

Award for Professional Auditing Services Agreement

Staff Recommendation: Lance, Soll & Lunghard, LLP

Presented by: Christie Donnelly, Accounting & Revenue Manager

Introduction – Who is this other Christie??

Hi!

Why Do We Need External Auditors?

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- Regulatory Reasons
 - State Controller's Office
 - Debt Instruments
 - Single Audit – Federal Grants reporting

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- Regulatory Reasons
 - State Controller's Office
 - Debt Instruments
 - Single Audit – Federal Grants reporting
- Operational Reasons
 - Transparency
 - Builds trust with citizens
 - Outside expertise & perspective
 - Comprehensive Annual Financial Report
 - GFOA Award

Fiscal Impact – Is this budgeted?

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Yes!

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Yes!

- 2019 - 2021 Budget for prior audits
- Planned for 2021 – 2023 Budget Cycle
- Appropriations per FY:
 - \$55,000 110NON-533310 – Audit Services - City
 - \$ 3,000 648SA-533310 – Audit Services -
Successor Agency

Auditor Selection Cycle

- State code – 6 years
- Audit guidelines & city policy – audit partner rotation after 5 years
- Prior audit firm (Glenn Burdette)
- Selection Committee

Staying with Current Audit Firm

BENEFITS

- Strong working relationship
- Ease of communication
- Familiarity with the process
- Minimal surprises/changes

CHALLENGES

- Comfortable isn't necessarily better
- Higher potential for missing fraud

Bringing on a New Audit Firm

BENEFITS

- New Perspective / Processes
- Potentially find gaps previously missed
- New services / support

CHALLENGES

- “Familiarization period” – time & resources
- Potential one-time spike in audit findings

Request For Proposal (RFP) - Timing

- RFP issued January 15, 2021
- Closed on February 24, 2021
- Proposals required to be irrevocable until April 25, 2021

Proposals and Evaluation Process

- Received 7 Proposals
- Evaluated based on three categories:
 - Mandatory requirements: Pass/Fail
 - Technical requirements: 75% of score
 - Pricing: 25% of score
(sealed dollar cost bid opened after technical review)

Evaluation – Results: Mandatory Requirements

- Mandatory Requirements – Pass/Fail
- Of 7 firms, 2 did not pass mandatory requirements
- 5 firms evaluated further
 - Brown Armstrong Accountancy
 - Glenn Burdette
 - Lance, Soll & Lunghard, LLP
 - Van Lant & Fankhanel, LLP
 - Vasquez & Company, LLP

Evaluation – Results: Technical Requirements

Technical Requirements – 75% of score

–Expertise & Experience: 45%

–Audit Approach: 30%

Evaluation – Results: Technical Requirements

Rank Order

- 1) LSL
- 2) Brown
Armstrong
- 3) Glenn
Burdette
- 4) VLF
- 5) Vasquez



Evaluation – Results: Pricing

Pricing – 25% of score

- Pricing is consideration, but not driving factor

Cost proposals in order of entire cost for contract term, including (2) one-year optional extensions:

<u>Firm</u>	<u>5-Year Total</u>		<u>Annual Average</u>
Vasquez & Company, LLP	\$ 238,912		\$ 47,782
Lance, Soll & Lunghard, LLP	\$ 252,319		\$ 50,464
Van Lant & Fankhanel, LLP	\$ 255,225		\$ 51,045
Brown Armstrong Accountancy	\$ 259,000		\$ 51,800
Glenn Burdette	\$ 270,605		\$ 54,121

