

REPORT TO CITY COUNCIL

DATE: MAY 11, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: NATHAN HAMBURGER, CITY MANAGER

BY: CHRISTY TRUELSEN, DIRECTOR OF FINANCE

SUBJECT: APPROVAL OF FIRST AMENDMENT TO AGREEMENT BETWEEN THE CITY OF AGOURA HILLS AND THE AGOURA HILLS/CALABASAS COMMUNITY CENTER AND LANCE, SOLL & LUNGHARD, RELATING TO AUDIT SERVICES

The purpose of this item is to seek City Council approval for the City to amend an agreement for consultant services with Lance, Soll & Lunghard, LLP (LSL), to provide auditing services to the City OF Agoura Hills and the Agoura Hills/Calabasas Community Center.

In January 2020, the City entered in to an agreement for auditing services for the City of Agoura Hills and the Agoura Hills/Calabasas Community Center for the two fiscal years beginning with the fiscal year ending June 30, 2020. The agreement provided an option to extend for an additional three years. LSL has completed the first two audits and staff is now recommending an extension for the audit of the fiscal years 2022 through 2025.

Staff is recommending a total of \$41,100 annually and the five-year amended contract is \$205,500.

This proposed agreement has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends the City Council approve the first amendment to the agreement for consultant services with Lance, Soll & Lunghard, for the performance of auditing services, commencing May 12, 2022.

Attachment: Lance, Soll & Lunghard First Amendment to Agreement for Consultant Services

FIRST AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES
WITH THE CITY OF AGOURA HILLS

NAME OF CONSULTANT:	Lance, Soll & Lunghard, LLP
RESPONSIBLE PRINCIPAL OF CONSULTANT:	Attn: Ryan Domino
CONSULTANT'S ADDRESS:	203 N. Brea Blvd. Suite 203 Brea, CA 92821
CITY'S ADDRESS:	City of Agoura Hills 30001 Ladyface Court Agoura Hills, CA 91301 Attn: City Manager
PREPARED BY:	Christy Truelsen
COMMENCEMENT DATE:	May 12, 2022
TERMINATION DATE:	May 12, 2025
CONSIDERATION:	Amendment Amount: \$123,300 Total Contract Price \$205,500 Not to Exceed: \$41,100 /yr

**FIRST AMENDMENT TO AGREEMENT BETWEEN
CITY OF AGOURA HILLS AND LANCE, SOLL & LUNGHARD, LLP**

THIS FIRST AMENDMENT is made and entered into as of May 12, 2022, by and between the City of Agoura Hills, a municipal corporation (hereinafter referred to as "City"), and Lance, Soll & Lunghard, LLP, a Limited Liability Partnership (hereinafter referred to as "Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. This Amendment is made with the respect to the following facts and purposes:

a. On January 22, 2020, the City and Consultant entered into that certain Agreement entitled "Agreement for Consultant Services Between the City of Agoura Hills and Lance, Soll & Lunghard, LLP", in the amount of Eighty-Two Thousand Two Hundred and Zero Cents (\$82,200.00).

b. The parties now desire to extend the term of the agreement to May 15, 2025, increase the payment in the amount of One Hundred Twenty-Three Thousand, Three Hundred Dollars and Zero Cents (\$123,300.00) and to amend the Agreement as set forth in this Amendment.

2. Section One of the Agreement entitled "**TERM**" is hereby amended to read as follows:

"This Agreement shall remain and continue in effect until tasks herein are completed, but in no event later than May 12, 2025 unless sooner terminated pursuant to the provisions of this Agreement."

3. Section Four of the Agreement entitled "**PAYMENT**" at paragraph "a" is hereby amended to read as follows:

"The City agrees to pay Consultant monthly, in accordance with the payment rates and schedules and terms set forth in Exhibit B, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibit B, other than the payment rates and schedule of payment, are null and void. The FIRST Amendment amount shall not exceed One Hundred Twenty-Three Thousand, Three Hundred Dollars and Zero Cents (\$123,300.00), for additional audit services for a total Agreement amount of Two Hundred Five Thousand, Five Hundred Dollars and Zero Cents (\$205,500.00).

4. Except for the changes specifically set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this FIRST Amendment to Agreement to be executed the day and year first above written.

