



CITY OF WEST COVINA
FINANCE & AUDIT COMMITTEE

WEDNESDAY, APRIL 7, 2021, 6:00 PM
REGULAR MEETING

WEST COVINA CITY HALL
VIA TELEPHONICALLY
WEST COVINA, CALIFORNIA 91790

AGENDA

David Lin, Chair

Marsha Solorio, Vice Chair

Dario Castellanos, Mayor Pro Tem/Finance & Audit Committee Member

Donna Chia, Finance & Audit Committee Member

Rosario Diaz, Council Member/Finance & Audit Committee Member

Jim Grivich, Finance & Audit Committee Member

Colleen Rozatti, City Treasurer/Finance & Audit Committee Member

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID-19. On March 17, 2020, Governor Newsom issued Executive Order N-29-20, suspending certain requirements of the Brown Act relating to the conduct of public meetings. Pursuant to the Executive Orders, Finance & Audit Committee Members may attend the meetings telephonically and the Committee is not required to make available a physical location from which member of the public may observe the meeting and offer public comment.

Members of the public may watch the Finance & Audit Committee meeting live on the City's website at: <https://www.westcovina.org/departments/city-clerk/agendas-and-meetings/current-meetings-and-agendas> under the "Watch Live" tab or through the West Covina City YouTube channel at www.westcovina.org/LIVE.

REMOTE PUBLIC PARTICIPATION: In lieu of attending the meeting in person, members of the public can submit public comments via e-mail.

EMAILED PUBLIC COMMENT: Members of the public can submit public comments to the Finance & Audit Committee via e-mail at VGonzales@westcovina.org. The subject line should specify "Oral Communication - 4/07/2021". Please include your full name and address in your e-mail. No comments will be read out loud during the meeting. All comments received by the start of the meeting will be made part of the official public record of the meeting.

AMERICANS WITH DISABILITIES ACT

The Committee complies with the Americans with Disabilities Act (ADA). If you need special assistance at Committee Meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8:00 a.m. to 5:00 p.m. Monday through Thursday, at least 48 hours prior to the meeting to make arrangements.

AGENDA MATERIAL

Agenda material is available for review at the West Covina City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue and at www.westcovina.org. Any writings or documents regarding any item on this agenda not exempt from public disclosure, provided to a majority of the Commission that is distributed less than 72 hours before the meeting, will be made available for public inspection in the City Clerk's Office, Room 317 of City Hall during normal business hours.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

ORAL COMMUNICATIONS - Three (3) minutes per speaker

Please state your name and city of residence for the record when recognized by the Committee Chair.

5) APPROVAL OF MEETING MINUTES

1) FEBRUARY 24, 2021, FINANCE & AUDIT COMMITTEE SPECIAL MEETING AMENDED MINUTES

It is recommended that the Finance & Audit Committee receive and file the Amended Minutes of the Finance & Audit Committee Special Meeting on February 24, 2021.

2) MARCH 24, 2021, FINANCE & AUDIT COMMITTEE MEETING MINUTES

It is recommended that the Finance & Audit Committee receive and file the Minutes of the Finance & Audit Committee Meeting on March 24, 2021.

REPORTS

3) AWARD OF AUDIT SERVICES CONTRACT

It is recommended that the Finance & Audit Committee accept the interview panel's recommendation and recommend to the City Council award of Professional Services Agreement to Van Lant & Fankhanel, LLP to perform audit services.

NEW BUSINESS

1. Discuss FY 21-22 Budget
2. Next meeting date and time

ADJOURNMENT



AGENDA STAFF REPORT

City of West Covina

DATE: 04/07/2021
TO: Finance & Audit Committee
FROM: Robbeyn Bird, Finance Director
SUBJECT: FEBRUARY 24, 2021, FINANCE & AUDIT COMMITTEE SPECIAL MEETING AMENDED MINUTES

RECOMMENDATION:

It is recommended that the Finance & Audit Committee receive and file the Amended Minutes of the Finance & Audit Committee Special Meeting on February 24, 2021.

Prepared by: Valerie Gonzales, Administrative Assistant I

Additional Approval: Robbeyn Bird, Finance Director

Attachments

Attachment No. 1 - Amended February 24, 2021 Minutes

*Amended***

CITY OF WEST COVINA

FINANCE & AUDIT COMMITTEE

MINUTES

SPECIAL MEETING

WEDNESDAY, FEBRUARY 24, 2021 6:00 p.m.

The meeting of the Finance & Audit Committee was called to order at 6:01 p.m. via telephonically/zoom. Member Chia led the Pledge of Allegiance.

ROLL CALL

Present: Chair David Lin
Vice-Chair Marsha Solorio
Committee Member/Mayor Pro Tem Dario Castellanos
(arrived at 6:17 p.m.)
Committee Member Donna Chia
Committee Member/Council Member Rosario Diaz
Committee Member James Grivich
Committee Member/City Treasurer Colleen Rozatti (arrived at 6:11 p.m.)

Absent: None

Staff Present: Finance Director Robbeyn Bird, City Manager David Carmany, Administrative Assistant I Valerie Gonzales, Scott Manno, RAMS (Auditor), Gardenya Duran, RAMS (Auditor)

ORAL COMMUNICATIONS

None.

--- End of Public Comment

1. APPROVAL OF JANUARY 27, 2021 FINANCE & AUDIT COMMITTEE MINUTES

A Motion was made by Chair Lin and seconded by Vice Chair Solorio to approve the Finance & Audit Committee minutes of the January 27, 2021 meeting.

Motion carried by a vote 5-0; 2 not present at time of motion.

REPORTS

2. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND OTHER RELATED REPORTS FOR THE YEAR ENDED JUNE 30, 2020

It is recommended that the City Council receive and file the following letters and financial reports for the year ended June 30, 2020:

- Comprehensive Annual Financial Report;
- Government Auditing Standards Letter;
- Audit Communication Letter;
- West Covina Housing Authority Fund Financial Report;
- West Covina Housing Authority Fund Addendum to the Annual Progress Report; and
- Air Quality Improvement Fund Financial Statements.

**Marsha Solorio and Jim Grivich expressed concern about and asked for an explanation from the auditors for the "Going Concern" comment contained within note 22. Scott Manno, a partner of RAMS, responded that while RAMS did not issue a formal "Going Concern" letter, it was necessary to raise the issue because the state auditor has declared that West Covina is "High Risk" primarily because of pension liabilities. Mr. Manno also stated that while the city is not in true "Going Concern" status, it is currently in financial trouble.

Jim Grivich, Marsha Solorio, and David Lin expressed concern about the listing of several "Material Weaknesses" due to failure to prepare required reports. This was a special is an ongoing concern because the same "Material Weaknesses" occurred in the previous year's audit. In both cases, the management response was that there was insufficient staffing. The committee members recommended that the city take every possible steps to secure staffing to ensure that required reports are completed.

A Motion was made by Chair Lin to accept the CAFR and seconded by Committee Member Chia.

Motion carried by a vote 7-0.

NEW BUSINESS

Finance Director Bird stated Single Audit will be presented at next meeting and informed the Committee an RFP has been issued for auditing services, as this is the last year for the RAMS contract. RFP's are due to the City on March 4th, 2021. Committee will be informed of the results.

