



COUNTY OF HUMBOLDT

For the meeting of: 9/24/2024

File #: 24-1174

To: Board of Supervisors

From: Auditor-Controller

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Master Services Agreement with CliftonLarsonAllen LLP Regarding the Provision of External Audit Services for Fiscal Years 2022-2023 through 2024-2025

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve, and authorize the County Administrative Officer, or a designee thereof, to execute, a master services agreement with CliftonLarsonAllen LLP regarding the provision of external audit services for fiscal years 2022-2023 through 2024-2025 that is substantially similar to the attached master services agreement, and any and all subsequent amendments thereto, after review and approval by County Counsel and Risk Management;
2. Approve, and authorize the County Administrative Officer, or a designee thereof, to execute, the attached statement of work regarding the performance of an audit for fiscal year 2022-2023;
3. Authorize the County Administrative Officer, or a designee thereof, to execute, subsequent statements of work related to the master services agreement with CliftonLarsonAllen LLP for fiscal years 2023-2024 and 2024-2025, after review and approval by County Counsel, Risk Management and the Humboldt County Audit Committee; and
4. Direct the Clerk of the Board to provide the County Administrative Office with one (1) fully executed certified copy of the Board order related to this item.

STRATEGIC PLAN:

The recommended actions support the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

Section 25250 of the California Government Code ("Section 25250") requires that the board of supervisors of each county within the State of California audit the financial accounts and records of all officers having responsibility for the care, management, collection or disbursement of money belonging to the county or money received or disbursed under the authority of law. Pursuant to Section 25220, a board of supervisors may employ the services of an independent certified public accountant or licensed public accountant to perform an examination of the county's financial statements in accordance with generally accepted auditing standards.

Each year the County of Humboldt contracts with a certified public accounting firm to conduct an audit and to prepare the associated financial statements, reports and the single audit. The single audit is required when over \$750,000 in federal funds is received in a fiscal year. The single audit focuses on compliance with federal grants as well as the internal controls over compliance. Failure to perform the single audit could result in the loss of all federal funding.

CliftonLarsonAllen LLP (“CLA”) has performed the annual audit of the County of Humboldt’s finances for the last six (6) fiscal years. California Government Code Section 12410.6(b) requires local agencies to change firms or the principal CPA for the audit engagement lead after six consecutive years. CLA has provided a new principal lead that works with their state and local government practice in California to conduct the County of Humboldt’s audit. The Humboldt County Audit Committee has supported the continued use of CLA as the County of Humboldt’s external auditor.

Accordingly, staff recommends that the Board approve, and authorize the County Administrative Officer, or a designee thereof, to execute, a master services agreement with CLA regarding the provision of external audit services for fiscal years 2022-2023 through 2024-2025 that is substantially similar to the attached master services agreement, and any and all subsequent amendments thereto, after review and approval by County Counsel and Risk Management. It is also recommended that the Board approve, and authorize the County Administrative Officer, or a designee thereof, to execute, the attached statement of work regarding the performance of an audit for fiscal year 2022-2023, and subsequent statements of work related to the master services agreement with CLA for fiscal years 2023-2024 and 2024-2025, after review and approval by County Counsel, Risk Management and the Humboldt County Audit Committee. The Humboldt County Auditor-Controller will confer with the Humboldt County Audit Committee regarding continued use of CLA and return to the Board for authorization of future audits as required.

SOURCE OF FUNDING:

General Fund

FINANCIAL IMPACT:

Expenditures	FY23-24	FY24-25 Projected*	FY25-26 Projected*
Budgeted Expenses	136,610.00	116,000.00	125,000.00
Total Expenditures	136,610.00	116,000.00	125,000.00
Funding Sources	FY23-24	FY24-25 Projected*	FY25-26 Projected*
General Fund	136,610.00	116,000.00	125,000.00
Total Funding Sources	136,610.00	116,000.00	125,000.00

**Projected amounts are estimates and are subject to change.*

The fees associated with the attached statement of work for the FY 2022-2023 audit are \$116,000. Costs for the audit are currently included in the Board of Supervisors budget for FY 2024-2025. The Auditor-Controller is working with the County Administrative Office on ways to better allocate the costs for the single audit out to federal programs. It is anticipated that at a future date a budget adjustment will be done to move the funding for the audit into the Auditor-Controller budget to facilitate costs being allocated out through the annual cost plan.

STAFFING IMPACT:

The recommended actions will not impact current staffing levels.

OTHER AGENCY INVOLVEMENT:

State Controller’s Office, all federal agencies that grant funds to the county, all county departments, and all special districts governed by the Humboldt County Board of Supervisors.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could reduce the number audit engagements approved. This alternative is not recommended because CLA is familiar with the County of Humboldt’s account structure.

ATTACHMENTS:

1. Master Services Agreement with CliftonLarsonAllen LLP Regarding the Provision of External Audit Services for Fiscal Years 2022-2023 through 2024-2025
2. Statement of Work for the Fiscal Year 2022-2023 Audit

PREVIOUS ACTION/REFERRAL:

File #: 24-1174

Meeting of: 9/20/2022
File No.: 22-1238