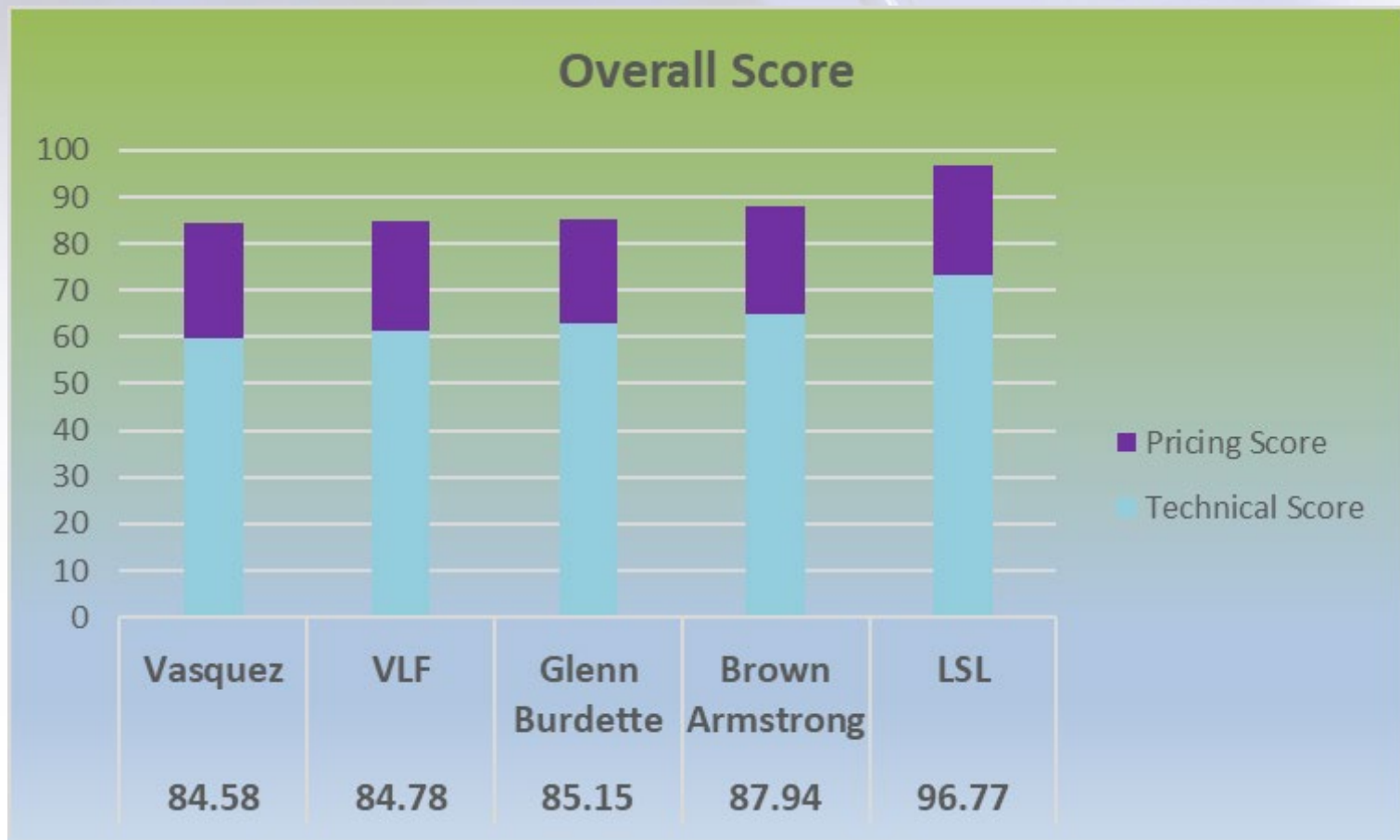
Evaluation – Results: Pricing

Rank Order