Committee Members Marsha Solorio, Colleen Rozatti, Jim Grivich, David Lin, Donna Chia are interested in being present for the auditor interviews.

Committee Member/City Treasurer Rozatti would like to request hard copies of information.

Committee Member Grivich request to review the second quarter report at the next regular meeting.

Next meeting date and time:

Wednesday March 24, 2021 at 6:00 p.m.

ADJOURNMENT

Chair Lin moved to adjourn the meeting, seconded by Committee Member/Mayor Pro Tem Castellanos at 6:47 p.m.

Valerie Gonzales
Finance & Audit Committee Secretary

DRAFT



AGENDA STAFF REPORT

City of West Covina

DATE: 04/07/2021
TO: Finance & Audit Committee
FROM: Robbeyn Bird, Finance Director
SUBJECT: MARCH 24, 2021, FINANCE & AUDIT COMMITTEE MEETING MINUTES

RECOMMENDATION:

It is recommended that the Finance & Audit Committee receive and file the Minutes of the Finance & Audit Committee Meeting on March 24, 2021.

Prepared by: Valerie Gonzales, Administrative Assistant I
Additional Approval: Robbeyn Bird, Finance Director

Attachments

Attachment No. 1 - March 24, 2021 Minutes

CITY OF WEST COVINA

FINANCE & AUDIT COMMITTEE

MINUTES

REGULAR MEETING

WEDNESDAY, MARCH 24, 2021 6:00 p.m.

The meeting of the Finance & Audit Committee was called to order at 6:01 p.m. via telephonically/zoom. Vice-Chair Solorio led the Pledge of Allegiance.

ROLL CALL

Present: Chair David Lin
Vice-Chair Marsha Solorio
Committee Member/Mayor Pro Tem Dario Castellanos
Committee Member Donna Chia
Committee Member/Council Member Rosario Diaz
Committee Member James Grivich
Committee Member/City Treasurer Colleen Rozatti

Absent: None

Staff Present: Finance Director Robbeyn Bird, City Manager David Carmany, Assistant Finance Director Stephanie Russell, Administrative Assistant I Valerie Gonzales

ORAL COMMUNICATIONS

John Shewmaker

--- End of Public Comment

1. APPROVAL OF FEBURAY 24, 2021 FINANCE & AUDIT COMMITTEE MINUTES

A Motion was made by Member Grivich and seconded by Vice Chair Solorio to table the Finance & Audit Committee minutes of the February 24, 2021 special meeting and for one of the members, Member Grivich volunteered, to write up a suggested addition to the minutes for their consideration at the next meeting.

Motion carried by a vote 6-0; 1 abstain.

REPORTS

2. DRAFT FINANCIAL RECOVERY PLAN

It is recommended the Finance & Audit Committee provide comments on the Draft Financial Recovery Plan.

1. **Ensure that the fees/assessments charged for services align with costs and increase fees to reflect cost reasonably borne in the provision of city services**

A Motion was made by Member Grivich and seconded by Member/City Treasurer Rozatti to add under “Expected Completion Date” between numbers 1 & 2 (it will be a new number 2) an item to establish budget by May 2021.

Motion carried by a vote 7-0.

2. **Review, evaluate, and monitor all city contracts**

A Motion was made by Member Grivich and seconded by Member/City Treasurer Rozatti to obtain the City’s purchasing contract and bidding procedure template.

Motion carried by a vote 7-0.

3. **Set aside land sale revenue to compensate for any shortfalls in revenue that the City experiences as a result of the effects of the pandemic on the City’s fiscal year 2020-21 budget**

A Motion was made by Member Grivich and seconded by Chair Lin to amend the wording in “Action Step” item no. 2 to say portion instead of share. In “Expected Completion Date” change the date to June 2021.

Motion carried by a vote 7-0.

4. **Proactively mitigate risk and exposure to litigation through training and implementation of best risk management practices**

No Motion made.

5. **Address the excessive cost currently incurred providing fire and emergency medical services**

No Motion made.

6. **Prepare financial analyses that evaluate both the short-term and long-term financial implications of significant spending decisions**

A Motion was made by Member Grivich and seconded by Vice Chair Solorio to change the wording under “Action Steps” to read exactly what the State wrote.

Motion carried by a vote 7-0.

7. Implement a formal process for development of reasonable budget projections

No Motion made.

8. Meet and confer regarding negotiation of employee union agreements

No Motion made.

9. Improve internal purchasing processes/enforcement to reduce susceptibility to waste and fraud

No Motion made.

A Motion was made by Member Grivich and seconded by Member/City Treasurer to recommend the Financial Recovery Plan as amended to Council.

Motion carried by a vote 6-0; 1 abstain

NEW BUSINESS

Finance Director Bird informed the committee that the top three (3) auditors were interviewed. We will meet on April 7th to discuss the recommendation of which auditor that was chosen.

Next meeting date and time:

Wednesday April 7, 2021 at 6:00 p.m.

ADJOURNMENT

Chair Lin moved to adjourn the meeting at 7:58 p.m.

Valerie Gonzales
Finance & Audit Committee Secretary



AGENDA STAFF REPORT

City of West Covina

DATE: 04/07/2021
TO: Finance & Audit Committee
FROM: Robbeyn Bird, Finance Director
SUBJECT: **AWARD OF AUDIT SERVICES CONTRACT**

RECOMMENDATION:

It is recommended that the Finance & Audit Committee accept the interview panel’s recommendation and recommend to the City Council award of Professional Services Agreement to Van Lant & Fankhanel, LLP to perform audit services.

DISCUSSION:

The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping preserve the integrity of the public finance functions and by maintaining citizen’s confidence in their elected leaders. In accordance with Assembly Bill (AB) 1345, commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for each of the six (6) previous fiscal years.

On April 19, 2016, the City Council entered into a five-year contract with the auditing firm of Rogers, Anderson, Malody & Scott, LLP to provide auditing services to the City for fiscal years ending June 30, 2016, through June 30, 2020.

On February 16, 2021, to follow best practices, staff issued a request for proposals (RFP) seeking qualified firms to provide auditing services beginning with the year ending June 30, 2021. The RFP was posted on Planet Bids.

