

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF FEBRUARY 22, 2012*

### *REGULAR MEETING*

**TO:** Ron Briggs, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** José C. Henríquez, Executive Officer

**AGENDA ITEM #10: PROVIDE DIRECTION TO STAFF RELATING TO AUDITS**

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#### **RECOMMENDATION**

Staff requests that the Commission provide direction to staff on how it would like to proceed with the audits beyond Fiscal Year 2012-2013. The Commission could extend the current contract with Matson & Isom or circulate an RFP.

#### **REASON FOR RECOMMENDED ACTION AND BACKGROUND**

The Commission's practice has been to hold annual audits and change auditors every five years. The Commission currently contracts with Matson & Isom Certified Public Accountants to audit this agency's financial books; however, the five-year contract expires with the audit for Fiscal Year 2011-2012.

Periodically changing auditors is desirable because it reassures the public and the funding agencies that LAFCO is utilizing funds in a transparent and accountable manner. Periodically changing auditors is also part of best practices to ensure there is no collusion between the agency and its auditors. Further, most independent LAFCOs have a similar practice of rotating auditors every five years.

On the other hand, in prior RFP circulations, the Commission received very little attention and/or expensive responses (defined as audits costing over \$10,000). In addition, few CPAs, local or otherwise, have sufficient knowledge of LAFCOs to be qualified to perform the audit. In short, changing auditors has had mixed results that do not fully offset the time and effort it takes to circulate the RFP.

To add to the Commission's deliberation, Matson & Isom has offered to freeze the costs of the audits for Fiscal Years 2012-2013 and 2013-14 at the current contracted rate of \$7,670 per year. That would mean that Matson & Isom's Marilyn Everett would have been the Commission's auditors for seven years. To offset this concern, Ms. Everett has also offered to rotate LAFCO's account internally to another auditor if the Commission requests it.