



Council Agenda Report

To: Mayor Grisanti and the Honorable Members of the City Council

Prepared by: Lisa Soghor, Assistant City Manager

Approved by: Steve McClary, Interim City Manager

Date prepared: December 21, 2021 Meeting date: January 10, 2022

Subject: Professional Services Agreement with Lance, Soll & Lunghard, LLP

RECOMMENDED ACTION: Authorize the Mayor to execute Amendment No. 1 to the Professional Services Agreement with Lance, Soll & Lunghard LLP (LSL) for financial auditing services, extending the Term of Agreement to March 23, 2024.

FISCAL IMPACT: Funding for financial auditing services is included in the Adopted Budget for Fiscal Year 2021-2022 in Account No. 100-7054-5100 (Finance - Professional Services). Funding for services in the next fiscal year will be included in the budget for Fiscal Year 2022-2023. The total amount of compensation for the two-year amendment will be \$65,620.

WORK PLAN: This task was included as Item 6.f.1 in the Adopted Work Plan for Fiscal Year 2021-2022.

DISCUSSION: On December 2, 2019, the City issued a request for proposals for financial audit and accounting services. After reviewing the proposals and interviewing the top three firms, LSL was selected. On March 10, 2020, the City Council authorized a two-year agreement with LSL for auditing services.

The City has contracted with LSL for financial auditing services since May 2004. LSL conducts an interim audit, an annual audit and a single audit as required for the City each year. They prepare the City's financial statements, as well as the City's federal single audit report. Because of their familiarity with the City's finances and operations, they are extremely beneficial in the preparation of the annual comprehensive financial report. LSL is very conscientious in maintaining an un-biased and optimal auditing service by rotating staff assigned to oversee the City's audit each year. In addition, pursuant to Government Code Section 12410.6(b), regarding auditor rotation requirements of public accounting firms providing audit services to local agencies, LSL did provide the City with a new lead

audit partner who had not been previously responsible for preparing or reviewing the City's audits.

Retaining LSL as the City's audit firm will ensure continuity in the City's financial processes while a new permanent City Manager and Assistant City Manager are selected and settle into their respective positions. Staff recommends authorizing the Mayor to execute Amendment No. 1 to the Professional Services Agreement with LSL for financial auditing services, extending the term of Agreement to March 23, 2024.

ATTACHMENT: Amendment No. 1 to Professional Services Agreement with LSL

AMENDMENT NO. 1 TO AGREEMENT

THIS AMENDMENT NO. 1 TO AGREEMENT is made and entered in the City of Malibu on December 22, 2021 by and between the CITY OF MALIBU (hereinafter referred to as the "City"), and Lance, Soll & Lunghard, LLP (hereinafter referred to as "Consultant").

The City and the Consultant agree as follows:

RECITALS

A. On March 16, 2020 the City entered into an Agreement with the Consultant to perform the annual audit (the "Agreement").

B. The City desires to amend the Agreement to include financial auditing for Fiscal Years 2021-22 and 2022-23 and the Consultant has submitted a proposal for this purpose that is acceptable to the City.

C. The City desires to amend the Agreement to extend the Term of the Agreement, such that the contract will now expire on March 23, 2024.

NOW, THEREFORE, in consideration of their mutual promises, obligations, and covenants hereinafter contained, the parties hereto agree as follows:

- 1.0 Section 2.0 – Term of Agreement, is hereby extended to March 23, 2024
- 2.0 Section 4.0 – Compensation for Services, of the Agreement, is hereby amended for fiscal years 2021-2022 and 2022-2023, for an additional \$65,620. Contractor has submitted a proposal for this purpose that is acceptable to the City (Exhibit A).
- 3.0 All terms and conditions of the Agreement not amended by this Amendment No. 1 remain in full force and effect.

This Agreement is executed on _____, 2022, at Malibu, California, and effective as of December 22, 2021

CITY OF MALIBU:

PAUL GRISANTI, Mayor

ATTEST:

KELSEY PETTIJOHN, City Clerk
(seal)

CONSULTANT:

DocuSigned by:
Deborah Harper

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By: DEBORAH HARPER
Lance, Soll & Lunghard, LLP

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

JOHN COTTI, City Attorney



December 17, 2021

Ms. Lisa Soghor
Assistant City Manager
City of Malibu

Dear Ms. Soghor,

Thank you for expressing interest in extending the contract for auditing services between the City of Malibu (the "City") and Lance, Soll & Lunghard, LLP ("LSL") for two additional years (FY 2021-22 and FY 2022-23). As per your request, we have provided this quote for auditing and accounting services described below. As in prior years, we would propose to continue to provide the following services:

- Performing a financial audit, in accordance with *Government Auditing Standards*, of the City's Annual Comprehensive Financial Report ("ACFR").
- Performing a Single Audit in accordance with applicable federal laws, regulations, statutes, and the terms and conditions of the federal award agreements for the City, if applicable.
- Performing agreed-upon procedures over the City's calculation of its Appropriations Limit.

We will make it an *absolute priority* to provide the City with the same level of care and service that we have provided in the past. Since LSL specializes in the audits of local governments and has an extensive government services staff, we provide experienced, knowledgeable staff on the engagement so that the City will continue receive a thorough look at its system and records. This coupled with the knowledge base we have gained from working with the City over the years, provides for optimal audit services during this challenging time.

Please see the attached **Appendix A** for our proposed fees for the next year. The services to be performed, fee structure and billing methods would remain unchanged from our original agreement.

Again, LSL looks forward to providing quality services to the City. Please sign below to acknowledge your acceptance of this agreement and return to my attention. Should you or any other representative of the City have additional questions regarding this agreement, please do not hesitate to contact Deborah Harper, Partner, at (714) 672-0022.

Very truly yours,

A handwritten signature in cursive script that reads "Lance, Soll & Lunghard, LLP".

Signature

Date



CITY OF MALIBU
LSL CPAs – Quote for Audit Services
Appendix A

SERVICE	FEES
Financial Audit	\$27,450
Single Audit (if applicable)*	\$4,880
FY 2021-22 Subtotal	\$32,330
Financial Audit	\$28,270
Single Audit (if applicable)*	\$5,020
FY 2022-23 Subtotal	\$33,290
Grand Total	\$65,620

* Single Audit assumes 1 major program. Additional major programs are \$1,950 for FY 2021-22, and \$2,000 for FY 2022-23.