On the deadline of March 11, 2021, proposals were received from the following seven (7) firms:

Vendor	Location	Cost					5-yr Total
		2020-21	2021-22	2022-23	2023-24	2024-25	
Van Lant & Fankhanel	Murrieta	\$48,100.00	\$ 48,100.00	\$49,825.00	\$49,825.00	\$ 50,900.00	\$ 246,750.00
Moss Levy & Hartzheim	Culver City	\$49,945.00	\$ 50,155.00	\$50,365.00	\$50,575.00	\$ 50,785.00	\$ 251,825.00
Vasquez & Co	Glendale	\$55,000.00	\$ 55,000.00	\$56,650.00	\$56,650.00	\$ 58,349.00	\$ 281,649.00
Badawi & Assoc.	Berkeley	\$54,605.00	\$ 56,255.00	\$57,925.00	\$57,925.00	\$ 57,925.00	\$ 284,635.00
Lance, Soll & Lungard	Brea	\$59,330.00	\$ 60,510.00	\$61,720.00	\$62,950.00	\$ 64,220.00	\$ 308,730.00
RAMS	San Bernardino	\$79,000.00	\$ 81,500.00	\$83,130.00	\$84,780.00	\$ 86,490.00	\$ 414,900.00
The Pun Group	Santa Ana	\$90,000.00	\$ 91,800.00	\$93,636.00	\$95,509.00	\$ 97,419.00	\$ 468,364.00

On March 11, 2021, Finance staff evaluated the proposals which consisted of two parts: a technical proposal and a sealed cost bid. The technical proposals and the cost bids were compiled into the chart above. See attached proposals for the firms interviewed (Attachment No. 1, Van Lant & Fankhanel; Attachment No. 2, Moss Levy & Hartzheim; Attachment No. 3, Vasquez & Co.). The firms were evaluated based on the following criteria:

- The firm's past experience and performance on comparable government engagements;
- The quality of the firm's professional personnel to be assigned to the engagement;
- The quality of the firm's management support personnel to be available for technical consultation;
- The adequacy of the proposed staffing plan for various segments of the engagement;
- The approach to gaining an understanding of the City's internal controls; and
- The approach to the audit testwork.

On March 22, 2021, interviews of the top three (3) firms were conducted with a combination of City staff and members of the Finance & Audit Committee. City staff invited the top three respondents to participate in an interview process conducted by the City Manager, Finance Director, Assistant Finance Director, Finance & Audit Committee Chairman, and Finance & Audit Committee Vice-Chairman. The credentials of all three firms was evaluated and determined that all firms were equally qualified.

Tonight the Finance & Audit Committee is presented with the results of the panel interviews with the recommendation to award the Professional Services Agreement (Attachment No. 4) to Van Lant and Fankhanel, the lowest responsible bidder. Greg Fankhanel, the audit partner, has over 30 years of public practice experience, specializing in governmental agency and special district auditing, accounting and management advisory services. Local clients include City of La Puente, City of Upland, City of Corona and City of Rosemead. As a member of the American Institute of CPAs (AICPA), the firm is required to adhere to the stringent quality control standards established by the AICPA, which include designating a partner responsible for the quality control programs, performing annual internal inspection procedures, and making their peer review report findings publicly available.

Prepared by: Robbeyn Bird, Finance Director

Additional Approval:

Fiscal Impact

FISCAL IMPACT:

Total audit fees for the fiscal year 2020-21 audit will not exceed \$48,100. Sufficient funds are included in the current year budget to cover these costs, and the necessary appropriation will be proposed during the fiscal year 2021-22 budget process for the fiscal year 2020-21 audit.

Attachments

- Attachment No. 1 - Van Lant & Fankhanel Proposal
- Attachment No. 2 - Moss Levy & Hartzheim Proposal
- Attachment No. 3 - Vasquez & Co. Proposal
- Attachment No. 4 - Professional Services Agreement

Proposal to Perform Audit Services for the City of:



Submitted by:



California License No. PAR 7535

Contact Information:

Greg Fankhanel, CPA, CFE
Brett Van Lant, CPA
29970 Technology Drive, Suite 105 A
Murrieta, CA 92563

Telephone: (909) 856-6879

E-mail: gfankhanel@vlfcpa.com
bvanlant@vlfcpa.com

March 11, 2021

CITY OF WEST COVINA
PROPOSAL TO PERFORM ANNUAL AUDIT SERVICES
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March 11, 2021

Office of the City Clerk
City of West Covina
Attn: Robbeyn Bird
1444 W. Garvey Avenue S. #317
West Covina, CA 91790

Dear Ms. Blrd,

Van Lant & Fankhanel, LLP (VLF) is pleased to submit our proposal to perform professional audit services for the City of West Covina (City). We hope this proposal conveys our strong desire and qualifications to fulfill your requirements. We understand this proposal is to audit the City's financial statements for three fiscal years beginning with the fiscal year ending June 30, 2021, with the option to extend for two additional years.

VLF is a local firm of Certified Public Accountants with offices located in Redlands and Murrieta, California. The principals of the firm (Mr. Brett Van Lant and Mr. Greg Fankhanel) have been providing governmental accounting and auditing services to California cities and special districts for 40 years combined. VLF is dedicated to providing the highest level of experience and expertise in governmental accounting knowledge to ensure a smooth audit process that causes minimal disruption to the City's ongoing daily administrative operations.

VLF is the best choice to provide annual audit services to the City of West Covina for the following significant reasons:

- We have extensive experience auditing California cities and special districts that offer similar services as the City.
- Significant Partner involvement throughout the audit engagement. Audit Partners will be performing fieldwork and reports with the assistance of senior level auditors. Having the Audit Partners involved in all aspects of the audit assures continuity of the audit team each year.
- A complete understanding of the City's reporting requirements and deadlines. In addition, we assist a number of cities and special districts each year in obtaining the GFOA award for excellence in financial reporting.
- Mr. Fankhanel is also a Certified Fraud Examiner which adds another level of expertise to the audit process. We have assisted many California cities in strengthening internal controls, and establishing effective policies and procedures.

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

What sets us apart from other audit firms? You are not just a number to us – every audit client is unique and important to us. As a smaller firm, we believe the **personal service and attention** we will provide cannot be duplicated at larger firms. While many firms have knowledgeable and experienced individuals on staff, the quality of each audit ultimately depends on the audit personnel involved in the daily audit process, including fieldwork and report preparation. With VLF, you will be dealing with Partner level personnel throughout the audit process, including fieldwork.

We are passionate about providing the highest level of service. We believe one the best services we can provide is to be available throughout the year to assist our clients with questions and keep them apprised of new accounting and financial reporting requirements. We encourage our clients to communicate questions or concerns, not only during the audit process, but as they arise at any time during the year. You will have access to the audit partners on a daily basis, throughout each audit and each fiscal year.

We certify that VLF and the audit partners are properly licensed to practice in California. We agree to perform all of the work outlined in the RFP within the time periods established by the City, barring any unforeseen circumstances. Greg Fankhanel is authorized to represent VLF, empowered to submit this proposal, and authorized to sign a contract with the City. Should you have any questions regarding our proposal or desire additional information, please call Greg Fankhanel, CPA, at (909) 856-6879, or email to gfankhanel@vlfcpa.com.

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg Fankhanel".

Greg Fankhanel, CPA, CFE
Managing Partner

License and Independence

VLF and all assigned key professional staff are properly licensed by the California State Board of Accountancy to practice in the State of California (License No. PAR 7535).

We are independent of the City of West Covina and its component units in accordance with generally accepted auditing standards as promulgated by Rule 101 of the American Institute of Certified Public Accountants Code of Professional Ethics, generally accepted government auditing standards promulgated by the U.S. General Accounting Office (GAO), and the rules of the California State Board of Accountancy and Accounting Oversight Board.

We will provide the City with written notice of any professional relationships entered into during the period of our engagement that may impair our independence, if necessary.

Firm Qualifications and Experience

Van Lant & Fankhanel, LLP (VLF) is a local firm of Certified Public Accountants specializing in local government accounting and financial reporting. VLF currently serves a number of local governments throughout the State. Our Firm's mission is to provide our clients with the highest level of experience and expertise, throughout each year of our engagement. Because VLF is a smaller firm dedicated to governmental accounting and auditing services, we provide our clients with Partner level individuals in the field each year of the audit engagement. This has proven to be a valuable service to our clients and helps to significantly reduce the amount of client staff time consumed by the audit process.