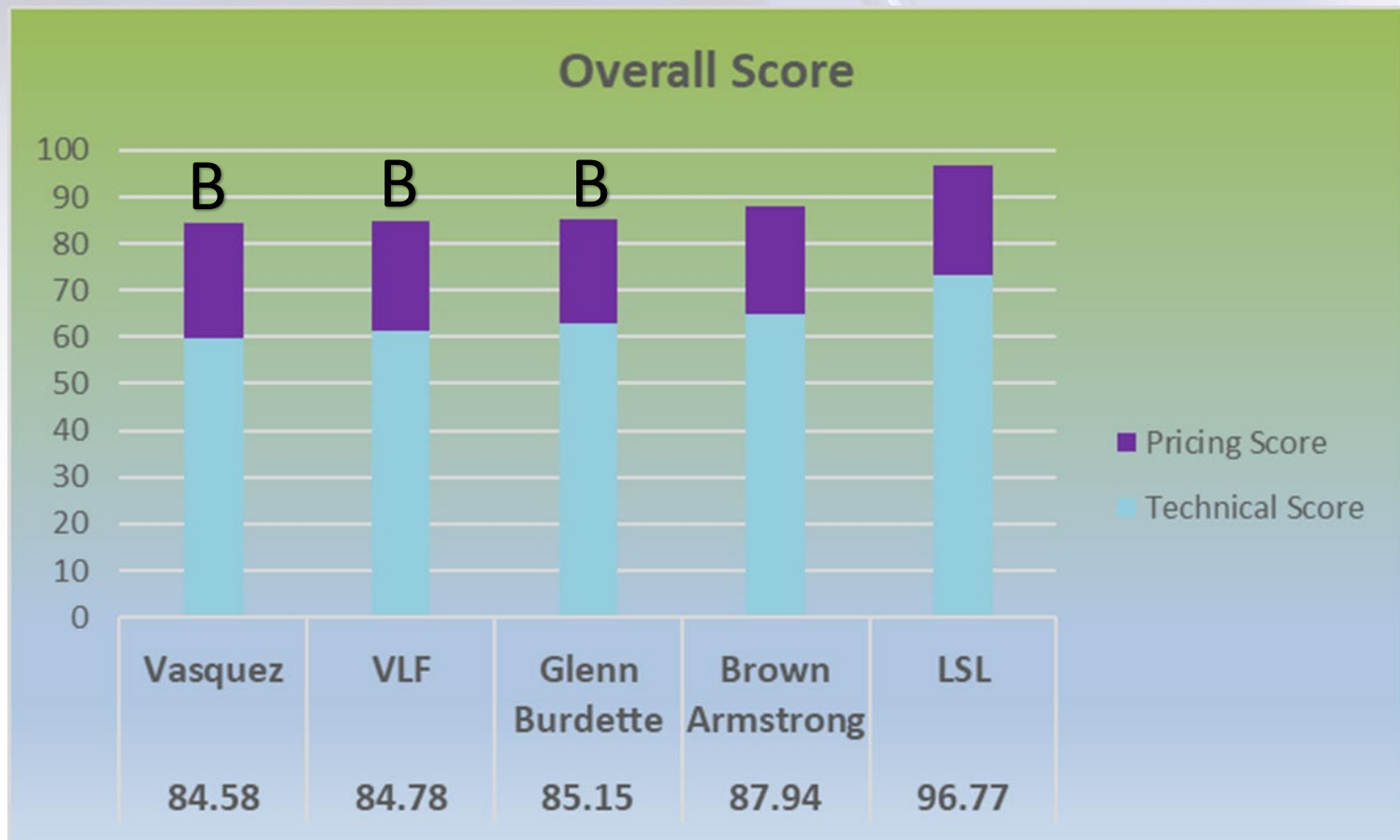
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