CITY OF AGOURA HILLS

Deborah Klein Lopez,
Mayor

ATTEST:

Kimberly M. Rodrigues, MMC
City Clerk
Date Approved by City
Council _____

APPROVED AS TO FORM:

Candice K. Lee,
City Attorney

CONSULTANT

Lance, Soll & Lunghard, LLP
203 N. Brea Blvd. Suite 203
Ryan Domino
714-672-0022
Ryan.Domino@lslcpas.com

By: Ryan Domino

Print Name: Ryan Domino

Title: Partner

By: Bryan Gruber

Print Name: Bryan Gruber

Title: Managing Partner

[Signatures of Two Corporate Officers Required]

ATTACHMENT A

Attached hereto and incorporated herein is the additional scope of work and associated cost as provided by the Consultant.

See Attachment dated April 28, 2022 and Original Cost Proposal Dated October 31, 2019



TABLE OF CONTENTS

Transmittal Letter	1
Benefits to Working with LSL.....	3
Detailed Proposal	4
License to Practice in the State of California.....	4
Independence.....	4
Firm Qualifications and Experience.....	4
Size of the Firm and Size of the Firm's Government Audit Staff.....	4
Location of Offices.....	4
Number and Nature of Professional Staff to be Assigned to the Engagement.....	5
Desk Reviews/Disciplinary Action.....	5
External Quality Control Reviews.....	5
Peer Review.....	6
Partner, Supervisory and Staff Qualifications and Experience.....	7
Key Personnel and Respective Responsibilities.....	7
Continuing Education.....	7
Resumes.....	8
Similar Engagements with Other Government Entities.....	16
Specific Audit Approach.....	17
Proposed Segmentation of the Engagement.....	17
Level of Staff and Number of Hours Assigned to each Proposed Segment.....	18
Sample Size and Extent of Statistical Sampling.....	19
Extent of EDP software.....	19
Approach to Gain and Document Understanding of Internal Control.....	19
Determining Laws and Regulations Subject to Audit Testwork.....	19
Drawing Audit Samples.....	20
Extent and Utilization of Analytical Procedures.....	20
Identification of Anticipated Potential Audit Problems.....	21
Cost Proposal (See separate attachment)	



CPA& AND ADVISORS

TRANSMITTAL LETTER

October 31, 2019

City of Agoura Hills
Christy Pinuelas, Director of Finance
30001 Ladyface Court
Agoura Hills, CA 91301

LANCE, SOLL & LUNGHARD, LLP (LSL) is pleased to respond to your request for proposal for audit services. As a leader in the field of governmental accounting and auditing, we appreciate this opportunity to present our professional qualifications. Because of our extensive California city government experience, dedication to excellence, and determination to retain the brightest talent, we hope you find that LSL is the most qualified accounting firm to provide professional audit services to the City of Agoura Hills (the City).

ANNUAL SERVICES

The City will receive the following for two (2) years beginning with the fiscal year ending June 30, 2020, with the option to extend three (3) additional years.

We will perform an audit of all funds of the City. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. We understand that we are responsible for preparing, formatting, and word processing the basic financial statements, notes to the basic financial statements, and required supplementary information for the City's Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34 and the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program. We will perform limited procedures on the management's discussion and analysis, required supplementary information, and supplemental information to ensure accuracy and consistency throughout the report. We will prepare the statistical section in accordance with GASB 44 based on data you provide. We will also perform required review of GASB 68 pension reporting and compliance.

We will perform a Single Audit on the expenditures of federal grants in accordance with the provisions of the Single Audit Act of 1984, as amended in 1996, and Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). We understand that we are responsible for preparing, formatting, and word processing the Single Audit Report and Data Collection Form to be submitted to the Federal Audit Clearinghouse each year.

We will prepare management letters in accordance with SAS 114 and SAS 115. The SAS 115 management letter will disclose material weaknesses or significant deficiencies in internal controls, compliance matters that could have a direct and material effect on the financial statements, and other matters. The SAS 114 letter will provide information on the scope of the audit and the auditor's responsibility, any audit adjustments or significant findings, and any difficulties or disagreements with management. We will also issue a separate "management letter" which will include recommendations and other significant observations that are non-reportable conditions and will be addressed to the City Manager.