The proposed audit team will include 2 full-time Audit Partners and 2 full-time Senior Accountants. One of the Audit Partners will be assigned to perform quality control reviews and assist with audit fieldwork as necessary.

Our Murrieta office will be the engagement office assigned to the City. VLF currently provides audit and accounting services to a number of cities and special districts throughout California. Information regarding several of our current audit clients has been included in this proposal. Please contact these organizations to learn more about our firm's ability to provide excellent audit services.

Greg Fankhanel was a reviewer for the GFOA CAFR award program for many years.

Our Firm focuses on providing audit and assurance services to municipal and non-profit organizations. The Partners have also provided TOT and Franchise Fee audit services.

The engagement team members proposed to serve the City are highly-trained government auditors. One of our goals is to avoid putting our clients in a position of having to “train” the auditors. We avoid this by ensuring that all fieldwork is properly staffed and supervised by Partner level personnel. We are required to complete at least 80 hours of continuing education every 2 years, with a majority of these hours relating specifically to government accounting and auditing subjects. Continuing education requirements are met through classes developed by professional organizations, such as the CSCPA, GFOA, and the AICPA. Both Mr. Fankhanel and Mr. Van Lant have been instructors for an in-house continuing education program for several years.

Current Municipal Audit Clients

Below is a list of current municipal audit clients for which we currently provide audit services.

Current Municipal Clients	
City of Lemon Grove	Town of Windsor
City of Highland*	City of Winters*
City of La Puente*	City of Yucaipa*
City of Montclair	City of Santa Paula
City of San Fernando*	City of Susanville
City of Delano*	Apple Valley Fire Protection District
City of Tehachapi*	Lake Arrowhead Community Services District*
City of Ukiah*	Running Springs Water District
City of Upland*	Tehachapi Cummings County Water District*
City of Hidden Hills	Riverside County Flood Control District

* = CAFR submitted to the GFOA award program

Participation in External Quality Control Review Program

As required by Government Auditing Standards, our firm must have a peer review once every three years. We received a “clean” opinion with no deficiencies in our most recent peer review report, which included a review of specific government engagements. A copy of the report is included at **Appendix A**.

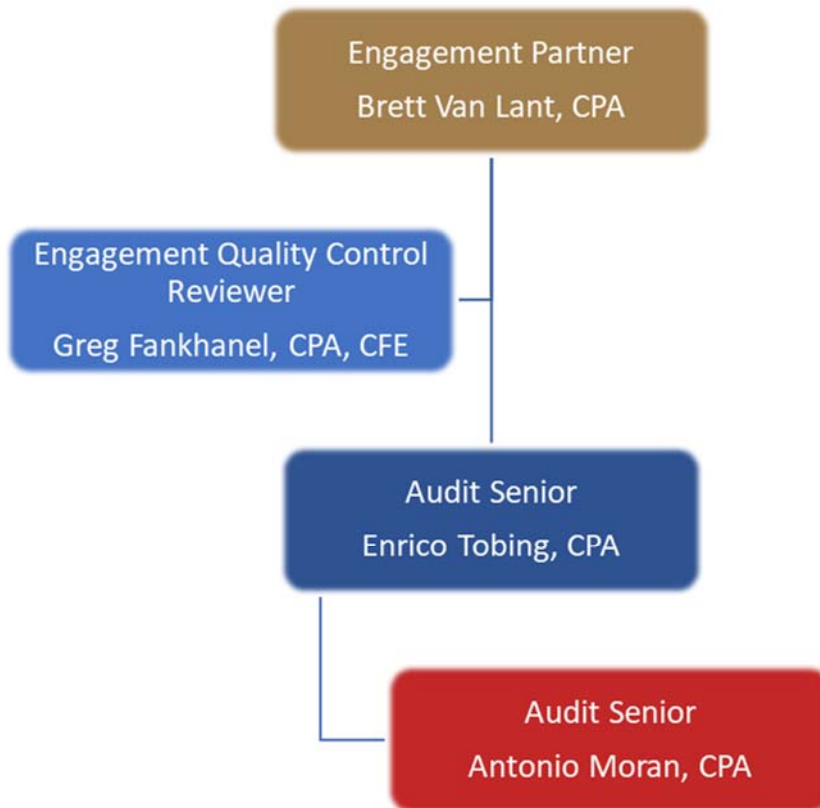
In addition, we have established a quality control program to adhere to the stringent quality control standards established by the AICPA. We have also developed policies and procedures to ensure our engagements are properly supervised and staff receives necessary training to handle the responsibilities afforded them.

Disciplinary Action

There have been no disciplinary or regulatory actions taken against our CPA firm, or the partners. The firm has had no negative federal or state reviews.

Partner, Supervisory, and Staff Qualifications and Experience

The proposed Engagement Team selected to serve the City have extensive experience and a proven record of providing excellent audit services to Cities of similar size and operations.



We will provide continuity of audit staff from year to year, which is in the best interest of the City and is most efficient from our firm's perspective. Additionally, the audit partners assigned to this engagement are working partners and therefore will be involved throughout the entire engagement each year, including fieldwork.

We affirm that engagement partners, managers, and other supervisory staff may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons only with the express prior written permission of the City. We agree the City retains the right to approve or reject replacements.

*Brett Van Lant, CPA
Engagement Partner*

Mr. Van Lant is an Audit Partner for VLF and has over 14 years of experience auditing local governments and non-profits, including cities and special districts throughout the State of California. His duties will include supervising the engagement team during fieldwork, reviewing all reports, and performing the review and approval of the audit engagement. In addition, he will be the point of contact for the City throughout the engagement.

*Greg W. Fankhanel, CPA, CFE
Engagement Partner*

Mr. Fankhanel is the managing Partner of VLF and has over 30 years of experience auditing local governments and non-profits, including cities and special districts throughout the State of California. Mr. Fankhanel will be extensively involved throughout the audit process. He has served as a special reviewer for the GFOA certificate of achievement program for many years. His duties will include performing quality control reviews of the engagement and serve as the concurring partner for the audit, in addition to assisting with audit fieldwork, as necessary.

*Enrico Tobing, CPA
Supervisor*

Mr. Tobing is a Supervisor with VLF with over 6 years of experience. He will work closely with Mr. Fankhanel during the audit fieldwork and report preparation for the City. Mr. Tobing has extensive experience auditing local governments, including cities and special districts throughout the State of California.

*Antonio Moran, CPA
Senior Accountant*

Mr. Moran is a Senior Auditor with VLF with over 4 years of experience. He will work closely with Mr. Fankhanel and Mr. Tobing throughout the audit fieldwork. Mr. Moran has three years of experience auditing local governments.

Resumes of the proposed engagement team are provided below:

BRETT VAN LANT, CPA

Engagement Partner

Brett Van Lant is an audit Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Van Lant spent 6 years with Teaman, Ramirez, & Smith where he served as an Audit Manager for over 4 years.

