's required completion dates

The reviewers then met to discuss their ratings and open the sealed cost bids. The resulting overall ranking placed Brown Armstrong in first place. The committee then recommended their selection to an executive committee consisting of the County Executive and County Auditor; who subsequently approved the Selection Committee's recommendation.

### **Fiscal and Facilities Impacts:**

Budgeted: Yes

### **Fiscal Analysis:**

		If Renewed		
<b><u>Funding Sources</u></b>	<b><u>Audit</u></b>	<b><u>FY 2015-16</u></b>	<b><u>FY 2016-17</u></b>	<b><u>FY 2017-18</u></b>
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		<u>\$ 147,000.00</u>	<u>\$ 147,000.00</u>	<u>\$ 147,000.00</u>

Narrative: The contract amount for the audits for fiscal year ending 6-30-16 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.

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

**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:**

ATTACHMENT 1 – Board Contract Summary Form

ATTACHMENT 2 – 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 (568-2134)

**cc:**

First 5

Treasurer-Tax Collector