



Board Agenda Item 37

DATE: July 9, 2019

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer

SUBJECT: Agreement for Independent Auditor Services

RECOMMENDED ACTION(S):

- 1. Approve and authorize the chairman to execute an agreement with Brown Armstrong Accountancy Corporation to provide audit services in the amount of \$198,000 for Fiscal Year 2018-19 with the possibility of four one year extensions in the amount of \$198,000 per year not to exceed \$990,000.**
- 2. Authorize the County Administrative Officer to execute certain amendments to the agreement with Brown Armstrong Accountancy Corporation for each of the one-year extension periods.**

Approval of the recommended actions will allow the County to continue to file timely Comprehensive Annual Financial Reports with the Government Finance Officers Association (CAFR). The audited CAFR's demonstrate compliance with generally accepted accounting principles and allows the County to apply for grants and external debt financing.

ALTERNATIVE ACTION(S):

There is no other viable option. Failure to approve the external auditor contract would result in unaudited financial statements that would impair the County's ability to file timely financial statements, obtain grant funding, and obtain external financing.

FISCAL IMPACT:

The recommended Fiscal Year 2019-20 budget will include appropriations in the Interest and Miscellaneous Org. 2540 to cover the costs associated with these audits. A portion of these costs will be recovered through the Countywide Cost Allocation Plan via billing to federal and state agencies and County related entities, some of which will result in department revenues, and some will result in future countywide revenues. There will be additional cost recovery from the following entities: Zoo Authority (\$2,800), In-Home Supportive Services Public Authority (\$3,500), Coalinga and Southeast Region Sites (\$3,500), California Emergency Management Agency and Transportation Authority grants (Measure C) (\$14,000), Treasury Cash Count (\$3,200), County Service Areas, Waterworks Districts, Maintenance Districts, Highway Lighting Districts, and Solid Waste Commissions (\$67,800), Community Corrections Partnership Executive Committee Agreed Upon Procedures (\$4,500), the Treasury Compliance Audit (\$3,300), and the Tobacco Funding Corporation (\$7,800).

DISCUSSION:

The Fresno County Administrative Office issued a Request for Proposal (RFP) on February 12, 2019, to qualified firms of certified public accountants to audit County financial statements. The County received proposals from four audit firms:

1. Brown Armstrong
2. Hudson Henderson & Company, Inc.
3. Land, Soll, & Lunghard, LLP
4. Price Paige & Company

The RFP review committee was comprised of three representatives:

- Fresno County Administrative Office (1)
- Fresno County Auditor-Controller's Office (1)
- Fresno County Department Public Works and Planning (1)

The committee members met on March 20, 2019, reviewed and ranked the proposals. In the evaluation process, it was determined that Brown Armstrong is currently engaged by nine California Counties providing them with extensive knowledge and experience in the requested engagement services. Furthermore, the review committee also recognized Brown Armstrong's staffing and organizational infrastructure and readiness to provide the requested services. Finally, Brown Armstrong provided the lowest cost estimate.

The services and associated costs of each component are as follows:

1. The audit of the County's Annual Comprehensive Annual Report: \$54,100.
2. The audits of federally funded grant programs in compliance with OMB 2CFR200: \$32,200.
3. The quarterly reports of procedures related to quarterly cash counts for the Treasurer Division of the Auditor-Controller/Treasurer-Tax Collector: \$3,200.
4. The compliance audit of the California Emergency Management Agency and the Fresno County Transportation Authority (Measure C) grants: \$14,000.
5. The annual Financial Assurance Letter for the Coalinga and Southeast Regional Disposal Sites for the Environmental Protection Agency: \$3,500.
6. The report on the Financial Review of the County's appropriation limit (Gann Limit) as required by Proposition 111 of 1990: \$1,500.
7. The audits of the County Treasury Investment Pool and Investment Policy as required by California Government Code Chapter 4, Article 1, Sections 53600, 53601 and 53607; Article 2, Sections 53635 and 53646; and Chapter 5 Article 6, Sections 27130 through 27137: \$3,300.
8. The audit of the Fresno County In-Home Services Public Authority: \$3,500.
9. The audit of the Fresno County Zoo Authority: \$2,800.
10. The audit of the Fresno County Tobacco Funding Corporation: \$7,800.
11. The audits of the Fresno County Services Areas, Waterworks Districts, Maintenance Districts, Highway Lighting Districts, and Solid Waste Commissions as listed: \$67,800.

12. The agreed upon procedures engagement for the last 2 years of the Fresno County Community Corrections Partnership Executive Committee: \$4,500.

The contract provides that if the contractor is required to expend more than 100 professional staff hours for audit field work, then the contractor will be compensated for additional time upon execution of a written amendment to the contract. Staff would return to the Board with such an amendment.

This recommendation was presented and approved by the Fresno County Audit Committee on April 11, 2019.

The second action item authorizes the County Administrative Officer to enter into amendments of the contract and to extend the audit agreement for up to four additional one year periods.

OTHER REVIEWING AGENCIES:

Fresno County Audit Committee

ATTACHMENTS INCLUDED AND/OR ON FILE:

On File with Clerk - Agreement with Brown Armstrong

CAO ANALYST:

Debbie Paolinelli