Mr. Van Lant has extensive experience in leading and performing financial statement audit engagements for government agencies. He has worked closely with many local governments over the year assisting with the implementation of significant accounting pronouncements including GASB 67/68 and GASB 75.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Healdsburg
- City of Highland
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Ukiah
- City of Upland
- City of Yucaipa
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District
- Valley Sanitary District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

EDUCATION

California State University, San Bernardino

BS Degree in Business Administration, Emphasis in Accounting

GREG W. FANKHANEL, CPA, CFE

Engagement Quality Control Reviewer

Greg W. Fankhanel is the Managing Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Fankhanel spent 22 years with Teaman, Ramirez, & Smith where he served as an Audit Partner for over 12 years.

Mr. Fankhanel has extensive experience in leading and performing financial statement audit engagements for government agencies. In addition, as a Certified Fraud Examiner (CFE), he takes a proactive approach in providing information and assistance in fraud prevention and detection, which provides an excellent resource for audit clients.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)
- Member, Association of Certified Fraud Examiners (ACFE)
- GFOA Certificate reviewer

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Corona
- City of Hidden Hills
- City of Highland
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of St. Helena
- City of Tehachapi
- City of Ukiah
- City of Upland
- City of Yucaipa
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District
- Valley Sanitary District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with fraud prevention and detection.

EDUCATION

University of Hawaii

BS Degree in Business Administration, Emphasis in Accounting

ENRICO TOBING, CPA

Engagement Supervisor

Enrico Tobing is an audit Supervisor at Van Lant & Fankhanel, LLP. Enrico joined VLF upon graduating from California State University, San Bernardino.

Mr. Tobing has over 6 years' experience performing financial statement audit engagements for government agencies. He has been involved in numerous audit engagements throughout the years participating in the planning process, developing the detailed audit approach, performing single audit compliance testing, supervising staff, and the preparation of financial and other required reports. He earned his CPA license in California in 2020.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Healdsburg
- City of Hidden Hills
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Upland
- City of Yucaipa
- Town of Windsor
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

EDUCATION

California State University, San Bernardino

BS Degree in Business Administration, Emphasis in Accounting

ANTONIO MORAN, CPA

Senior Accountant

Antonio Moran is a Senior Accountant at Van Lant & Fankhanel, LLP. Antonio joined VLF upon graduating from California State University, San Bernardino.

Mr. Moran has over 4 years' experience performing financial statement audit engagements for government agencies. He has been involved in numerous audit engagements throughout the years participating in the planning process, performing audit procedures, performing single audit compliance testing, and the preparation of financial and other required reports. He earned his CPA license in California in 2020.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Hidden Hills
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Montclair
- City of San Fernando
- City of Tehachapi
- City of Ukiah
- City of Upland
- City of Yucaipa
- Town of Windsor
- City of Winters
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

EDUCATION

California State University, San Bernardino
BS Degree in Business Administration, Emphasis in Accounting

Similar Engagements with Other Governmental Entities

The following are audit client references for which similar services have been provided in the last three years. The audit clients listed below are all current audit clients of our firm.

1) City of Tehachapi

Client Contact: Hannah Chung, CPA,
Finance Director
City of Tehachapi
115 S Robinson Street
Tehachapi, CA 93561
(661) 822-2200

Engagement Partner: Brett Van Lant
Total Hours: 400

The City of Tehachapi was incorporated in 1909 as a General Law City and provides the following services: public safety, streets, planning, water, wastewater, refuse, airport, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2011 through 2020 (including single audit). We also prepared the State Controller's Reports and provided assistance in obtaining the GFOA financial statement award.

2) City of Lemon Grove

Client Contact: Molly Brennan,
Administrative Services Director
City of Lemon Grove
3232 Main Street
Lemon Grove, CA 91945
(619) 825-3803

Engagement Partner: Greg Fankhanel
Total Hours: 300

The City of Lemon Grove provides the following services: public safety, streets, planning, wastewater, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2017 through 2020 (including single audit) and provided assistance with the implementation of GASB 75 and other accounting pronouncements. We also prepared the State Controller's Reports.

3) City of Winters

Client Contact: Shelly Gunby, Director of
Financial Management
City of Winters
318 First Street
Winters, CA 95694
(530) 795-4910

Engagement Partner: Brett Van Lant
Total Hours: 285

The City of Winters was incorporated in 1898 as a General Law City and provides the following services: public safety, streets, planning, water, wastewater, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2014 through 2020 (including single audit) and provided assistance with the implementation of GASB 68 and other accounting pronouncements. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

4) City of La Puente

Client Contact: Troy Grunklee,
Administrative Services Director
City of La Puente
15900 Main St.
La Puente, CA 91744
(626) 855-1509

Engagement Partner: Brett Van Lant
Total Hours: 235

The City of La Puente is a General Law City that provides the following services: public safety, streets, planning, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2015 through June 30, 2020 (including single audit) and provided assistance with the implementation of new GASB Pronouncements. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

5) City of Upland

Client Contact: Londa Helms, Admin. Svcs. Dir.
City of Upland
460 N. Euclid Ave.
Upland, CA 91786
(909) 931-4100

Engagement Partner: Greg Fankhanel
Total Hours: 325

The City of Upland is a General Law City that provides the following services: public safety, streets, planning, water utility, sewer utility, solid waste, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2018 through June 30, 2020 and provided assistance with the implementation of new GASB Pronouncements. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

Specific Audit Approach

We believe that timely and adequate audit planning, along with proper communication throughout the audit process, helps to achieve highly efficient and effective audits. We also believe that one of the most important services that can be rendered to clients is to be available at all times during the year. This approach allows the clients the opportunity to consult with the auditors about technical problems and alternative approaches to accounting issues that arise during the year. We emphasize audit partner availability throughout each fiscal year.

Proposed Segmentation

The following is a proposed segmentation of the engagement, including the level of staff and estimated hours:

Description	Level of Staff	Estimated Hours
Preaudit planning, detailed request list provided	Partner	2
Preliminary audit fieldwork (risk assessment, evaluating internal controls, etc.)	Partners, Supervisor, Senior	120
Auditors mail confirmation letters provided by the City, as applicable	Seniors	3
Year-end audit procedures performed	Partners, Supervisor, Senior	135
Exit/progress meetings with management	Partners	2
Auditors provide draft financial statements and related reports for review	Partners, Supervisor, Senior	35
Final reviews, completion of audit reports	Partners, Supervisor, Senior	30

Our proposed segmentation of the engagement is further expanded below:

Planning Phase

Shortly after our appointment as auditors, we will schedule a pre-audit planning meeting during which we will discuss any special concerns, needs and the timing of the audit with appropriate members of the City’s staff. We will provide a customized request list or “PBC list” to City staff in advance of our arrival for interim fieldwork.

All members of the proposed engagement team are highly trained municipal auditors with extensive experience auditing similar Cities in California. Therefore, we tailor our approach with the focus of

being the least disruptive as possible to the City's staff. To achieve this, as part of the planning phase, the engagement team will review City budgets, organizational charts, year-to-date accounting records, applicable accounting policies and procedures, prior year financial statements, the City's website, and minutes of Council meetings to gain a thorough understanding of the City's operations and activities.

