

CITY OF PALOS VERDES ESTATES



March 10, 2026

Responses to Audit Questions #1 - Professional Audit Services RFP

1. Could you please provide the name of the current audit firm and the professional fees paid for the most recent audit engagement, including the City audit and concessionaire audits?

The City has utilized Vasquez and Company LLP for the last five audits beginning in FY 21. The City's auditing costs for this fiscal year amount to \$75,075. Concession audit costs amounted to \$3,000 per concession each year.

2. Does City staff prepare the draft ACFR and related notes, or is the auditor expected to assist with preparation of the financial statements?

The auditor is expected to assist with preparation of the financial statements.

3. Has the City been subject to a Single Audit in recent fiscal years? If so, could you provide the major programs and approximate total federal expenditures?

No.

4. What financial management or accounting software does the City currently utilize?

eFinancePlus Enterprise 5.0 provided by Central Square, Inc.

5. For the required audits of the Beach & Athletic Club, Tennis Club, and Stable:
 - o Are the operators responsible for preparing separate financial statements, or is the auditor expected to prepare them?

Auditor is expected to prepare financial statements.

- o Could you provide the prior-year audit fees for each concession entity?

Fees are approximately \$3,000 for each concession entity.

6. How many staff members are responsible for financial reporting and audit coordination within the City's Finance Department?

3 staff members but the City has contracted with an external accounting firm for year-end close and auditing support services the last two fiscal years. Since the City has utilized outside contracting assistance, audit coordination has improved drastically.

7. When is the City's trial balance typically available for audit fieldwork, and what are the anticipated target dates for draft and final report issuance?

Trial balance is typically available early to mid-October. Anticipated target dates for final draft is the first week of December with the final document available to present to City Council on the second meeting in December.

8. Prior Audit Findings – Were there any material weaknesses, significant deficiencies, or other findings reported in the most recent audit?

Yes. The FY 2024-25 audit identified one significant deficiency: on the Report of Internal Controls, the absence of a formal written accounting policies and procedures manual, largely attributable to staff turnover in prior years. Since then, staffing has stabilized and the City has engaged an external accounting firm for ongoing monthly oversight. Management has acknowledged the deficiency and is actively working to address it.