

Agenda Item AR-3

Consultant Services Agreement – Auditing Services

CITY COUNCIL MEETING

APRIL 18, 2023

- ▶ At the conclusion of our Fiscal Year 2021-22 Audit, the City reached the end of its current audit services contract. An RFP process was conducted to ensure an audit engagement with a qualified firm at a competitive rate.

- ▶ On February 2, 2023, the City issued an RFP inviting proposals from certified public accounting firms. To widely advertise, the RFP was published as follows:
 - ▶ On the City's Bids and RFPs webpage; and
 - ▶ On the California Society of Municipal Finance Officers' RFP webpage; and
 - ▶ An RFP package was sent to five California-based audit firms.

The scope of the agreement includes the following:

- ▶ Independent audit of the City's financial records in accordance to Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States;
- ▶ Annual Comprehensive Financial Report (ACFR);
- ▶ Financial Statements for the Monrovia Housing Authority;
- ▶ Single Audit report of the City's federal grant expenditures;
- ▶ Letter of the City's compliance with the GANN Appropriations Limit; and
- ▶ State Controller Transactions Reports for the City and the City Financing Authority.

- ▶ The City received four proposals (one did not meet minimum requirements).
- ▶ A review committee, comprised of five Finance staff, was assembled to evaluate the proposals received.
 - ▶ Proposals were independently evaluated by each rater for technical ability, based on four criteria.
 - ▶ After completing the technical evaluations, sealed cost proposals were opened, and the weighted average score for each firm was calculated and added to each firm's technical score.
- ▶ 3 firms were invited to participate in finalist interviews held on March 29.
 - ▶ The interviews were attended by:
 - ▶ The five-member Finance review committee;
 - ▶ The City Manager; and
 - ▶ The Audit Committee members, Mayor Pro Tem Spicer and Councilmember Crudgington.

After completion of the interview process and a comprehensive assessment of the firms' qualifications, the review committee is recommending Lance, Soll & Lunghard, CPAs, LLP, as the top firm.

- ▶ Of the three firms interviewed, LSL has the longest history in providing accounting services (i.e., practicing public accounting since 1929) with a longstanding and respected reputation in the industry.
- ▶ LSL has the most number of employees working in the government sector.
- ▶ LSL has a Southern California office, located in Brea, California, which is important for in-person audit field work and accessibility to City staff.
- ▶ LSL's team provided the most proactive and client-oriented approach in partnering with the City.
 - ▶ Awarded the Best in Accounting Client Satisfaction Award for several years.
- ▶ LSL also offers a variety of accounting and consulting services that may benefit the City, should the need arise in the future.
- ▶ LSL provides frequent client outreach, including industry alerts and newsletters on new accounting standards, as well as regular trainings for City staff.

- ▶ LSL has worked with the City since 2001 and is well-acquainted with the City's financial systems, policies, and processes.
 - ▶ LSL has demonstrated an outstanding level of service over the years.
 - ▶ The City's ACFR has received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the last 28 years.

- ▶ As a best management practice, and to comply with California Government Code 12410.6 (b), which requires lead auditor rotation after six consecutive fiscal years, LSL will assign Kelly Telford, CPA, as the engagement partner for this new engagement.
 - ▶ Kelly has over 18 years of experience working with and for government agencies and has been an auditor and consultant for 13 years, specializing in the audits of government agencies.

We are seeking a multi-year contract for three years, with 2 one year options to extend.

- ▶ Procuring a multi-year contract for auditing services is an industry standard that is recommended by the GFOA as a best practice to ensure continuity and to minimize potential disruptions during the annual audit.

Audit Services Contract – LSL (For the Period Ending June 30, 2025)			
Year 1	Year 2	Year 3	3 Year Total
\$64,995	\$66,945	\$68,953	\$200,893*

* Amount reflects a Current Client Discount (25%).

Questions?



Thank You!