Interim Fieldwork

We take a customized approach to each and every audit. We will apply the "Risk Assessment" audit standards to your audits. An overriding objective throughout the planning process is the identification of risks that should be assessed as to whether they could result in material misstatement of the financial statements whether due to error or fraud. Due to the complex nature of the risk assessment process, it is performed at the Partner level for all of our audit engagements.

The main focus of the interim audit fieldwork is to obtain an understanding and evaluate the City's specific internal accounting control systems. Our review and evaluation of your internal control systems will be completed by reviewing supporting documentation for transactions, walk-throughs, and interviews of City staff. Each of these approaches requires inquiry and observation of City personnel and operations. We will also utilize the City's budget, organizational charts, financial reports, policies and procedures, and other applicable documents.

Interim financial reports will be reviewed and limited analytical procedures will be applied to significant account balances in order to identify potential misstatements early on in the audit process.

As required by our audit standards, we will also perform procedures to identify the risk of fraud within the organization. In addition to reviewing pertinent accounting records and policies and procedures, we will conduct "fraud inquiries" with various selected City staff. Given the sensitive nature of these procedures, these inquiries will be conducted by the Audit Partners.

We will conclude the interim audit period with an exit conference with the appropriate City staff to discuss any findings or control risks we encountered during this interim phase, along with practical recommendations to mitigate these risks. Our recommendations will be directed at safeguarding City assets, improving the effectiveness of City procedures, and improving the reporting of financial information, as applicable.

Year-end Fieldwork

This phase of the audit will focus on verifying account balances in the City's general ledger. Balance sheet accounts, along with certain revenue and expenditure/expense will be reviewed for reasonableness and verified with supporting documentation, including third-party confirmations, loan and debt agreements, and other supporting schedules. Analytical and substantive procedures will be performed based on our judgment and the results of our risk assessment.

We will conclude the year-end audit fieldwork with an exit conference with the appropriate City staff to discuss the results of our audit procedures, as well as disclose any proposed journal entries we may have discovered. We will also discuss the preparation of the CAFR and various other reports to be issued for the audit period.

Report Preparation

Partners and senior staff will be solely responsible for preparing the reports.

Our draft reports go through an extensive review process before they are sent to City staff for review. Our goal is to provide “print ready” reports when City staff receives the first draft. This ensures City staff will not have to spend time correcting our mistakes. We have a proven track record of meeting deadlines and being flexible to meet the City’s needs as they may change throughout the engagement.

City Staff Assistance

Assistance expected from City staff will include pulling invoices for review, answering procedural questions, and answering other questions regarding the City’s activities.

Sampling

Our sampling methods are designed to provide the most coverage possible without expending excess time where impractical. We also concentrate efforts towards those areas known to be susceptible to error. Sample sizes will depend upon our preliminary assessment of control risk and the extent of our planned substantive tests and analytical procedures. We use models based on statistical sampling theories to help determine the sample size of a given population of transactions. In addition, we may select transactions above a certain dollar threshold, based on materiality, to review. We use sampling in the areas of cash receipts, cash disbursements, payroll, and utility billing.

The audit team will have laptop computers onsite during the audit fieldwork utilizing state-of-the-art software. We utilize programs such as Microsoft Excel to assist in our audit procedures and provide for greater efficiency and effectiveness, including data extraction procedures and analysis. We have significant experience working with many various accounting systems in our government audits.

Analytical Procedures

Analytical procedures will be performed in the planning stage of the audit (risk assessment process) and in our substantive testing, based on the results of our risk assessment. These procedures will include comparing account balances to prior years and to the current period’s budget, and consideration of expected relationships among the accounts and periods. To be effective, the analytical procedures can only be performed once we have determined our expectations based on our understanding of the City’s activities and changes from one year to the next. For results that do not meet our expectations, we perform additional substantive procedures to understand and verify the causes for the fluctuations. We make every effort to investigate the fluctuations before obtaining explanations from City staff and consuming staff time unnecessarily. In addition, analytical procedures will also be performed in the overall review stage of the audit.

Approach to Understanding the City’s Internal Controls

We will obtain an understanding of the design and implementation of the City’s internal controls by

performing the procedures as required by SAS 109. This involves documenting our understanding of the internal controls over the areas of cash, investments, revenues and receivables, utility revenues and receivables, expenditures and accounts payable, capital assets, debt, payroll and related liabilities, self-insurance and claims liabilities and grant compliance. We will then evaluate the design of controls and determine whether they have been properly implemented. Evaluating the design of controls involves considering whether the control, individually or in combination with other controls, is capable of effectively preventing or detecting and correcting material misstatements.

In addition, as part of the audit, we will issue an internal control report as required by *Government Auditing Standards* that will identify significant deficiencies and material weaknesses, if any.

Approach to Understanding Laws and Regulations Subject to Audit Test Work

Our audit approach recognizes the importance of laws and regulations in planning the audit of a local governmental entity. As part of the audit, we obtain an understanding of those laws and regulations that have a direct and material effect on the determination of financial statement amounts. We then design the audit to provide reasonable assurance of detecting material instances of noncompliance. We obtain our understanding of applicable laws and regulations by becoming familiar with the following:

- 1) The terms and provisions of grant agreements and contracts.
- 2) State and federal restrictions affecting funding received by the City;
- 3) The Municipal Code of the City.
- 4) State laws regarding authorized investments, spending limits, debt limits, etc.
- 5) City policies regarding investments, purchasing, budgets, and the establishment of funds.
- 6) Bond covenants of outstanding issues.
- 7) Personnel Policies adopted by the City.
- 8) Other Federal and State laws and regulations, as appropriate.

Approach to Drawing Samples for Purposes of Tests of Compliance

The objective of tests of compliance is to determine whether an organization has complied with laws and regulations that may have a material effect on each major program. Therefore, we select samples that will provide sufficient evidence for that purpose. After defining the population, we determine sample sizes and select samples from each major program. Factors that may affect the sample sizes include the following:

- a) The amount of expenditures for the program and the individual awards;
- b) The newness of the program or changes in its conditions;
- c) Prior experience with the program, particularly as revealed in audits and other evaluations;
- d) The extent to which the program is carried out through subreceptients;
- e) The level to which the program is already subject to program reviews or other forms of independent oversight;
- f) The adequacy of controls for ensuring compliance;
- g) The expectation of adherence or lack of adherence to the applicable laws and regulations; a
- h) The potential impact of adverse findings.

In the event that any irregularity in records indicates the City may have suffered or will suffer a monetary loss, we will report such loss to the appropriate City personnel immediately upon discovery in the form of a written report. Responses to City notifications will be prompt and all reports will be remitted in a timely manner to meet your needs. We make it a practice to be proactive in providing guidance and assistance to our audit clients throughout each fiscal year to ensure proper and timely implementation of new and significant accounting pronouncements, and also with laws and regulations.

Assistance expected from City staff will include providing us with documents and information included in our comprehensive request list provided at the start of the audit process, answering operational and procedural type questions, and preparing confirmation letters.

Why hire VLF?

Based on our experience, our approach to the City's audit is unlike other audit firms. The significant involvement of the Audit Partners throughout the audit process helps to achieve highly efficient and effective audits. We customize each audit, each year, and believe our approach will help the City in its efforts to achieve excellence in financial reporting and provide excellent service to the citizens of West Covina.