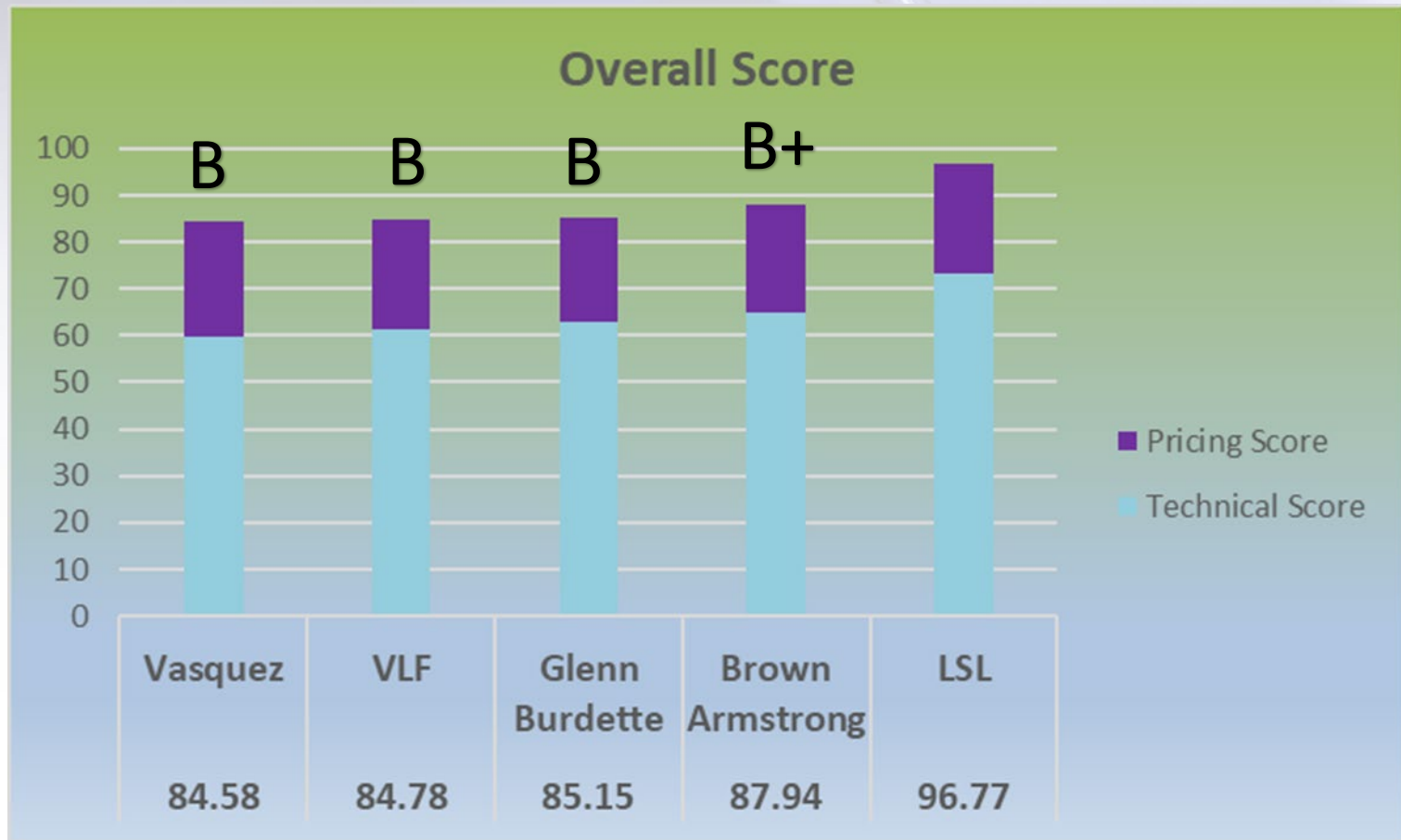
Evaluation – Results: Combined Overall



