



December 14, 2023

INFORMATION  ACTION

**SUBJECT: STATE CONTROLLER'S OFFICE AUDIT SERVICES AGREEMENT APPROVAL**

### **RECOMMENDATION**

Staff recommends the Commission approve an interagency agreement with the State Controller's Office (SCO) for \$425,000 over three years (January 1, 2024, through December 31, 2026).

### **SUMMARY OF THE ISSUE**

Pursuant to Health and Safety Code section 13050 and 130151 (a) and (b), the SCO shall issue guidelines for expanded annual audits of each of the 58 county commissions and perform quality control functions ensuring compliance with 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 is a reoccurring interagency agreement between the two departments and is renewed after the expiration of each previous agreement. The Commission has approved several SCO agreements for the same purpose, with the most recent agreement being approved in October 2020. The current agreement is set to expire December 31, 2023.

### **FISCAL DETAIL**

All interagency agreements are in accordance with the State Administrative Manual, Sections 8752 and 8752.1, Full Cost Recovery Policy, which limits state agencies to reimbursement for costs only. Therefore, SCO will only invoice the department for actual hours spent updating the guidelines and/or performing quality control functions for the expanded annual audits that are necessary for compliance with statutory requirements. In accordance with statute, this agreement is funded by First 5 California. Funds are drawn from the Administration account (0638) for this agreement. Table A

below displays the fiscal impact to current year funding (FY 2023–24) and Table B shows the total agreement allocation by fiscal year.

**TABLE A – Current Year Funding**

<b>Administration Account for FY 2023–24</b>	
<b>Beginning Balance</b>	\$ 5,901,353
<b>Projected Revenues</b>	\$ 2,908,920
<b>Budgeted Expenditures</b>	\$ 4,218,205
<b>SCO Audits (December funding request)</b>	<b>\$ 56,260</b>
<b>DGS HR (December funding request)</b>	<b>\$ 2,261</b>
<b>15% Reserve</b>	\$ 440,803
<b>Projected Year End Balance</b>	<b>\$ 4,209,786</b>

**TABLE B – Total Agreement Allocation by Fiscal Year**

<b>SCO Annual Audits Amount</b>	
<b>FY 2023–24 (December 31, 2023 – June 30, 2024)</b>	\$ 56,260.00
<b>FY 2024–25 (July 1, 2024 – June 30, 2025)</b>	\$ 138,565.00
<b>FY 2025–26 (July 1, 2025 – June 30, 2026)</b>	\$ 151,475.00
<b>FY 2026–27 (July 1, 2026 – December 31, 2027)</b>	\$ 78,700.00
<b>Total Agreement Amount</b>	<b>\$ 425,000.00</b>

**ATTACHMENTS**

None.