



KENNETH MEJIA
CONTROLLER

April 27, 2026

Honorable Karen Bass, Mayor
Honorable Members of City Council
of the City of Los Angeles

The City Charter Section 362 provides that the City Council shall have the income and expenditures of each department, and office audited by an independent certified public accountant at the end of each fiscal year. The Audit Committee, composed of the Controller as Chair, the City Administrative Officer (CAO) and the Board of Public Works (PW Board) or their representatives, is tasked with the oversight of the selection of the independent auditor and providing the City Council with audit recommendations. In August 2023, the City Council approved the Audit Committee's recommendations and authorized an agreement (City Contract C-144038) with Macias, Gini and O'Connell, LLP (MGO) to conduct the annual and single audits for Fiscal Years (FY) 2022-23, 2023-24, and 2024-25 with the option to extend the contract for an additional two years covering FY 2025-26 and FY 2026-27.

The Audit Committee is now requesting to exercise the option to extend the contract to allow MGO to conduct the audits for FY 2025-26 and FY 2026-27 and to incorporate additional auditing service of the Los Angeles County Affordable Housing Solutions Agency (LACAHS) Fund.

RECOMMENDATIONS

The City Council authorize the Controller, with assistance from the CAO and the PW Board to:

1. Approve the First Amended and Restated Contract (C-144038) with MGO to extend the contract for an additional two years to cover the annual and single audits of FY 2025-26 and 2026-27;
2. Instruct the PW Board, Office of Accounting to reimburse the General Fund \$102,901 for the Fiscal Year 2025-2026 and \$104,959 for the Fiscal Year 2026-27 audits of the Sewer Construction and Maintenance Fund;
3. Instruct the Department of Transportation to arrange for the Mobile Source Air Pollution Reduction Fund to reimburse the General Fund in the amount of \$28,263 for FY 2025-26 and \$28,828 for FY2026-27 for the audit of the Mobile Source Air Pollution Reduction Trust Fund;

4. Instruct the Department of Housing to reimburse the General Fund \$92,104 for the FY 2025-26 audits of the Low and Moderate Housing Fund and LACAHSAs Fund and \$112,715 for the FY 2026-27 audits of the Low and Moderate Housing Fund, LACAHSAs Fund, and the McKinney Act Savings Fund.

FINANCIAL IMPACT STATEMENT

The FY 2025-26 and FY 2026-27 audits are estimated to cost \$1,581,853 and \$1,522,629 respectively. The GCP for FY 2026-27 has an appropriation of \$1,581,853 for the FY 2025-26 audit. This amount will cover the cost of the FY 2025-26 audit. No additional appropriation will be needed. An appropriation of \$1,522,629 will need to be allocated in GCP for FY 2027-28 to cover the FY 2026-27 audit.

DISCUSSION

The current agreement to perform the City's Financial and Single Audits will expire in December 2026 and includes the audits of FYs 2022-23, 2023-24 and 2024-25. This amended and restated agreement will extend the agreement to December 2028 and allow MGO to perform the FY 2025-26 and FY 2026-27 audits. The audits are estimated to cost \$1,581,853 and \$1,522,629 respectively. The estimated cost for both years includes \$150,000 each year as contingency for changing standards and additional grant programs.


The proposed amended and restated agreement will include the LACAHSAs fund (Fund 69A) financial statements audit. In 2024 Los Angeles County voters approved through Measure A to fund homeless services and affordable housing development throughout the County of Los Angeles. Part of that revenue will be directed to Los Angeles County Affordable Housing Solutions Agency (LACAHSAs) who will in turn pass a certain percentage of the funding to the City of Los Angeles as one of the eligible jurisdictions. Fund 69A - (LACAHSAs) was established by the City, under the Department of Housing, to receive and disburse this new funding source. The estimated costs to include this additional audit are \$48,999 and \$50,026 for FY 2025-26 and FY 2026-27 respectively.

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Sincerely,



Vincent De Vera
Chief Deputy Controller


(Apr 28, 2026 10:15:00 PDT)

Benjamin Ceja
Assistant City
Administrative Officer

Elyse Matson (Apr 28, 2026 11:17:18 PDT)

Elyse Matson
Executive Officer
Board of Public Works

Attachment(s)