

STAFF REPORT

City of Lancaster

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04/22/08
MVB

Date: April 22, 2008

To: Mayor and City Council Members

From: Barbara Boswell, Finance Director

Subject: **Award of Professional Services Agreement for Audit Services**

Recommendation:

Award the three year Professional Services Agreement for Audit Services to Lance, Soll & Lunghard, LLP for \$66,000 in FY 08-09, \$69,300 in FY 09-10, and \$72,770 in FY 10-11 with an optional two-year extension and authorize the Interim City Manager to execute such agreement.

Fiscal Impact:

This is a three year contract commencing in FY 08-09 for the FY 07-08 audit. The budget for this will be presented with the FY 08-09 budget. The initial year contract is \$66,000 with an annual adjustment of approximately 5%.

Background:

The City's five year contract with Lance, Soll & Lunghard, LLP concluded with completion of the Comprehensive Annual Financial Report (CAFR) and Management Letter for FY 06-07.

The City conducted an open Request for Proposal using the ONVIA web-based bidding system in February 2008 and received three responses. Due to the limited response, the City re-opened the Request for Proposal and, in an attempt to expand the number of responses and selection, staff contacted several of the established audit firms by phone to verify their contact information and their interest in bidding. The second Request for Proposal netted one additional proposal.

All four firms submitting a proposal were interviewed on April 1, 2008 by a panel comprised of the City Attorney, Finance Director, Assistant Finance Director and Accounting Supervisor.

The firms were evaluated on their responses to the proposed audit plan, proposed staffing, experience on Municipal and complex Redevelopment Agency audits, experience in preparation of the annual State of California Redevelopment Agency Reports, and their responses to how they work with clients to comply with the changing auditing standards.

The panel unanimously chose Lance, Soll & Lunghard on the basis that they demonstrated a significantly higher level of knowledge and understanding of preparing the Redevelopment Agency financials and related reports, and their proposal to use a completely different audit team to ensure a new and independent view of our financials.