Your City will be top priority for our firm, and you will have access to the Audit Partners on a daily basis. While we are a growing audit firm, we only take on audits when we feel that we can continue to provide this high level of service. In addition, the Audit Partner in charge of the City's audit is a Certified Fraud Examiner, providing a level of service unlike most audit firms.

Anticipated Potential Audit Problems

We do not anticipate any unusual, significant problems in conducting the audit. The first year of an audit will require a little more work on our end to become familiar with the City's operations, personnel, and policies; however, with the high level of experience of our audit team, we anticipate the first year will result in a highly efficient and effective audit for the City.

The Partners and all professional staff have significant training and experience in assisting our clients with the implementation of new GASB pronouncements. We will provide a pro-active approach to ensure the City has taken the necessary steps to effectively implement new standards. We are committed to being available throughout the year to provide assistance, answer questions, and offer technical advice and examples.

APPENDIX A

Report on the Firm's System of Quality Control

To Van Lant & Fankhanel, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Van Lant & Fankhanel, LLP (the firm) in effect for the year ended February 29, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Van Lant & Fankhanel, LLP in effect for the year ended February 29, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Van Lant & Fankhanel, LLP has received a peer review rating of *pass*.

Spafford & Landry, Inc.

July 14, 2020

APPENDIX B



Attachment A

**NONCOLLUSION DECLARATION TO BE EXECUTED BY
BIDDER AND SUBMITTED WITH PROFESSIONAL AUDITING SERVICES BID**

The undersigned declares:

I am the Managing Partner of Van Lant & Fankhanel, LLP, the party making the foregoing bid.

The bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The bid is genuine and not collusive or sham. The bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid. The bidder has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding. The bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder. All statements contained in the bid are true. The bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, to effectuate a collusive or sham bid, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 3-4-21 [date], at Murrieta [city], CA [state]."

Firm Van Lant & Fankhanel, LLP

Greg Fankhanel

(Signature)

Street 29970 Technology Drive, Suite 105A

Greg Fankhanel, Partner, CPA, CFE

(Print Name & Title)

City Murrieta State CA Zip 92563

CITY OF WEST COVINA
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES
RFP # 13-007
For the Fiscal Years Ending June 30, 2021, 2022, and 2023.
(Optional Fiscal Years Ending June 30, 2024 and 2025)
=====

Submitted By:

Moss, Levy & Hartzheim, LLP
5800 Hannum Avenue, Suite E
Culver City, California 90230
Phone: (310) 670-2745
Fax: (310) 670-1689
CA License No. 6998
Email: mlhbh@mlhcpas.com
Website: www.mlhcpas.com

Submitted On:

March 10, 2021

Contact Person:

Craig A. Hartzheim, CPA: Partner
Ron A. Levy, CPA: Partner
Hadley Y. Hui, CPA: Partner

**CITY OF WEST COVINA
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Attachments: (Required Forms)

Attachment A: Statement of Non-Collusion by Contractor



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
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FAX: 310.670.1689
www.mlhcpas.com

Mrs. Robbeyn Bird
Finance Director
City of West Covina
340 Palos Verdes Drive West
Palos Verdes Estates, CA 90274

Dear Mrs. Bird,

We are pleased to respond to the Request for Proposal from the City of West Covina (City) for independent auditing services. We have prepared our proposal to address each of the specifications included in the City's Request for Proposal.

Moss, Levy & Hartzheim is an equal opportunity employer.

After 64 years in public accounting and 44 years of performing local governmental and non-profit audits. It is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim, LLP. The firm is a regional full-service public accounting firm with offices in Culver City, Beverly Hills, Santa Maria, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements. This why we strive to constantly improve the quality of our professional services. Our degree of dedication, coupled with our ability to inform clients of any new accounting and auditing issues, is paramount to our success.

Our firm currently provides the following services:

- Audits
- Accounting services
- Management Advisory Services (Non-Audit Clients)
- Income Tax Services

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

Our impeccable track record with our municipal clients awarded the GFOA Certificate of Achievement and completing our engagements on time is what makes Moss, Levy & Hartzheim, LLP the Best firm for this engagement.

It is our understanding that we will perform an audit of the City's basic financial statements, which includes, The West Covina Public Financing Authority, West Covina Housing Authority, Parking Authority of the City of West Covina, and the West Covina Community Services Foundation, component units of the City of West Covina in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, with the objective to express an opinion of the fair presentation of the City's Government-Wide and Fund Financial Statements, which will be in full compliance with the Governmental Accounting Standards Board (GASB) Statement No. 34 and the Government Finance Officers Association's (GFOA) Blue Book.

On the City’s financial statements, we will express an “in-relation-to” opinion on the combining and individual funds financial statements and supporting schedules based on the auditing procedures applied during the audit. If necessary, we will also perform a single audit on the expenditures of federal grants in accordance with U.S. Office of Management Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, and applicable laws and regulations and provide an “in-relation-to” report on the schedule of expenditures of Federal Awards.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements, we understand that we will also be responsible for performing certain limited procedures involving the management’s discussion and analysis (MD&A) and the required supplementary information (RSI), as mandated by auditing standards generally accepted in the United States of America.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States, including all applicable auditing standards issued by the American Institute of Certified Public Accountants; the provisions of the Single Audit Act Amendments of 1996; if applicable; the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*, all relevant Governmental Accounting Standards Board (GASB) Statements, in accordance with the RFP.

We will perform agreed-upon procedures pertaining to the City’s GANN Limit (Appropriation Limit) in compliance with Proposition 111 Article XIII-B Section 1.5 of the California Constitution. We will also prepare a report annually on the City’s GANN Limit regarding the City’s compliance. Also, we will prepare and file the City’s Financial Transaction Report to the State Controller.

We understand that we are responsible for providing-up to 20 hours to the City on as-needed basis.

It is our understanding that we are responsible for preparing the City’s Comprehensive Annual Financial Report, in conformity with accounting principles generally accepted in the United States of America.; an independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City performed in accordance with *Government Auditing Standards*; an independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Title 2 U.S. Code of Federal Regulation Part 200, if applicable; a single audit report which includes a schedule of expenditures of federal awards, footnotes, findings and questioned cost; and a management letter for the City Council, which also addresses Statement on Auditing Standards (SAS) No. 114 and No. 115 letters. We will assist the City of West Covina to submit the City’s Comprehensive Annual Financial Report, as requested, for consideration of recognition for Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

In addition, we understand we will be responsible for issuing the following reports: Successor Agency Audit, Housing Authority Audit, and Air Quality Improvement District Audit.

All noncompliance, significant deficiencies and material weaknesses found during the audit will be communicated in writing. In the required reports on compliance and internal controls, we shall communicate any significant deficiencies and noncompliance issues found during the audit. Significant deficiencies that are also material weaknesses will be identified as such in the report. Non-reportable conditions discovered will be reported in a separate letter to management, which will be referred to in the reports on compliance and internal controls. All irregularities and illegal acts or indications of illegal acts of which we become aware of during our audit will be immediately reported, in writing, to the City Manager, City Attorney, and Finance Director.

The percentage of the audit work we expect to accomplish for the 2021 audit year, by month, is shown below:

May	October	November	Total
40%	50%	10%	100%

This proposal for auditing services is an irrevocable offer until June 11, 2021.

