



Monterey County

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Board Report

Legistar File Number: RES 18-095

July 17, 2018

Introduced: 7/9/2018

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

- a. Approve and authorize the County Administrative Office to execute the three-year Agreement awarded from RFP #10682, with CliftonLarsonAllen LLP, to provide audit services of County's financial statements, Single Audits, and non-CAFR entities in an amount not to exceed \$502,620 for the term August 1, 2018 through June 30, 2021; and
- b. Approve and authorize the County Administrative Office to approve up to two (2) future amendments that do not exceed ten percent (10%) and do not significantly alter the scope of services; and
- c. Adopt a resolution to authorize the Auditor-Controller's Office to amend the FY 2018-19 Adopted Budget by increasing appropriations by \$165,940 in the County Administrative Office, Other General Expenditures unit (001-CAO014-8039-6601), financed by a decrease in appropriations of \$165,940 in Auditor-Controller, Annual Audits unit (001-AUD002-8010) (majority vote required)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the County Administrative Office to execute the three-year Agreement awarded from RFP #10682, with CliftonLarsonAllen LLP, to provide audit services of County's financial statements, Single Audits, and non-CAFR entities in an amount not to exceed \$502,620 for the term August 1, 2018 through June 30, 2021; and
- b. Approve and authorize the County Administrative Office to approve up to two (2) future amendments that do not exceed ten percent (10%) and do not significantly alter the scope of services; and
- c. Adopt a resolution to authorize the Auditor-Controller's Office to amend the FY 2018-19 Adopted Budget by increasing appropriations by \$165,940 in the County Administrative Office, Other General Expenditures unit (001-CAO014-8039-6601), financed by a decrease in appropriations of \$165,940 in Auditor-Controller, Annual Audits unit (001-AUD002-8010) (majority vote required)

SUMMARY:

On April 19, 2018, the County of Monterey released Request for Proposal (RFP) #10682 to solicit proposals from qualified contractors to provide mandated audits of County's Comprehensive Annual Financial Report, Single Audits, and non-CAFR entities for the fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020. Based on proposals submitted and criteria listed in the RFP, staff recommends the firm of CliftonLarsonAllen LLP be engaged to perform the audit. The Agreement is for a three (3) year term with the option to amend for a period of up to two years.

DISCUSSION:

The County of Monterey solicited proposals from qualified public accounting firms to provide mandated financial audit services. The contract period for the audit engagement, as listed in the RFP, was for the fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020 with an optional extension, depending on performance, for up to two additional years.

The RFP contained required criteria to qualify the proposal as responsive. The criteria included:

- Evidence indicating Contractor is independent and there is no conflict of interest with the County
- Evidence showing the Contractor is licensed to practice in California
- Has received clean/acceptable quality control review report of its work
- Has experience on comparable government engagements
- Quality of Contractor's professional personnel to be assigned to the audit engagement and management support personnel to be available for technical consultation
- An audit plan with methodology and approach to provide the audit services
- Qualification of staff that demonstrated an understanding of County government accounting requirements, procedures and principles.
- A phased work plan that shows adequacy of proposed staffing.
- A statement of yearly costs.

Three accounting firms submitted proposals in response to the County's request. The firms submitting proposals and three-year costs are listed below:

<u>Accounting Firm</u>	<u>2018 Cost</u>	<u>2019 Cost</u>	<u>2020 Cost</u>
CliftonLarsonAllen LLP (Roseville)	\$165,940	\$167,540	\$169,140
Brown Armstrong CPAs (Bakersfield)	195,800	195,800	195,800
Macias, Gini & O'Connell LLP (Sacramento)	256,600	245,600	250,480

The County Administrative Office (CAO) will have administrative oversight of the contract for the annual external audit and will engage in the entrance and exit conferences with the auditors. As a result of the transition in contract oversight from the ACO to the CAO, it is requested that the appropriations currently budgeted for the annual audit in the ACO, be transferred to the CAO, effective FY 2018-19.

OTHER AGENCY INVOLVEMENT:

The ACO and CAO prepared this report jointly, as oversight of the contract is being transitioned to the CAO. The proposals were reviewed and judged by a panel comprised of staff from the County Administrative Office, the Office of the Auditor-Controller, and the Office of the Auditor-Controller of the County of Santa-Cruz. Using the criteria listed in the RFP, the panel found that the firm of CliftonLarsonAllen LLP would be best suited to perform the audit services.

FINANCING:

The proposed cost of \$165,940 by CliftonLarsonAllen LLP is currently appropriated within the FY 2018-19 adopted budget for the Auditor-Controller's non-departmental budget unit. This report requests for approval of the transfer of appropriations to the CAO to allow for payments. If

approved, appropriations of \$167,540 and \$169,140 would be made available in the respective Recommended Budgets for the FY 2018-19 and 2019-20 annual audits.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Aligned with the Board of Supervisors strategic initiative of efficient and effective government operations, the periodic issuance of an RFP for the mandated annual audit services, ensures that a competitive process is in place and the County receives this important service from the best suitable source.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachment: Resolution and Agreement