



# Agenda Item

## Audit Advisory Committee

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Item #: 2.1.

5/7/2026

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**TO:** Chair and Members of the Audit Advisory Committee

**FROM:** Trang Nguyen, Finance Director

### 1. SUBJECT

Planning for Fiscal Year 2025-26 audit and review of the City's Financial Management Policy

### 2. SUMMARY

The Audit Advisory Committee responsibilities are defined in Chapter 2.50 of the Orange Municipal Code. This discussion is to determine any questions or concerns to be addressed by the third-party auditors upon commencement of the FY 2025-26 audit and to review and provide input on potential revisions to the City's Financial Management Policy.

### 3. RECOMMENDED ACTION

1. Discuss any potential planning for the Fiscal Year 2025-26 audit; and
2. Select two Committee Members to meet with the auditors at the beginning of the process; and
3. Review and provide input on potential revisions to the Financial Management Policy.

### 4. DISCUSSION AND BACKGROUND

#### BACKGROUND

The City of Orange Municipal Code (OMC) Section 2.50.010 (Attachment A) defines the duties of the Audit Advisory Committee and lists tasks associated as:

- Conduct a planning meeting with the City's auditors to address any questions or concerns as the audit and internal control testing is prepared.
- At the conclusion of the audit, conduct an exit meeting to evaluate the results of the financial statement audit.
- Report to the City Council on the results of the planning and exit meetings, as well as the final audit results.
- In an advisory role, propose to the City Manager the review of programs or accounts as deemed necessary to achieve maximum efficiency and propriety.

The annual audit for Fiscal Year 2024-25 was completed in December 2025. The Committee met LSL, the City's external auditor, to conduct audit planning and received the audit report in February 2026. The Annual Comprehensive Financial Report (ACFR) was subsequently presented to the City Council as a receive-and-file item on February 24.

#### DISCUSSION

Fiscal Year 2025-26 (FY26) year-end closing is approaching. To support a successful and efficient audit process, it is recommended that the Committee review key financial reports to plan for the upcoming audit entrance meeting.

The entrance meeting for the FY26 audit has not yet been scheduled but is anticipated to occur in September or October in advance of final audit fieldwork. It is recommended that two (2) Committee Members be designated to participate in the entrance meeting and relay any questions or concerns determined during planning.

Committee Members may review and provide input on potential revisions to the Financial Management Policy (Attachment B) for recommendation to the City Council.

## **5. ATTACHMENTS**

- Attachment A - OMC 2.50.010 Audit Advisory Committee
- Attachment B - Financial Management Policy