



SUMMARY REPORT

Agenda Date: 5/21/2024

To: Boards of Directors, Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, South Park County Sanitation District

Department or Agency Name(s): Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, South Park County Sanitation District

Staff Name and Phone Number: Lynne Rosselli 707-524-3771

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Financial Auditing Services

Recommended Action:

- A) Authorize Sonoma County Water Agency's General Manager, acting on behalf of Sonoma County Water Agency and County Sanitation Districts to execute an agreement with Pisenti & Brinker LLP in substantially the form as the draft presented to this Board for financial auditing services through April 30, 2029, in the not-to-exceed amount of \$716,200.
- B) Authorize Sonoma County Water Agency's General Manager acting on behalf of Sonoma County Water Agency and County Sanitation Districts to amend the agreement to extend the term for up to two additional years, make modifications to the scope of work, and increase costs provided amendments do not cumulatively increase the total cost to Sonoma County Water Agency or County Sanitation Districts beyond \$1,000,000.

Executive Summary:

Sonoma County Water Agency and its affiliated sanitation districts (collectively Sonoma Water) require the services of an independent, impartial certified public accountant firm to audit their financial statements annually to comply with California Government Code and federal Office of Management and Budget requirements. The annual audits serve to showcase Sonoma Water's professional management, transparency, fiscal responsibility, and public accountability.

Discussion:

HISTORY OF ITEM/BACKGROUND

The Office of Management and Budget requires that a non-federal governmental entity, which expends \$750,000 or more in federal awards in a given fiscal year, have a single audit conducted in accordance with 2 CFR 200 (Uniform Guidance). The Board approved two five-year contracts with Pisenti & Brinker LLP in 2012 and 2017, to conduct annual financial statement audits for Sonoma Water for the fiscal years spanning from 2011-2024. In March 2024 Sonoma Water issued a Request for Proposals seeking a qualified firm of Certified Public Accountants to audit their financial statements for fiscal years 2023/2024 through 2027/2028. After evaluation of the proposals submitted, Sonoma Water recommends awarding the contract to Pisenti & Brinker LLP.

SELECTION PROCESS

Pisenti & Brinker LLP was selected from a competitive selection process. Attached is a memo that explains the competitive selection process. (Attachment A)

Sonoma Water may seek to amend or enter into subsequent agreement(s) with Board approval if required, relying upon this competitive selection process, after the preliminary or initial work is completed for the Project.

SERVICES TO BE PERFORMED

Under this agreement (Attachment B), the Consultant will perform annual financial and compliance audits of the Comprehensive Annual Financial Report (CAFR) of Sonoma Water and the financial statements of Sanitation Districts for the fiscal years ending, 2024, 2025, 2026, 2027, and 2028.

The cost of services will not exceed \$716,200; the term end date is April 30, 2029.

The agreement includes authorization for the General Manager to make changes to lengthen time schedules or make minor modifications to the scope of work, in a form approved by County Counsel.

Under the agreement, the General Manager shall also have the ability to extend the term of the agreement for two additional years and increase costs provided amendments do not cumulatively increase the total cost to Sonoma County Water Agency or County Sanitation Districts beyond \$1,000,000, by providing written notice to Consultant thirty days in advance of the expiration date. The extension shall be formalized in an amended agreement or amendment signed by the parties.

County of Sonoma Strategic Plan Alignment

N/A

Sonoma Water Strategic Plan Alignment

Goal: Organizational Excellence

Strategy: Ensure financial integrity and stability by implementing sound and equitable practices to meet infrastructure and service needs.

Action: Further develop budget tracking tools, long range financial plans, and fiscal processes.

The proposed work meets this goal by complying with state and federal auditing requirements in a fiscally responsible manner.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

05-09-2017 Authorized the Water Agency's General Manager, acting on behalf of Water Agency and County Sanitation Districts, to execute an agreement with Pisenti & Brinker LLP for financial auditing services through December 31, 2021, in the amount of \$527,300, with \$102,400 for the Fiscal 2016-2017 audit, \$103,900 for the Fiscal 2017-2018 audit, \$105,400 for the Fiscal 2018-2019 audit, \$107,000 for the Fiscal 2019-2020 audit, and \$108,600 for the Fiscal 2020-2021. B)

Delegate authority to the Water Agency's General Manager, acting on behalf of Water Agency and County Sanitation Districts, to exercise the option to extend the agreement with Pimenti & Brinker LLP for financial auditing services through December 31, 2023, in the amount of \$225,000.

06-19-2012 Authorized Chair to execute the Agreement for Professional Auditing Services with Pimenti & Brinker (\$574,000 for 5 fiscal years of services; Agreement terminated on December 31, 2016).

06-11-2002 Approve and authorize Chairman to execute Agreement for Auditing Services for Fiscal Years ending June 30, 2002, 2003, and 2004 between SCWA and Pimenti & Brinker, LLP (\$236,100) and approve and authorize Agency's General Manager//Chief Engineer to execute amendments to the agreement that cumulatively do not exceed \$25,000 and do not substantially change the scope of work.

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$10,000	\$108,200	\$122,100
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF	\$10,000	\$108,200	\$122,100
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$10,000	\$108,200	\$122,100

Narrative Explanation of Fiscal Impacts:

Budgeted amount of \$10,000 is available from FY 2023/2024 appropriations for the Sonoma Water General Fund. See Attachment C, Budgeted and Planned Expenditures and Funding Sources for allocation of costs between Sonoma Water's General Fund and the Districts. Appropriations for remaining fiscal years will be budgeted in those fiscal years.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

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Attachments:

Attachment A: Selection Memo

Attachment B: Draft Agreement

Attachment C: Budgeted and Planned Expenditures and Funding Sources

Related Items “On File” with the Clerk of the Board:

None.