



PREPARED BY
LSL, LLP
Certified Public Accountants
License Number 2584

City of Orange Payroll Process Procedures

Date of Submission: October 22, 2025

Valid for 90 Days

Authorized by:
Ryan Domino, CPA, Partner

Ryan.Domino@lslcpas.com

500 Technology Drive

Suite 350

Irvine, CA 92618

(949) 829 - 8299

October 22, 2025

City of Orange
Attn: Trang Nguyen, Finance Director
300 East Chapman Ave.
Orange, CA 92866

nguyent@cityoforange.org

LSL, LLP ("LSL CPAs," "LSL") is pleased to present our technical expertise in attestation services for the City of Orange ("City"). We value the opportunity to demonstrate our professional qualifications and why our services are second-to-none.

This qualifications proposal highlights our firm's strength and stability, along with our knowledge, passion, and creative problem-solving capabilities as a leader in the field of governmental finance, accounting, and auditing. Our dynamic team is comprised of top talent within the industry, and with our comprehensive government experience - we believe you will find that LSL CPAs is one of the best-qualified accounting firms to provide these services for the City of Orange.

SPECIFIC APPROACH TO SCOPE OF SERVICES

LSL has a structured and well-tested approach to providing financial auditing services. Based on our understanding of the City's needs, our team is ready to assist with performing agreed-upon procedures to analyze the City's payroll processes.

For 2026, LSL shall perform the scope of work outlined in the Scope of Work section of this quote for the purpose of providing assurance on the City's tenant's compliance with the terms and conditions of the lease agreement. The deliverable will be an Agreed-Upon Procedures report prepared in accordance with Statement on Standards for Attestation Engagements No. 19, issued by the American Institute of Certified Public Accountants in December 2019 (SSAE 19).

QUALIFICATIONS/PERSONNEL

LSL Partner, Ryan Domino, CPA, will be responsible for overseeing this engagement. He currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and regularly presents at our firm's annual GASB Update and at CSMFO's chapter meetings where he presents and trains on the latest GASB pronouncements. Ryan is an expert on Single Audit planning and execution and holds advanced certification from the AICPA.

Ryan provides our clients with a competitive advantage as a member of GFOA's Special Review Committee for the Award for Excellence in Financial Reporting and can provide valuable insights and recommendations to help organizations achieve excellence in financial reporting.

All our government partners and team members have worked within government agencies for most of their careers and are experts in their respective fields. Ryan will assign the best professionals who have expertise in auditing and a range of complementary subjects. The team's experiences and skills gained from previous assignments are tailored to meet the specific needs of the City.

Our proposal is a firm and irrevocable offer for **90 days** following the closing date of receipt. For this proposal, Ryan Domino, CPA, Partner, is authorized to make representations for our firm. He can be reached at (949) 829 - 8299 or at Ryan.Domino@lslcpas.com.

Sincerely,



Ryan Domino, CPA, Partner
LSL, LLP
500 Technology Drive
Suite 350
Irvine, CA 92618
(714) 592-1814

Scope of Work

EMPLOYEE COMPENSATION REVIEW

Proposed Procedures

1. We will obtain and review the various City policies, applicable MOU, and any other documentation prepared by to gain an understating of pay rates, pay dates, and types of pay offered to employees.
2. We will select a statistical sample of employees for various pay dates during the fiscal year throughout the City and recalculate their pay per the payroll registers to the employees' personnel action forms, timesheets, and MOU for their bargaining unit. The statistical sample will consider no less than 7 employees from each MOU with different positions/job titles (positions/job titles including levels 1, 2, 3 should be considered the same position/job title).
3. We will recalculate and verify all regular, overtime, leave, and special assignment pay identified in the sample to ensure no discrepancies.
4. We will verify that all pay rates in the sample were approved by the appropriate level of authority and that all payment is supported by appropriate documentation, including time sheets or workflows.

LEAVE AND TIME-OFF PROCEDURES

Proposed Procedures

1. We will obtain and review the City's policies regarding special leave programs, including military leave pay and short-term disability programs against applicable laws and MOU.
2. We will obtain an understanding of the City's practices regarding all Leave Benefits and payouts.
3. We will review the City's calculations of employee Leave Benefits banks and ensure the employee accruals are calculated in accordance with the City policies and MOUs.
4. We will verify through a statistical sampling of employee leave usage that CTO is removed from employee leave banks as used, and that amounts are paid to employees using appropriate pay rates. We will verify through a statistical sampling (specified above) of employee leave usage and payouts are removed from the employee leave banks and the amounts paid out to the employee are calculated in accordance with the MOUs.

