



Legislation Details (With Board Report)

File #: 14-625 **Name:** Amendment No. 7 with Gallina
Type: General Agenda Item **Status:** Passed
File created: 6/2/2014 **In control:** Board of Supervisors
On agenda: 6/17/2014 **Final action:** 6/17/2014
Title: Authorize the Chair To Sign Amendment No. 7 to Agreement No. A-11162 with Gallina, LLP in an amount not to exceed \$192,800 to perform audits of the following: 2013-14 General Purpose Financial Statements, Single Audit, the Public Improvement Corporation, the Treasury Oversight Committee, the Monterey County Financing Authority and the Secure Families Project.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Gallina Agrmt No. A-11162, 2. Amend No. 7 Gallina, 3. Completed Board Order

Date	Ver.	Action By	Action	Result
6/17/2014	1	Board of Supervisors	approved	

Authorize the Chair To Sign Amendment No. 7 to Agreement No. A-11162 with Gallina, LLP in an amount not to exceed \$192,800 to perform audits of the following: 2013-14 General Purpose Financial Statements, Single Audit, the Public Improvement Corporation, the Treasury Oversight Committee, the Monterey County Financing Authority and the Secure Families Project.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Authorize the Chair To Sign Amendment No. 7 to Agreement No. A-11162 with Gallina, LLP in an amount not to exceed \$192,800 to perform audits of the following: 2013-14 General Purpose Financial Statements, Single Audit, the Public Improvement Corporation, the Treasury Oversight Committee, the Monterey County Financing Authority and the Secure Families Project.

SUMMARY:

The Office of the Auditor-Controller recommends the Board authorize the Chair to sign Amendment No. 7 to Agreement No. A-11162 with Gallina, LLP in an amount not to exceed \$192,800 to perform the 2013-14 annual audits. The Board of Supervisors engaged the firm of Gallina, LLP to perform the Fiscal Year 2007-08 General Purpose Financial Statement and Single audits.

Based on the implementation and Go-Live of the ERP Systems (Performance Budget, Advantage Financial, Advantage HRM and SymPro Debt and Investment), the Board has authorized additional extensions in order to take advantage of the firm’s knowledge of these new systems. The Office of the Auditor-Controller is requesting another one year extension of the agreement. Given the addition of CaseWare Financial Reporting software which will be used to produce the County’s financial statements, continuing with the current auditors will make for more efficient, timely and effective audit. In keeping with best practices, the Gallina partner conducting the independent audit is new to Monterey County for the 2013-14 audit. The Office of the Auditor-Controller will issue a Request for Proposal (RFP) in time for the 2014-15 annual audits for the possible rotation of audit firms.

DISCUSSION:

Gallina, LLP has been the County's independent auditor for the past seven years. During that period, the firm has experienced the conversion from Legacy Financial and Payroll systems to the new ERP Systems - Performance Budget, Advantage Financial, Advantage HRM and SymPro Debt and Investment. They have spent numerous hours understanding the County's new chart of accounts and its effect on our annual financial statements. The County also adopted changes in appropriations from Major Objects to Departments which also affected the annual financial statement presentation. The 2013-14 independent audit will include the continued implementation of CaseWare Financial Reporting software which will be used to produce the County's financial statements.

In the past, the County found it desirable to insure auditor "independence" by rotating audit firms. In terms of the need for audit firm rotation, significant research has demonstrated the audit partner rotation is as effective as audit firm rotation. In fact, academic research on audit tenure consistently indicates that audit firm rotation does not improve audit quality. It should be also noted that the Office of the State Controller supports audit partner rotation as a viable option to audit firm rotation.

The audit will be conducted according to Generally Accepted Government Auditing Standards (GAGAS). In preparation of the County's financial statements, the Office of the Auditor-Controller follows Generally Accepted Accounting Principles (GAAP) for Governments and Government Accounting Standards Board (GASB) statements. All departments and agencies under the jurisdiction of the Board of Supervisors are included in the County's financial statements.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the amendment.

FINANCING:

The total amount for this amendment is \$192,800, which has been included in the fiscal year 2014-15 Recommended Budget. The contract amount includes funds for the General Purpose Financial Statement audit, Single audit and other audit segments which are described separately in the amendment, including travel, per diem and out of pocket expenses.

Prepared by: Ron Holly, Chief Deputy Auditor-Controller, 755-5493

Approved by: Alfred R. Friedrich, Assistant Auditor-Controller, 755-5343

Attachments:

Gallina Agreement No. A-11162

Amendment No. 7 to Agreement with Gallina