



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: June 21, 2011
TO: Finance Committee
FROM: Administration Division, Finance Department
SUBJECT: Award Of Independent Audit Contract

RECOMMENDATION: That the Finance Committee:

- A. Hear a report from staff on the proposed selection of Lance, Soll & Lunghard, LLP, Certified Public Accountants (LSL), to perform independent audits of the City of Santa Barbara and the City of Santa Barbara Redevelopment Agency for the fiscal years ending June 30, 2011, through 2013; and
- B. Forward to Council a recommendation to approve a three-year contract with LSL in a total three-year amount not to exceed \$177,780.

DISCUSSION:

State law and the City Charter require that an independent audit be conducted annually by a Certified Public Accountant. The City's existing three-year contract with Caporicci & Larson, CPAs expired with the completion of the audit for the fiscal year ended June 30, 2010. Accordingly, over the last several months, Finance Department staff solicited proposals from nine qualified audit firms in California. Three firms responded; however, just prior to interviewing the firms, one dropped out due to other commitments. The two firms that underwent further consideration were Brown Armstrong, CPAs and LSL.

Both firms are highly qualified and well suited to conduct the audits of the City in accordance with governmental auditing standards. Brown Armstrong served as the City's auditors for Fiscal Years 2003 through 2007. LSL was one of three firms on a final list of considered when the City solicited proposals for fiscal years 2008 through 2010. Although LSL was not awarded the contract because of price, they were and are considered a top firm in the State.

In the end, the decision to award the contract to LSL came down to price. LSL's total proposed fees for the three years of \$177,480 were \$28,020 less than Brown Armstrong's total proposed fees of \$205,500. Since both firms are highly qualified to conduct the City's audit, staff could not ignore the price differential, particularly during these difficult financial times.

The total fees proposed by LSL for the three years are shown below.

Fiscal Year Ended June 30.	Amount
2011	\$ 59,160
2012	59,160
2013	<u>59,160</u>
Total	<u>\$ 177,480</u>

BUDGETARY AND FINANCIAL IMPACT:

The Fiscal Year 2012 Adopted Budget includes sufficient appropriations to cover the costs for the audit for the fiscal year ending June 30, 2011.

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office