5. We will review and recalculate any shift differential/fatigue/on-call/standby pay calculations and ensure that the City complied with the Fair Labor Standards Act (FLSA), City policies and MOUs.

PAYROLL COMPLIANCE AND INTERNAL CONTROLS

Proposed Procedures

1. We will gain an understanding of the City's internal controls and procedures through inspection of City policies and written procedures, interviews with City staff, and a test of controls utilizing statistical sampling methods to ensure that controls are effectively designed and implemented.
2. We will examine and test any IT or computer controls, including password, access rights, and data management practices to ensure that controls are effectively designed and implemented.
3. We will provide feedback to the City regarding the industry's best practices for any key controls identified to be substandard or improperly designed or implemented.

OVERTIME PAY REVIEW

Proposed Procedures

1. We will obtain an understanding of the City's overtime practices outlines in MOUs and City Policies.
2. We will review the City's OT policies and practices and MOU against the requirements of FLSA
3. We will verify overtime calculations through a statistical sampling (specified above) to ensure compliance with both FLSA and MOUs guidelines.

ESTIMATED FEE

Based on our review of the Scope of Work and the estimated hours necessary to complete it, our fee for this engagement will be a not-to-exceed amount of **\$13,500**. This fee is contingent upon the cooperation and quality of documentation provided by the City. Any overages in costs or hours will be discussed with the City prior to any additional billing being prepared. The table below outlines the fee by procedure in the scope of work:

Our hourly rates by level are as follows:

Position	Hourly Rate
Partner	\$390
Director	\$320
Senior Manager	\$290
Manager	\$250
Supervisor	\$210
Senior	\$190
Experienced Staff	\$160
Staff	\$140
Clerical	\$120

Progress billings will be prepared, covering not less than one month, and no more than one invoice will be provided to the City per month. The final 10% of the fee will be payable to LSL upon completion of the Scope of Work and acceptance of the Final Deliverable by the City. Invoices are payable upon receipt by the City.

QUALIFICATIONS & EXPERIENCE

LICENSE TO PRACTICE

LSL CPAs is a limited liability partnership and is not a wholly owned subsidiary of a parent company. LSL is a public accounting firm licensed by the State of California Department of Consumer Affairs as a Public Accounting Partnership. Additionally, we are members of the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (CalCPA).

All key members assigned to this engagement are licensed as Certified Public Accountants by the State of California or are in the process of obtaining their license.

DESK REVIEWS/DISCIPLINARY ACTION

There have been no disciplinary actions against our organization since its inception. There have been no litigations against our firm in the past three years. Our Single Audit reports are desk reviewed either by the federal cognizant agency or the State Controller's Office acting as the Oversight Agency.

We have never had a report rejected by any of these agencies, which demonstrates our thorough understanding of federal grant programs. LSL is highly regarded and recognized by the staff of the State Controller's Office for top-quality reports.

CONTINUING EDUCATION

As a firm policy, all professional government staff meet the requirement of 40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two-year period. We strongly emphasize professional development and continuing education to ensure that our team members are up to date on the latest developments in governmental accounting and auditing. Our educational programs include training from CalCPA, AICPA, Government Audit Quality Center, and GFOA.

RECENT EXPERIENCE

As a firm, we have extensive experience with municipalities including cities, counties, water and electric utilities, special districts, joint powers authorities, and compliance with OMB Uniform Guidance. We are familiar with all federal and state grant programs typically awarded to municipalities. Generally, our government sector services are broken down into the following major classifications: attestation, compliance, consulting, interim staffing, strategic planning, and tax services.

Our collective experience in local government accounting and finance, backed by our comprehensive understanding of all federal and state grant programs awarded to municipalities and internal controls, has refined our development of efficient procedures and streamlined work plan approach, which we believe makes LSL one of the best-qualified teams to perform these services.

PEER REVIEW

Our firm has participated in the AICPA Peer Review Program since its inception. All our peer reviews have covered governmental engagements and have received *pass* ratings. Our most recent peer review conducted by Spafford and Landry CPAs is provided on the following pages.



Patrick D. Spafford, CPA
Todd C. Landry, CPA

HERE TO MAKE THE COMPLEX SIMPLE.

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

Report on the Firm's System of Quality Control

To Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and employee benefit plan audits.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)*, or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

Spafford & Landry, Inc.

March 30, 2023