

**JEFFERY S. BURGH**  
**AUDITOR-CONTROLLER**

COUNTY OF VENTURA  
800 SOUTH VICTORIA AVE.  
VENTURA, CA 93009-1540



**ASSISTANT**  
**AUDITOR-CONTROLLER**  
MICHELLE YAMAGUCHI

**CHIEF DEPUTIES**  
BARBARA BEATTY  
JASON McGUIRE  
KATHLEEN O'KEEFE  
RICHARD WHOBREY

June 04, 2024

Honorable Board of Supervisors  
County Government Center  
Hall of Administration  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT:** Approve the Audit Agreement with Eide Bailly, LLP, in an amount not to exceed \$383,347 for the Independent Annual Single Audit, Authorize the Auditor-Controller to Approve Amendments of the Audit Agreement Subject to Conditions, and Approve the Business Associate Agreement with Eide Bailly, LLP

**RECOMMENDATIONS:**

1. Approve the enclosed agreement ("Audit Agreement") with Eide Bailly, LLP ("EB"), at a total cost not-to-exceed \$383,347 for the independent annual Single Audit, Gann Calculation, Audit of Treasury Assets and other audit procedures and services for the fiscal year (FY) ending June 30, 2024.
2. Authorize the Auditor-Controller to approve amendments to the Audit Agreement due to changes in the scope of services and/or irregularities or unforeseen conditions requiring additional audit procedures and to increase the contract cost up to 10% of the original Audit Agreement amount.
3. Approve the enclosed Business Associate Agreement with EB in connection with the performance of the Audit Agreement.

**FISCAL IMPACT:**

Mandated: Yes

The County is required to undergo an annual Single Audit in conformity with the provisions of the United States Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Source of Funding: General Fund, Auditor-Controller's Office  
Funding Match Required: None  
Impact on Other Departments: Annual research and reporting requirements by various departments throughout the County.

<u>Summary of Revenue and Total Costs</u>	<u>FY 2023-24 Cost for Audit of Year End June 30, 2024</u>	<u>FY 2024-25 Cost for Audit of Year End June 30, 2024</u>
Revenue	\$ -	\$ -
Costs - Direct		
Single Audit, Gann Calculation	50,000	156,872
Audit of Treasury Assets	-	26,475
Additional Major Federal Programs		140,000
GASB Implementation Audit Procedure		10,000
Indirect – Department	<u>minimal</u>	<u>minimal</u>
Total Costs	<u>50,000</u>	<u>333,347</u>
Net County Cost including Indirect Costs	<u>\$ 50,000</u>	<u>\$333,347</u>

The total Audit Agreement amount of \$383,347 includes the Single Audit at \$205,513 (for up to four major federal programs), the Gann Calculation at \$1,359, and the Audit of Treasury Assets at \$26,475. The Audit Agreement provides the flexibility to audit up to ten additional major federal programs as may be required by the Single Audit requirements (up to \$140,000). The Audit Agreement also provides for additional audit procedures related to the implementation of Governmental Accounting Standards Board (GASB) Statement 100 (\$10,000).

Current Fiscal Year Budget Projections:

<b>FY 2023-24 Budget Projection for Auditor-Controller's Office - Division 1500</b>				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings (Deficit)
Appropriations	\$ 18,277,561	\$ 19,222,073	\$ 19,350,720	\$ (128,647)
Revenues	\$ 10,888,615	\$ 10,888,615	\$ 10,927,365	\$ 38,750
Net Cost	\$ 7,388,946	\$ 8,333,458	\$ 8,423,355	\$ (89,897)

**STRATEGIC PLAN PRIORITY:**

The items presented in this Board letter support making responsible and efficient use of public funds and promote economic stability and growth during a changing economy.

**DISCUSSION:**

The County's Single Audit Report (SAR) for the year ending June 30, 2024 will include the annual audit of the County's basic financial statements as reported in the Annual Comprehensive Financial Report (ACFR) and a financial/compliance audit of all required federal assistance programs. The County expended \$438 million in federal assistance for the year ending June 30, 2023. In addition, the Gann calculation, a management letter (if applicable), and an audit of Treasury Assets will be provided.

In addition, it is expected that more than the normal four major federal programs will be selected for audit in accordance with Single Audit requirements. Therefore, the Audit Agreement provides the flexibility to include an additional 10 major federal programs as needed, up to a not to exceed amount of \$140,000. The Audit Agreement provides for technical consulting services not to exceed \$10,000 related to the implementation of new accounting standards.

The audit will meet both OMB *Uniform Guidance* and rating agency requirements. Since the County must meet federal audit requirements, will continue to need the funding flexibility afforded by debt issuance, and has continuing disclosure requirements under existing debt issuances, an independent financial audit should now be scheduled.

The County's auditor prior to 2019 was Vavrinek, Trine, Day & Co., LLP ("VTD"). In July 2019 VTD joined EB. VTD was previously selected to perform SAR work through a competitive bid process conducted in March 2014, and the County's prior agreements with VTD provided for not-to-exceed fixed pricing of \$170,515 annually for three years (SAR 2014, SAR 2015 and SAR 2016) with two option to renew years that were negotiated at \$173,025 (SAR 2017) and \$176,000 (SAR 2018). VTD was selected because they offered the best value considering such factors as experience with and knowledge of County operations, size of the firm and availability of resources, independence, audit approach and experience with similar size counties.

The County received one-year quotes from VTD/EB in the amount of \$180,652 for SAR 2019, \$184,650 for SAR 2020, \$188,713 for SAR 2021, \$201,923 for SAR 2022, and \$216,058 (excluding additional services). After careful consideration staff determined that it was in the County's best interest to request a one-year quote from EB for SAR 2024. The Audit Agreement (Exhibit 1) before you today is for a not-to-exceed amount of \$383,347 representing \$233,347 for SAR 2024 and up to \$150,000 for additional services as necessary. The increase for the SAR is 8.0% from the prior year.

For purposes of efficiency and to ensure the SAR work is completed in a timely manner going forward, your Board is also requested to authorize the Auditor-Controller to approve amendments to the Audit Agreement due to changes in the scope of services and/or irregularities or unforeseen conditions requiring additional audit procedures and to increase the cost of the Audit Agreement up to 10% of the original Audit Agreement amount.

Honorable Board of Supervisors

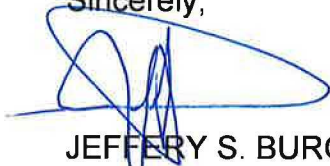
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The Business Associate Agreement (Exhibit 2) is brought before your Board to facilitate EB's performance of services under the Audit Agreement. In the performance of procedures under the Audit Agreement, it may become necessary for EB to request information that is protected under the Privacy Rule. The County's 2019 Administrative Policy Manual requires that Business Associate Agreements entered into in connection with a separate contract for services with related expenditures exceeding \$200,000 be subject to approval by the Board of Supervisors.

This letter has been reviewed by the County Executive Office and by County Counsel. If you have any questions regarding this recommendation, please call me at 805-654-3151.

Sincerely,



JEFFERY S. BURGH  
Auditor-Controller

Attachments:

Exhibit 1 - Audit Agreement

Exhibit 2 - Business Associate Agreement

C: Sevet Johnson, PsyD, County Executive Officer  
Tiffany N. North, County Counsel