CPAs AND ADVISORS

- We will perform agreed-upon procedures pertaining to the City's GANN Limit (Appropriations Limit) as required by Section 1.5 of Article XIII B of the California Constitution and render a letter annually to the City regarding compliance.
- We will prepare the Annual State Controller's Report for the City of Agoura Hills.
- Conduct financial audit and prepare financial statements for the Agoura Hills Calabasas Community Center.

LSL is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. All key staff assigned to the audit of the City of Agoura Hills will be licensed as Certified Public Accountants by the State of California, Department of Consumer Affairs. LSL is independent with respect to the City of Agoura Hills and we are an Equal Opportunity Employer. LSL has no conflict of interest regarding any other work performed for the City. We are committed to providing the services discussed above in accordance with the timetable specified in your request for proposal. This proposal is a firm and irrevocable offer for a minimum of 120 days. For purposes of this proposal, Richard K. Kikuchi, CPA, Partner, is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City. I can be reached at the address below or by phone at (714) 672-0022, or through email at Richard.Kikuchi@lslcpas.com.

A handwritten signature in black ink, appearing to read "Richard K. Kikuchi".

Richard K. Kikuchi, CPA
Engagement Partner
203 N. Brea Blvd., Suite 203
Brea, California 92821



BENEFITS TO WORKING WITH LSL

In today's environment, keeping up with the numerous accounting and regulatory changes can seem unmanageable. Finance departments are facing more complexity, risk, and change than ever before, and with less resources. As the industry continues to evolve, a strategic relationship with LSL, can help you better manage these changes and be more equipped for the future. Training and communication are the bridge that connects us. We offer to our clients:

1) Annual Governmental Accounting Update

Annually, we hold a half-day seminar providing an update to new accounting and regulatory standards impacting local governments. The goal is to provide useful relevant information that impacts your organization.

2) Annual Onsite Client Specific Training

We offer tailored training for your organization on topics that are most relevant and needed for you and your team. Topics may include fraud risk management, internal controls, accounting pronouncements, governmental accounting, and CAFR preparation.

3) Focused Topic Specific Webinars and Ongoing News & Alerts

Important topics affecting local governments sometimes need more attention and explanation. In addition to our annual update, our webinars and news offer a short, focused approach to these critical areas.

4) Meetings with Councils & Committees

We believe communication is the key to a successful relationship and offer two annual meetings with your City Council or Committees. Both meetings encourage dialogue between LSL and City Council during the preliminary and concluding segments of the audit.

5) Experience

LSL has experienced and educated professionals. In addition, we have served as the auditors for the City of Agoura Hills and a number of other local City governments for the past several years and have extensive knowledge of the industry's standard practices, internal controls, and procedures. In addition, LSL has experience with other cities throughout California.

LSL has structured a partner rotation in this proposal and introduced some new team members to the engagement to provide a fresh set of eyes to the engagement. This change in conjunction with the accumulation of history and knowledge of the City our firm has developed over the last five years working with the City provides for optimal audit services.



April 28, 2022

Ms. Christy Truelsen
Director of Finance
City of Agoura Hills

Dear Ms. Truelsen,

Thank you for choosing to exercise the City of Agoura Hills (the City)'s option and extend the contract for auditing services LSL. 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) and assist City staff in the preparation of that report.
- Performing a financial audit, in accordance with *Government Auditing Standards*, of the Agoura Hills/Calabasas Community Center (the AHCCC)'s basic financial statements and assist AHCCC staff in the preparation of that report.
- 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.
- Preparing the Financial Transactions Reports for the City and AHCCC in accordance with the State Controller's Office's guidelines and regulations.
- Performing agreed-upon procedures over the City's calculation of its Appropriations Limit.

We will make it an *absolute priority* to provide the City and the AHCCC 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.

The fee structure, total maximum not-to-exceed price, and billing methods would remain unchanged from our original agreement. Again, LSL CPAs 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 questions or comments regarding this agreement, please do not hesitate to contact Ryan Domino, Partner, at (714) 672-0022.

