



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Auditor-Controller-Treasurer-Tax-Collector

Subject: Award contract with Brown Armstrong CPAs for external auditing and Authorize the Auditor-Controller-Treasurer-Tax Collector to sign the contract

Meeting Date: March 25, 2025

Formal Title: Award a three-year, three-month contract with Brown Armstrong Accountancy Corporation in the amount of \$453,510 for external auditing services, and take related actions

Recommended Actions

1. Approve a three-year, three-month contract with Brown Armstrong Accountancy Corporation in the amount of \$453,150; and
2. Authorize the Auditor-Controller/Treasurer-Tax Collector to sign the contract.

Executive Summary

The County contracts with an independent certified public accounting (CPA) firm to perform mandated audits of the County's financial statements and the Single Audit of federally funded activities. In addition, the contract includes standalone audit reports of the following: Santa Cruz County Redevelopment Successor Agency, Santa Cruz County Sanitation District, Treasury Compliance, and audits of all state grant programs including the Office of Criminal Justice Planning, Department of Insurance, and Department of Justice grants. The contract also includes additional services related to the Quarterly Cash Counts in accordance with Section 26920 of the California Government. The Santa Cruz County Library Financing Authority and Library Facilities Financing Authority will enter into a separate agreement with the CPA firm selected.

Discussion

In December 2024, the Auditor-Controller-Treasurer-Tax Collector (ACTTC) released a Request for Proposal (RFP) for Professional Audit Services. Three firms responded to the RFP. After reviewing the responses, the ACTTC and the Santa Cruz County Audit Committee recommend awarding the contract to the CPA firm of Brown Armstrong, CPAs (Brown Armstrong).

Funding for these external audits will be included in the various entities' budgets for fiscal years 2025-26, 2026-27 and 2027-28. Audit firms begin their interim field work prior to the end of the fiscal year; therefore, a progress payment will be made in the spring of 2025. Funds for this payment have been included in the Auditor-Controller-Treasurer-Tax Collector's 2024-25 budget. Detailed financial impact is summarized below.

Audit Fees Payment Schedule including 30% payment in fiscal year to be audited (preliminary field work)

Suffix	GL Key	Object	Payment Period				
			FYR 24-25	FYR 25-26	FYR 26-27	FYR 27-28	Total
1	123100	62381 Audit of County's Financial Statements		\$ 80,000	\$ 80,000	\$ 80,000	\$ 240,000
		30 % of 2024-25 audit paid for in May 2025	24,000	(24,000)			
		30 % of 2025-26 audit paid for in May 2026		24,000	(24,000)		
		30 % of 2026-27 audit paid for in May 2027			24,000	(24,000)	
2	123100	62381 Single Audit (1)		25,000	25,000	25,000	75,000
3	610110	62381 Santa Cruz County Redevelopment Successor Agency		7,700	7,700	7,700	23,100
		30 % of 2024-25 audit paid for in May 2025	2,310	(2,310)			
		30 % of 2025-26 audit paid for in May 2026		2,310	(2,310)		
		30 % of 2026-27 audit paid for in May 2027			2,310	(2,310)	
4	625175	62381 Santa Cruz County Sanitation District		9,850	9,850	9,850	29,550
		30 % of 2024-25 audit paid for in May 2025	2,955	(2,955)			
		30 % of 2025-26 audit paid for in May 2026		2,955	(2,955)		
		30 % of 2026-27 audit paid for in May 2027			2,955	(2,955)	
5	121000	62381 Treasury Compliance		3,500	3,500	3,500	10,500
		30 % of 2024-25 audit paid for in May 2025	1,050	(1,050)			
		30 % of 2025-26 audit paid for in May 2026		1,050	(1,050)		
		30 % of 2026-27 audit paid for in May 2027			1,050	(1,050)	
6	272100	62301 Department of Insurance Grants		5,000	5,000	5,000	15,000
		30 % of 2024-25 audit paid for in May 2025	1,500	(1,500)			
		30 % of 2025-26 audit paid for in May 2026		1,500	(1,500)		
		30 % of 2026-27 audit paid for in May 2027			1,500	(1,500)	
7	124000	62381 Quarterly Cash Counts		10,000	10,000	10,000	30,000
TBD	Various	62301 OCJP Grants (per grant report)		5,000	5,000	5,000	15,000
TBD	Various	62301 Depart of Justice Grants (per grant report)		5,000	5,000	5,000	15,000
			\$ 31,815	\$ 151,050	\$ 151,050	\$ 119,235	\$ 453,150

- 1) Single Audit work is not performed until after July 1 and therefore no preliminary field work payment will be due. Includes 4 major programs.
 2) OCJP and DOJ grants are variable. No such grant audits are anticipated for the fyr 23-24 reporting periods.
 7) Quarterly cash count fees are \$2,500 per quarter.

Financial Impact

The financial impact of this contract is \$453,150 from March, 2025 (FY2025) through June, 2028 (FY2028), the details of which are shown in the Discussion section. The payment amounts have been included in the respective 2024-25 and 2025-26 budgets and will be included in the respective 2026-27 and 2027-28 budgets.

Strategic Initiatives

Operational Plan - Operational Excellence

Submitted By:

Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector

Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.