



Cathedral City

Legislation Text

File #: 2017-115, Version: 1

City Council

MEETING DATE: 3/22/2017

TITLE:

Professional Services Agreement to Perform the Comprehensive Annual Financial Report ("CAFR") Audit Activities

FROM:

Tami Scott, Administrative Services Director

RECOMMENDATION:

Staff recommends the City Council authorize the City Manager to enter into an agreement with Lance, Soll & Lunghard to perform the annual financial audit activities for the next three (3) fiscal years with the option to extend up to three (3) additional fiscal years.

BACKGROUND:

Audit services were provided by Lance, Soll & Lunghard for Fiscal Years Ending (FYE) 2010-2016. The practice of the City has been to competitively procure audit services every five (5) - six (6) years, which coincides with the California State Controller's Office (SCO) requirement for partner rotation to occur at least every six (6) years.

DISCUSSION:

On December 15, 2016, the Finance department sent a Request for Proposal (RFP) to thirteen (13) audit firms and posted the Request for Proposal to the City's website. By the closing date on January 26, 2017, twelve (12) responses to the RFP were received - ten (10) from those sent the RFP, and two (2) from the website posting. The listing of all 15 firms is attached for review. Upon request, any or all technical and cost proposals are available for review by the Council Members.

Per the RFP, the scope of the audit proposal includes the:

City Audit, including independent auditor's reports

GANN Limit Review Reporting

Single Audit (Federal Grants) and Related Reporting, normally one major program, but the City

has had two major programs in some previous years

If applicable, SB 621 - Gaming Impact Audit and Related Reporting

The audit proposal review team consisted of the Accounting Services Manager, the Fiscal Officer, and the Accountant II. The team conducted independent reviews of all technical proposals based upon the following: Firm's expertise in audits of this type; Firm's experience in auditing governments; Firm's size, structure and resources; Qualifications of audit team-partner; Qualifications of audit team-manager; Qualifications of audit team-senior; General direction/supervision; Adequacy of proposed staffing plan; Thoroughness of approach to audit; Adequacy of sampling techniques; and Commitment to timeliness. As a result of the technical review, the audit proposal review team interviewed five (5) firms. References were subsequently checked. This process resulted in the following overall technical ranking:

Lance, Soll & Lunghard

White Nelson Diehl Evans

Rogers, Anderson, Malody & Scott

Vasquez & Company

The Pun Group

Subsequently and separately, the sealed cost proposals were reviewed. For the five (5) firms interviewed, the cost proposals (including the cost to audit two major Single Audit Programs) are listed below-ranked from least to most expensive:

Lance, Soll & Lunghard, \$47,340

Rogers, Anderson, Malody & Scott, \$53,540

The Pun Group, \$54,300

White Nelson Diehl Evans, \$54,880

Vasquez & Company, \$56,285

Lance, Soll & Lunghard's Client List is attached, which reflects long standing auditing engagements with many public agencies. Of the forty-five (45) current municipality clients, twenty-eight (28) participate in the GFOA CAFR award program receiving an outstanding award.

FISCAL IMPACT:

The annual audit is included in the General Fund budget in account 100-141-860. The impact could be as much as \$47,340/year in Years 1 through 3 and \$48,792/year in years 4 through 6.

ATTACHMENTS:

Audit Firm List

Listing of Current Government Audit Clients