Very truly yours,

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

Signature

Date



PREPARED BY:

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 N. Brea Blvd., Suite 203
Brea, CA 92821
(714) 672-0022
Firm License Number: 2584
Firm EIN: 95-2700123

Cost Proposal Presented to

CITY OF AGOURA HILLS

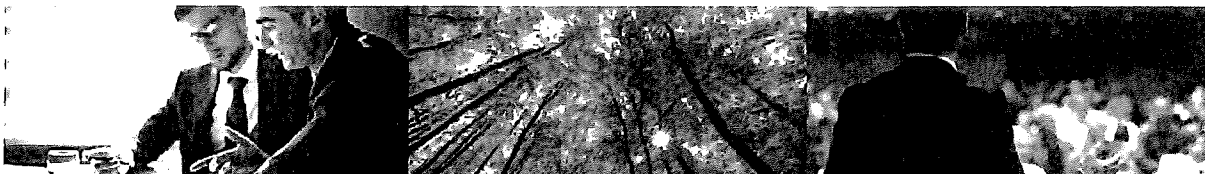
**PROFESSIONAL AUDIT SERVICES
REQUEST FOR PROPOSALS**

CONTACT PERSON:

Richard K. Kikuchi, CPA, Partner
Richard.Kikuchi@lslcpas.com
(714) 672-0022

October 31, 2019

Focused
on YOU



COST PROPOSAL

Format for Schedule of Professional Fees and Expenses to Support the Total All- Inclusive Maximum Price

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES					
Supporting Schedule for the City of Agoura Hill's Audit Report					
For the Period Ending June 30,					
	Hours	Hourly Rate	2020	2021	Total
Fees:					
Partner	10	\$225	\$2,250	\$2,250	\$4,500
Manager	25	\$152	\$3,800	\$3,800	\$7,600
Supervisory staff	65	\$118	\$7,670	\$7,670	\$15,340
Staff	150	\$97	\$14,550	\$14,550	\$29,100
Clerical					
Other (specify)					
Subtotal fees	250		\$28,270	\$28,270	\$56,540
Expenses:					
Meals and lodging			0	0	0
Transportation			0	0	0
Other (specify)			0	0	0
Subtotal expenses			0	0	0
Total all inclusive maximum price			\$28,270	\$28,270	\$56,540

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES					
Supporting Schedule for the City of Agoura Hill's Single Audit Report, if required					
For the Period Ending June 30,					
	Hours	Hourly Rate	2020	2021	Total
Fees:					
Partner	2	\$225	\$450	\$450	\$900
Manager	4	\$152	\$608	\$608	\$1,216
Supervisory staff	6	\$118	\$708	\$708	\$1,416
Staff	28	\$97	\$2,716	\$2,716	\$5,432
Clerical					
Other (specify)					
Subtotal fees	40		\$4,482	\$4,482	\$8,964
Expenses:					
Meals and lodging			0	0	0
Transportation			0	0	0
Other (specify)			0	0	0
Subtotal expenses			0	0	0
Total all inclusive maximum price			\$4,482	\$4,482	\$8,964

COST PROPOSAL (Continued)

Supporting Schedule for the City of Agoura Hill's State Controller's Report					
For the Period Ending June 30,					
	Hours	Hourly Rate	2020	2021	Total
Fees:					
Partner	1	\$225	\$225	\$225	\$450
Manager	.1	\$152	\$152	\$152	\$304
Supervisory staff	2	\$118	\$236	\$236	\$472
Staff	17	\$97	\$1,649	\$1,649	\$3,298
Clerical					
Other (specify)					
Subtotal fees	21		\$2,262	\$2,262	\$4,524
Expenses:					
Other (specify)			0	0	0
Subtotal expenses			0	0	0
Total all inclusive maximum price			\$2,262	\$2,262	\$4,524

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES					
Supporting Schedule for the Agoura Hill's Calabasas Community Center Audit Report					
For the Period Ending June 30,					
	Hours	Hourly Rate	2020	2021	Total
Fees:					
Partner	3	\$225	\$675	\$675	\$1,350
Manager	8	\$152	\$1,216	\$1,216	\$2,432
Supervisory staff	15	\$118	\$1,770	\$1,770	\$3,540
Staff	25	\$97	\$2,425	\$2,425	\$4,850
Clerical					
Other (specify)					
Subtotal fees	51		\$6,086	\$6,086	\$12,172
Expenses:					
Meals and lodging			0	0	0
Transportation			0	0	0
Other (specify)			0	0	0
Subtotal expenses			0	0	0
Total all inclusive maximum price			\$6,086	\$6,086	\$12,172