

DEPARTMENT: Auditor

BY: Ken Hawkins  
PHONE: 966-7606

**RECOMMENDED ACTION AND JUSTIFICATION:**

Approve contract with Smith and Newell, CPA's for the fiscal years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07. First year of audit, 2002-03, \$39,000. The following four years will be 2003-04 through 2006-07 are \$38,000, \$39,150, \$40,325, and \$41,325 respectively.

**BACKGROUND AND HISTORY OF BOARD ACTIONS:**

State law requires a county to contract to have an outside accounting firm audit all county operations upon the completion of each and every fiscal year. It has been Board policy that upon the completion of five years, new bids shall be solicited and that the county must select an entirely new firm; that is, the county cannot solicit bid proposals from the accounting firm who just completed the prior five-year audit cycle.

We solicited bids from six accounting firms who we knew were specialists in county audits. Of those six solicitations, we received four proposals. I have attached a summary of their proposals. If one is aware of the sheer number of programs and departments within the county structure, then one can also imagine the complexity and breadth in which a countywide audit entails. Because of these considerations, the cost proposals had significant variations in terms of cost and the number of audit hours anticipated to complete such an audit.

After consulting with Rich Inman and Mary Hodson, and with great deliberation, we are requesting the Board to consider the low bidder, Smith and Newell. Although a smaller firm, the two partners, Marilee Smith and Norm Newell, are hands-on partners who have been involved in county audits for 20 plus years, and who have operated as partners in this same accounting firm for the last 15 years.

**ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:**

The Board may select any of the other three accounting firms whom, I feel, are equally qualified. However, Smith and Newell, CPA's was the only accounting firm to bid within our 2004-05 budget.

Financial Impact? (X) Yes ( ) No	Current FY Cost 39,000	Annual Recurring Cost: Estimate at \$40,000
Budgeted In Current FY? (X) Yes ( ) No ( ) Partially Funded.		
Amount in Budget: \$41,500		List Attachments, number pages consecutively
Additional Funding Needed: -0-		
Source:		
Internal Transfer		
Unanticipated Revenue	4/5's vote	
Transfer Between Funds	4/5's vote	
Contingency	4/5's vote	
( ) General ( ) Other		

**CLERK'S USE ONLY:**

Res. No.: 03-46 Ord. No. \_\_\_\_\_  
 Vote - Ayes: 5 Noes: \_\_\_\_\_  
 Absent: \_\_\_\_\_  
 Approved  
 Minute Order Attached ( ) No Action Necessary

**COUNTY ADMINISTRATIVE OFFICER:**

Requested Action Recommended  
 No Opinion  
 Comments:  
Contract approval contingent upon County Counsel's review

The foregoing instrument is a correct copy of the original on file in this office.  
 Date: \_\_\_\_\_  
 Attest: MARGIE WILLIAMS, Clerk of the Board  
 County of Mariposa, State of California  
 By: \_\_\_\_\_  
 Deputy

CAO: [Signature]

Audit Analysis

Bid Proposals for Performance of Countywide Five Year Audit

FIRM	FINANCIAL	TRIENNIAL	GASB 34	TOTAL	2003-04	2004-05	2005-06	2006-07	TOTAL	Contract differences as compared to Smith & Newell
	AUDIT	TRANS AUDIT*	2002-03	**	2003-04	2004-05	2005-06	2006-07	ALL YEARS	
Macias, Gini & Company	\$ 46,924	22,425		69,349	51,600	53,148	79,650	56,390	310,137	(112,127)
Brown/Armstrong	\$ 46,175	7,975	20,000	74,050	47,750	47,750	47,750	47,750	265,050	(67,040)
Bartig, Basler & Ray	\$ 40,350	5,500	8,000	53,850	42,400	44,500	52,700	49,000	242,450	(44,440)
Smith & Newell	\$ 37,200	1,800		39,000	38,000	39,150	40,325	41,535	198,010	0

Low bid

Triennial Performance Audit is required in fiscal year 2002-03 and 2005-06 as a part of the Transportation Audit that is included within the total countywide audit bid.

GASB 34 (Governmental Accounting Standards Board) requires new reporting in 2002-03 which some firms are anticipating will generate significant additional costs in preparing financial statements for the county. Bartig, Basler and Ray and Brown/Armstrong separately listed the costs they anticipate for GASB 34 implementation. The other firm's prices include this cost in the overall bid.