

LAFCO

Santa Barbara Local Agency Formation Commission

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November 2, 2006 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

Approval of Proposal to Conduct Annual Audit

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission approve the proposal from Bartlett, Pringle & Wolf, LLP for independent auditing services to prepare a financial audit for Fiscal Year 2005-2006.

DISCUSSION

The Commission contracted with Moss, Levy & Hartzheim to prepare audits for the past four fiscal years. In June the Commission directed the staff to solicit bids from other local accounting firms to conduct the audit for Fiscal-Year 2005-06.

We requested proposals to provide audit services from six firms. Three of these firms informed us they will not be submitting proposals either due to their current workload or because they have decided not to focus on public agency audits.

We received a full proposal from Bartlett, Pringle & Wolf, LLP and a letter proposal from Nasif, Hicks, Harris & Co. LLP, both of which are Santa Barbara firms. Bartlett et al offers to provide audits for three years, beginning with the year ending June 30, 2006, at fees not to exceed \$3,800, \$4,000 and \$4,200 respectively. The single-year proposal from Nasif et al was for \$7,000.

All of the bids exceed the amount of \$2,300 included for an audit in this year's budget. It appears that amount is unrealistic given the price of audit proposals we have received. As I mentioned in an earlier letter, other LAFCOs are experiencing similar increases.

While the bid from Bartlett et al exceeds the amount budgeted in Account 7324 – Audit Fees, I believe that sufficient funds will be available in other Services & Supplies accounts to make up the difference without the need for a transfer of funds from the Unappropriated Reserve. If this situation changes we will bring the matter to your attention.

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The Bartlett, Pringle & Wolf, LLP proposal is enclosed. We recommend the Commission authorize this firm to prepare the audit for Fiscal Year 2005-06 and that it reserve judgment on authorizing audits for subsequent years until the initial audit is completed.

Please contact the LAFCO office if you have any questions.

Sincerely,

BOB BRAITMAN
Executive Officer

cc: Bob Geis, Santa Barbara County Auditor-Controller
John Britton, Bartlett, Pringle & Wolf, LLP
Steven J. Hicks, Nasif, Hicks, Harris and Company, LLP