



October 22, 2020

## **ACTION ITEM**

### **SUBJECT: AGREEMENT WITH STATE CONTROLLER'S OFFICE FOR AUDIT SERVICES**

#### **SUMMARY OF THE ISSUE**

Staff is providing this information to support the request for the Commission's approval of a new interagency contract with the State Controller's Office (SCO) to update the county commission audit guidelines and review the county commissions' annual audits.

#### **RECOMMENDATION**

First 5 California staff recommends the Commission approve an interagency agreement with the SCO for \$400,000 over three years (January 1, 2021, through December 31, 2023).

#### **BACKGROUND OF KEY ISSUES**

Health and Safety Code section 13051 requires the SCO to update county audit guidelines annually, if necessary, and to review the county commissions' required annual audits to make sure they are in compliance with the guidelines. SCO findings are included in First 5 California's Annual Report presented to the Commission each January.

#### **SUMMARY OF PREVIOUS COMMISSION DISCUSSION AND ACTION**

This routine interagency agreement is renewed after the expiration of each previous contract. The Commission has approved several SCO contracts for the same purpose, with the most recent contract being approved in 2017.

#### **FISCAL ANALYSIS**

All interagency agreements must contain provisions which align with the California State Administrative Manual, Section 8752, Full Cost Recovery, which limits state agencies to reimbursement for costs only. Therefore, SCO only will bill First 5 California for actual hours spent updating the guidelines and reviewing the county commissions' annual

audits. Funding for this contract will come from the Administration Account. The table below illustrates the impact this request will have on that account.

	Fiscal Year 20/21	Fiscal Year 21/22	Fiscal Year 22/23	Fiscal Year 23/24
Beginning Balance	\$8,033,811	\$7,446,469	\$6,568,611	\$5,478,527
Budgeted Expenditures	\$4,439,886	\$4,552,812	\$4,667,998	\$4,787,602
SCO Audits	\$67,000	\$133,000	\$133,000	\$67,000
Projected Revenue	\$3,919,544	\$3,807,954	\$3,710,915	\$3,620,376
15% Reserve	\$559,390	\$542,652	\$528,096	\$514,515
Net Year End Balance	\$6,887,079	\$6,025,959	\$4,950,432	\$3,729,786

## ATTACHMENTS

None.