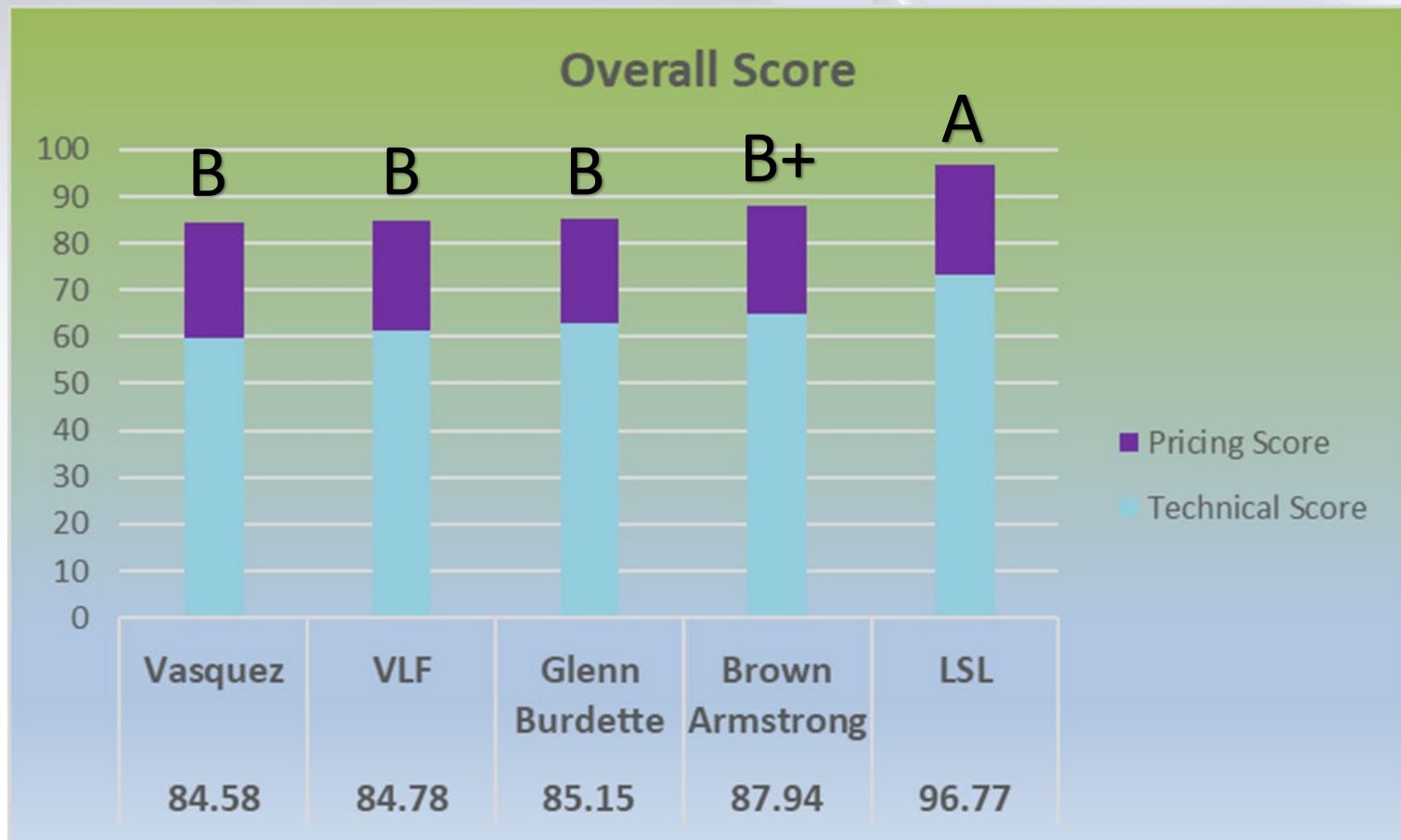
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LSL Impressions & Standouts

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- Professional depth and experience
- In-person training workshops
- References:
 - “Excellent”
 - “Responsive & flexible”
 - “Communicative”
 - “Always helpful”
 - “Nothing but good things to say about them”

Staff Recommendations

Request Council to Direct Staff to

- Award Professional Services Agreement with highest ranked firm, Lance, Soll & Lunghard, LLP (LSL)
- Total agreement amount not to exceed \$148,384 for three years and two optional years not to exceed \$109,935

QUESTIONS??

