



CITY COUNCIL STAFF REPORT



April 23, 2024

ITEM TITLE

Agreement: Approve an Agreement with Rogers, Anderson, Malody & Scott LLP to Provide Financial Audit Services

Report Number: 24-0122

Location: No specific geographic location

Department: Finance

G.C. § 84308: Yes

Environmental Notice: The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt a resolution approving an agreement with Rogers, Anderson, Malody & Scott LLP to provide financial audit services.

SUMMARY

The City of Chula Vista requires an annual, independent audit of its financial statements pursuant to Section 1012 of the City Charter. Fiscal year 2022-23 is the last year covered by the agreement with the City’s current auditor, Lance Soll and Lunghard, LLP. To procure ongoing financial audit services, the City’s Finance Department solicited proposals in accordance with the Chula Vista Municipal Code Section 2.56.110. After an evaluation of the audit firms that submitted proposals, staff recommends approving a three-year agreement with Rogers, Anderson, Malody & Scott LLP with up to two (2) optional one-year extension options.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines, because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

Section 1012 of the City Charter requires an annual, independent audit of the City's financial statements. The City's current auditor, Lance Soll and Lunghard, LLP (LSL), has provided financial audit services to the City for fiscal years 2013-14 through 2022-23. The initial agreement with LSL was for five fiscal years and was subsequently extended due to staffing transitions. Fiscal year 2022-23 is the last year covered by the LSL agreement.

To procure ongoing financial audit services, the City's Finance Department solicited proposals in accordance with Chula Vista Municipal Code Section 2.56.110. The solicitation was issued on January 26, 2024 and closed on February 16, 2024. The City received six proposals in response to the City's Request for Proposals (RFP) P13-2024 from the following firms: Badawi & Associates, CliftonLarsonAllen LLP, Lance, Soll & Lunghard, LLP, Rogers, Anderson, Malody & Scott, LLP, The Pun Group LLP, and Vasquez & Company LLP. The City's selection committee invited three firms to an interview. The City's selection committee members reviewed, scored, and discussed the firms based on experience, personnel, qualifications, fee proposal, interview, and adherence of firm's proposal to RFP guidelines. After comprehensive assessment, staff recommends approving the agreement with Rogers, Anderson, Malody & Scott LLP.

The agreement provides compensation by year per deliverable, the quantity of which may vary. For example, the single audit work depends on the number of federally funded programs each year. In addition, although the City intends to prepare the annual comprehensive financial report in-house, there is an optional deliverable for the audit firm to prepare the report, which provides flexibility to City staff. Given the varying and optional deliverables, the compensation for the initial, three-year term is set at a not-to-exceed amount of \$534,800. The agreement includes options to extend for two, one-year terms. If the City exercises an option to extend, compensation for each deliverable may be increased by up to 2.5% for each extension.

Rogers, Anderson, Malody & Scott LLP is located in San Bernardino, California. The firm was founded in 1948 and has over 74 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting, and management advisory services. The firm's staff consists of seven partners, five managers, ten supervisors/seniors, and seventeen professional staff. The firm's client profile includes cities, redevelopment successor agencies, water districts, other special districts, and joint power authorities. Current local clients include the City of Imperial Beach, City of Poway and City of El Cajon.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no additional fiscal impact as a result of this action. Funding is available based on current year budget appropriations.

ONGOING FISCAL IMPACT

These expenses will continue to be included in the annual budget development process for future years.

ATTACHMENTS

1. Rogers, Anderson, Malody & Scott LLP Agreement
2. RFP P13-2024 Financial Audit

*Staff Contact: Sarah Schoen, Director of Finance/Treasurer
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