



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 22, 2014
TO: Mayor and Councilmembers
FROM: Administration Division, Finance Department
SUBJECT: Award Of Independent Audit Contract

RECOMMENDATION:

That Council authorize the Finance Director to execute an extension of the existing professional services agreement for two years with Lance, Soll & Lunghard, LLP, Certified Public Accountants (LSL), to perform independent audits of the City of Santa Barbara for the fiscal years ending June 30, 2014 and June 30, 2015 in a total two-year amount not to exceed \$111,865.

DISCUSSION:

State law and the City Charter require that an independent audit be conducted annually by a Certified Public Accountant. In June 2011, the City Council awarded a three-year contract to LSL, which has now expired.

The City typically retains an audit firm for five years provided the firm performs to the City's satisfaction. Changing auditors more frequently than every five years creates a substantial amount work on City, particularly Finance, staff as new auditors spend a great deal of time in the first year understanding the City operations and the financial systems and procedures.

Finance staff has been pleased with the quality of the work performed by LSL and, as such, recommends extending the existing agreement, with no change to the terms and conditions, for amounts not to exceed the following costs:

Fiscal Year Ended June 30.	Amount
2014	\$ 55,106
2015	56,759

Total	\$ 111,865

Their fees include a 3% increase per year.

The scope of the audit includes the following elements:

1. A financial audit of the City's financial statements for the fiscal years ending June 30, 2014 and June 30, 2015.
2. A financial and compliance audit of all federal grants received by the City pursuant to the Single Audit Act of 1984.
3. A financial audit of the California Law Enforcement Telecommunications Systems (CLETS).
4. A compliance audit of the Passenger Facilities Charges.
5. A review of the City's calculation of the Appropriation (GANN) Limit as required by Article XIII B of the California Constitution and Proposition 111.
6. A review and report on the City's internal control systems and procedures.

BUDGETARY AND FINANCIAL IMPACT:

The Fiscal Year 2014 adopted budget and Fiscal Year 2015 recommended budget include sufficient appropriations to cover the costs for the audit for the fiscal year ending June 30, 2014.

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office