

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

191



FROM: County Auditor-Controller

SUBMITTAL DATE:
June 8, 2011

SUBJECT: Amendment No. 2 to the agreement with Brown Armstrong Accountancy Corporation for the Single Audit Report for Fiscal Year ending June 30, 2010.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Amendment No. 2 to the agreement between the County of Riverside and Brown Armstrong Accountancy Corporation in the amount of \$32,000;
2. Authorize the Chairman to sign four (4) copies of the attached agreement; retain one (1) copy of the signed agreement and return three (3) copies to the Auditor-Controller for distribution; and
3. Authorize and direct the Auditor-Controller to adjust the budget as identified.

BACKGROUND: Brown Armstrong is contracted to perform a services agreement for auditing of the Comprehensive Annual Financial Report (CAFR) and Single Audit Act programs. Amendment No. 2 is required to recognize and compensate Brown Armstrong for an equitable adjustment related to unforeseen audit hours required to comply with terms of the American Recovery and Reinvestment Act (ARRA). Under section 4.1 (Page 5 of 26) of the ACARC-94620-001-05/10 contract, equitable adjustments can be made by the Board for unforeseen requirements.

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 32,000	In Current Year Budget:	NO
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	YES
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011

SOURCE OF FUNDS: Charges to Departments	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson
County Executive Office Signature

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: June 28, 2011
xc: Auditor, EO

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Agenda Number:

ALL
ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.19

FORM APPROVED COUNTY COUNSEL
BY: *Wm A. Gardner* 6/25/11
DALE A. GARDNER
DATE
Departmental Concurrence

County Auditor-Controller

Amendment No. 2 to the agreement with Brown Armstrong Accountancy Corporation for the Single Audit Report for Fiscal Year ending June 30, 2010.

June 8, 2011

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The contract was written for 8 programs under the Single Audit Act. ARRA expanded the scope requirement by 9 additional programs for a total of 17 programs and total funding of \$9M in the last fiscal year. The costs associated with auditing the programs and the additional ARRA funding are required to receive the grants and can be passed through to the programs for reimbursement.

The contract terms will be adjusted to include up to 12 grant programs (up from 8) for the same audit fees that exist currently due to the learning curve and economies of scale for the program audits

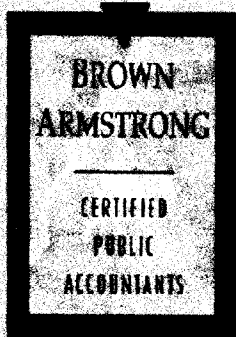
Increase Appropriations:

10000-1300100000-524560	Auditing and Accounting	\$ 32,000
10000-1300100000-572800	Intra – Miscellaneous	<u>< 32,000 ></u>
	Total	0

ATTACHED:

1. Amendment No. 2 to the agreement with Brown Armstrong Accountancy Corporation
2. Letter from Brown Armstrong outlining additional scope.

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



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■ 8050 N. Palm Ave., Suite 300
Fresno, California 93711
Tel 559.476.3592 Fax 661.476.3593

May 9, 2011

Mr. Jim Brown
Deputy Auditor-Controller
County of Riverside
4080 Lemon Street, 11th Floor
Riverside, California 92502-1326

Dear Mr. Brown:

The purpose of this letter is to summarize the discussions we had relating to the annual single audit of the County and the additional programs required to be tested as a result of the funds received under the American Recovery and Reinvestment Act (ARRA). As you know, we were awarded a contract (Contract # ACARC-92620-002-06/14) to conduct independent audits for the fiscal years ended June 30, 2009 through 2013, in 2009. At the time of our contract award, we were unaware of the additional programs that would be required to be tested, and we were required to test up to eight federal grants (see extraction of current contract attached). Our proposed fees were based on prior year's assumptions and estimate number of programs required to be tested on an annual basis. As a result of the significant increase in major programs audited by us and the significant changes required by ARRA, we recommend an increase in our fees of \$32,000. We have detailed the analysis of the additional audit efforts required to test these new grants and the estimated costs in the pages following this letter. If you agree with the analysis and proposed fees, please proceed with a contract amendment process.

If you would like to discuss in further detail in person, we can arrange a meeting to discuss with you. If you have any questions, please let us know. We appreciate your attention to this matter.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "Eric H. Xin".

By: Eric H. Xin

EHX:jam
Enclosure
E:\...70616\Additional Fees Letter.doc

**COUNTY OF RIVERSIDE
AMENDMENT NO. 2 TO THE AGREEMENT
WITH
BROWN ARMSTRONG ACCOUNTANCY CORPORATION**

CONTRACTOR: Brown Armstrong Accountancy Corporation
Contract Term: July 1, 2009 through June 30, 2014
Effective Date of Amendment: May 12, 2011
Contract ID: ACARC-94620-001-06/10

The Agreement between Riverside County, herein referred to as COUNTY and Brown Armstrong Accountancy Corporation, herein referred to as CONTRACTOR, is amended as follows:

1. On page 3 of the Agreement, amend Section 3 the "Compensation": The COUNTY agrees to pay CONTRACTOR for services performed at a rate not to exceed two hundred forty seven thousand dollars (\$247,000.00.) Year 2, including all expenses, based on the availability of fiscal funding.
2. On page 24 of the Agreement, amend Exhibit B the "Payment Provisions": Year 3, Item 1; County CAFR Single Audit- Up to 12 Programs.
3. On page 25 of the Agreement, amend Exhibit B the "Payment Provisions": Year 4, Item 1; County CAFR Single Audit- Up to 12 Programs.
4. On page 26 of the Agreement, amend Exhibit B the "Payment Provisions": Year 5, Item 1; County CAFR, Single Audit- Up to 12 Programs.
5. All other terms and conditions of the Agreement are to remain unchanged.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment.

County
Board of Supervisors
County Administration Center
4080 Lemon Street, 4th Floor
Riverside, CA 92501

Contractor
Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

By: Bob Buster
Name: Bob Buster
Title: Chairman of the Board of Supervisors
Date: JUN 28 2011

By: Eric Ken
Name: Eric Ken
Title: PRINCIPAL
Date: 6-2-2011

FORM APPROVED COUNTY COUNSEL

By: Dale A. Gardner 6/20/11
DALE A. GARDNER DATE

RFP# ACARC-006
BOS agenda # & Date JUNE 30, 2009 AGENDA NO: 3.9
Form #116-311 Revision Date: 04/21/09

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JUN 28 2011

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ATTEST:
KECIA HARPER-IHEM, Clerk
By: [Signature]
DEPUTY