

**ACTION ITEM
BOARD OF SUPERVISORS**

DATE: December 15, 2009


TO: Board of Supervisors
FROM: Anthony J. Romanello, ICMA-CM
County Administrator
ISSUE: Authorize the County Administrator to Solicit Bids for External Auditing
Services for the County and Schools

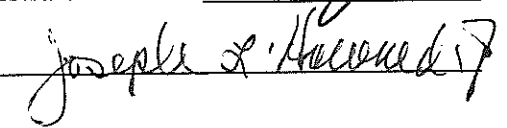
STAFF RECOMMENDATION: Approval

BUDGET IMPACT: N/A

ATTACHMENTS: (3)

- [1] Background Report [3] Reso/Ord/Proc # R09-427
- [2] Information from APA [] Reso/Ord/Proc #
- [] [] Reso/Ord/Proc #

REVIEW: [X] County Administrator's Office 

[X] Legal 

- [X] **Consent Agenda** [] **Other Business** [] **Public Hearing**
- [] **Discussion Item** [] **Presentation** [] **Unfinished Business**
- [] **New Business**

PRESENTATION BY: N/A

ELECTION DISTRICT: N/A

BACKGROUND REPORT

Section 15.2-2511 of the Code of Virginia (1950), as amended, requires the County have an annual audit of financial statements by an approved independent certified public accountant. The Code also specifies that a contract be in place by April 1st of each fiscal year.

The current contract for audit services was entered into with Clifton Gunderson, LLP in May 2007 for three years. The contract expired with completion of the FY2009 audit.

Proposed Resolution R09-427 authorizes issuance of a Request for Proposals for external audit services for the Primary Government, the Component Unit – School Board, and the R-Board.

Rely to question about school audits

Walter Kucharski [walter.kucharski@apa.virginia.gov]

We are aware that the school division has a different auditing firm than the county, and that this situation arose several years ago, due to some contracting difficulties in obtaining a firm. However, we understand that although these issues have been resolved, the School Board's auditors do not coordinate their work with the County's auditors, which results in duplicate work for some of the County's key officials.

We cannot find any section of the Code of Virginia which permits school divisions to contract for an independent audit; however, we are aware of three specific sections of the Code of Virginia which we believe specifically set the scope of any audit conducted of a locality. The first section is 15.2-2511 of the Code of Virginia, which is the primary section setting forth the annual audit requirement.

Paragraph C of this section states "The provisions of this section shall apply to all counties and cities, to all towns having a population of 3,500 or over, and to all towns constituting a separate school division regardless of their population." We believe that inclusion of towns with separate school divisions regardless of population indicated that the locality contracting for the audit would include the school divisions as part of the annual audit requirement.

Secondly, Sections 30-137 and 15.2-2510 of the Code of Virginia require the Auditor of Public Accounts to develop both a bookkeeping system and a Comparative Report of local government revenues and expenses and both sections specifically include school divisions. We believe that the drafters of these sections of the Code of Virginia along with the annual audit requirement envisioned that there would be one contract, with one firm reviewing all financial transactions including the school division. We further believe that part of this approach was to provide local taxpayers a comprehensive overview of how local officials spent their tax money.

Although not attorneys, it is our understanding of the Dillon Rule that local governments can only perform those functions delegated to them. Therefore, without specific authorization, we do not know how the school board could legally separately contract for an audit. However, we recommend that you do not rely on this information as legal advice.

Finally, we believe it is inefficient to engage two different auditing firms for an audit of the school division and the locality, since so much of the audit work involves the same key officials to complete each audit. Although there are a number of larger localities that allow the school board to have a separate engagement letter and stand-alone report, the same firm audits both the locality and the school division.

If you have any questions, please contact me or Kim Via, Reporting and Standards Senior Specialist.

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PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, Stafford County Administration Center, Stafford, Virginia, on the 15th day of December, 2009:

MEMBERS:

George H. Schwartz, Chairman
Harry E. Crisp II, Vice Chairman
M. S. "Joe" Brito
Mark Dudenhefer
Paul V. Milde III
Cord A. Sterling
Robert "Bob" Woodson

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO AUTHORIZE THE COUNTY ADMINISTRATOR TO SOLICIT REQUEST FOR PROPOSALS (RFP) FOR EXTERNAL AUDIT SERVICES FOR THE PRIMARY GOVERNMENT, THE COMPONENT UNIT – SCHOOL BOARD, AND THE R-BOARD

WHEREAS, Section 15.2-2511 of the Code of Virginia (1950), as amended, requires the County to have an annual audit of financial statements by an approved independent certified public accountant; and

WHEREAS, the current audit services contract has expired with the FY2009 audit;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 15th day of December, 2009, that the County Administrator be and he hereby is authorized to solicit proposals for external audit services for the Primary Government, the Component Unit – School Board, and the R-Board.