



Agenda Item

300 E. Chapman Avenue
Orange, CA 92866

City Council

Item #: 3.8.

4/13/2021

File #: 21-0142

TO: Honorable Mayor and Members of the City Council

THRU: Rick Otto, City Manager

FROM: Will Kolbow, Assistant City Manager

1. SUBJECT

Agreement with Lance, Soll & Lunghard, LLP for Financial Audit Services for the City and the Successor Agency of the former Orange Redevelopment Agency for fiscal years 2020-2021 through 2022-2023; Bid No. 20-21.35.

2. SUMMARY

A Request for Proposal (RFP) for Financial Audit Services resulted in proposals from seven firms. A panel reviewed the proposals and interviewed two of the firms. Based on the proposals submitted, the interviews, and the reference checks, Lance, Soll & Lunghard, LLP was the top candidate.

3. RECOMMENDED ACTION

Approve the three year agreement with Lance, Soll & Lunghard, LLP in the total amount of \$163,363 and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The total expenditure for this three-year agreement is \$163,363 and, depending on the scope and materiality of audit testing, will be funded through General Fund (100), Water (600), Sanitation & Sewer (220), AQMD (245), CDBG (310), HOME (317), Asset Forfeiture (355), and Orange Merged Capital Projects (940).

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- d: Effectively manage and develop City assets.

6. DISCUSSION AND BACKGROUND

The City's five-year contract with White Nelson Diehl Evans, LLP expired with the completion of the Fiscal Year 2020 audit. In February, staff prepared and distributed RFP 20-21.35 for Financial Audit Services.

Eight proposals were received in response, and two firms met our criteria to interview: Davis Farr, LLP and Lance, Soll & Lunghard, LLP. The interview panel included the City Treasurer, Assistant City Manager, Assistant Finance Director, and Accounting Manager. After reviewing the qualifications and three-year pricing proposals of each of the two firms, (\$175,000 and \$163,363, respectively) the

panel is recommending Lance, Soll & Lunghard, LLP to provide audit services to the City for the fiscal years ending June 30, 2021, 2022, and 2023.

The agreement includes the cost of auditing two Federal programs in the Single Audit of Federally Assisted Grant Programs, which have an initial threshold of \$750,000. Due to the number of Covid-19 relief grants received from various sources, there is a high likelihood the City will incur the cost of \$2,300 per additional program that falls within this scope. The agreement also includes an option for the City Manager, at the recommendation of the Assistant City Manager, to extend the agreement for two additional terms of one year each.

Lance, Soll & Lunghard, LLP is a California certified public accounting firm which has specialized in providing services to the governmental industry for over 85 years. Their local offices are in Brea. Their firm has extensive experience in auditing local government agencies. Their references are excellent and their fees are reasonable for the services provided.

A list of the two firms who were interviewed, including their fees, is attached.

7. ATTACHMENTS

- Professional Services Agreement