The audit work will be completed by staff from our Culver City office.

Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

(1) Craig A. Hartzheim, CPA
Partner
5800 Hannum Avenue, Suite E
Culver City, CA 90230
(310) 670-2745
chartzheim@mlhcpas.com

(2) Ron A. Levy, CPA
Partner
2400 Professional Parkway, Suite 205
Santa Maria, CA 93455
(805) 922579
rlevy@mlhcpas.com

(3) Hadley Hui, CPA
Partner
5800 Hannum Avenue, Suite E
Culver City, CA 90230
(310) 670-2745
hhui@mlhcpas.com

Sincerely,



Craig A. Hartzheim, CPA
Partner

LICENSE TO PRACTICE IN CALIFORNIA

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. No. 6998. All certified public accountants engaged in the audit of the City are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy and *Government Auditing Standards* to perform governmental audits.

Please see *Appendix A – License to Practice in California*.

INDEPENDENCE

Moss, Levy & Hartzheim, LLP is independent of the City, as defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards*, the U.S. Securities and Exchange Commission, and all other authoritative bodies with standard or rule-making authority over the auditing profession.

The firm uses checklists and questionnaires to determine that staff members are independent of each client being audited. We also have each staff member sign a personal independence declaration prior to commencing work on an audit client. The partner in charge of the audit reviews all independence work papers prior to staffing each audit.

- There will be no subcontractors. All work will be performed by MLH, LLP.
- Our firm Moss, Levy & Hartzheim, LLP has not had a professional relationship with the City or any of its component units/agencies/concessionaires for the past five (5) years. Additionally, no new contracts have been awarded to our firm during the period of the RFP.

FIRM QUALIFICATIONS AND EXPERIENCE

Moss, Levy & Hartzheim, LLP is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. For most of our governmental clients, we also prepare their Comprehensive Annual Financial Report. Our firm also performs review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs 28 professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of \$4 million dollars. The firm has three offices in California: Culver City, Beverly Hills, and Santa Maria.

The audit work will be completed by staff from our Culver City office.

The Culver City office is currently staffed by six (6) certified public accountants (three partners, two managers, and one senior accountant). In addition, the Culver City office employs managers, senior accountants, and staff accountants. All certified public accountants, managers, senior accountants, and staff accountants are part of the governmental and non-profit audit practice.

The City will have one partner and one manager assigned to the audit on a full-time basis. In addition, a supervising senior and one to two staff accountants will be assigned to the audits on a full-time basis. These employees will not be changed except due to unforeseen circumstances.

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

Our firm currently provides the following services:

Audits:

- Governmental (cities, special districts, single audits, and school districts)
- Non-Profit
- Commercial
- Compliance
- Transient Occupancy Tax
- Employee Benefit Plans

Accounting Services:

- Reviews
- Compilations
- Bookkeeping
- Payroll Taxes

Management Advisory Services (Non-Audit Clients):

- Data Processing Services
- Business Consultation
- Pension and Profit-Sharing Plan Assistance
- Acquisition and Mergers

Income Tax Services:

- Preparation
- Planning
- Tax Audits and Negotiations with Internal Revenue Service and Other Taxing Authorities

Please see *Appendix C – Peer Quality Review Report* for a copy of our firm’s quality review report, which includes a review of governmental and non-profit engagements.

Our firm has never been the object of any disciplinary action from any federal or state desk review or field review in the past three (3) years, nor is there any unsettled litigation or disciplinary action pending with any state regulatory bodies or professional organization during the past three (3) years.

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm's recent local similar auditing experience includes the following:

1. CSMFO and GFOA Award Programs

The firm has or is currently auditing the following entities that have participated in and have received the CSMFO and/or GFOA Award:

City of Bellflower	City of Paso Robles
City of Brawley	City of Santa Maria
City of Calabasas	City of Scotts Valley
City of Campbell	City of Susanville
City of Covina	City of Tracy
City of Culver City	City of Watsonville
City of El Centro	City of Westlake Village
City of Eureka	City of Winters
City of Fort Bragg	City of Yuba City
City of Indio	County Sanitation Districts of
City of Laguna Hills	Los Angeles County
City of Lathrop	Encina Wastewater Authority
City of Lompoc	Los Angeles County Flood Control District
City of Los Alamitos	Ross Valley Sanitary District
City of Pacifica	

2. Uniform Guidance

We have performed compliance audits in accordance with Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards* (Uniform Guidance), for our Municipal clients who are required to have compliance audits (which is the majority of our municipal clients) and for all of our School District clients.

3. Federal and State Grant Programs and the Single Audit

Each of our municipal clients, the majority of our Special District clients, and all of our School District clients receive Federal and State Grants, which require compliance audits. Some of our most commonly audited programs are as follows:

Municipal Major Programs:

- Community Development Block Grant Funds (CDBG)
- Federal Emergency Management Act Funds (FEMA)
- Section 8 Housing Assistance Payments
- Transportation Enhancement Act (TEA)
- Airport Improvement Program (AIP)
- Economic Development Grants (EDG)
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants

Other Common Municipal Programs:

- COPS Grants (including LLEBG)
- Asset Seizure Funds
- Retired Senior Volunteer Program

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm's recent local similar auditing experience includes the following: (Continued)

3. Federal and State Grant Programs and the Single Audit (continued)

Other Major Programs:
Senior Nutrition Programs
Child Nutrition Programs
Title I
Title VI
Migrant Education
Vocational Education
Special Education

4. Non-profit Agencies

We have audited numerous non-profit agencies and have also prepared their federal and state tax returns. Currently, our firm performs audit and/or tax preparation services for sixty non-profit agencies.

5. State Controller's Report and Street Reports

We have prepared State Controller's Reports, Transit, and Street Reports for numerous Cities, Special Districts, and Redevelopment Agencies. We feel this experience allows us to assist our clients in their preparation of the State Controller's Reports or prepare the reports as a separate engagement for our clients.

6. Investment Compliance

In addition to financial statement audits, we also review our clients' compliance with their investment policies and examine investment types, including, but not limited to, an evaluation of maturity dates (short-term or long-term), types and category, and collateral to ensure proper disclosure of risk in the basic financial statements.

7. Bond Reporting

The firm has assisted several Cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten Municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator).

8. TOT, Refuse and Other Audits

The firm has recently concluded auditing lease agreements between the County of Los Angeles and a lessee for a period of 15 years. The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator). The firm has also performed franchise audits of Comcast, AT&T, a local sports park, and others for Municipal clients who have requested them.

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm's recent local similar auditing experience includes the following: (Continued)

9. School Districts

Currently, our firm audits thirty-five School Districts and related Schools throughout the State of California, including three Charter Schools. We have also performed audits of student bodies for nearly all of our School District clients.

10. Special Districts

Currently, our firm audits in excess of one hundred and seventeen special districts including Sanitary Districts, an Open Space District, the County Sanitation Districts of Los Angeles County (all 25 Districts), Water Districts, Recreation Districts, Utility Districts, Cemetery Districts, Community Services Districts, Fire Districts, Ambulance Services Districts, Airport Districts, and Vector Control Districts.

11. Joint Powers Authorities

We have audited the following Joint Powers Authorities (JPAs):

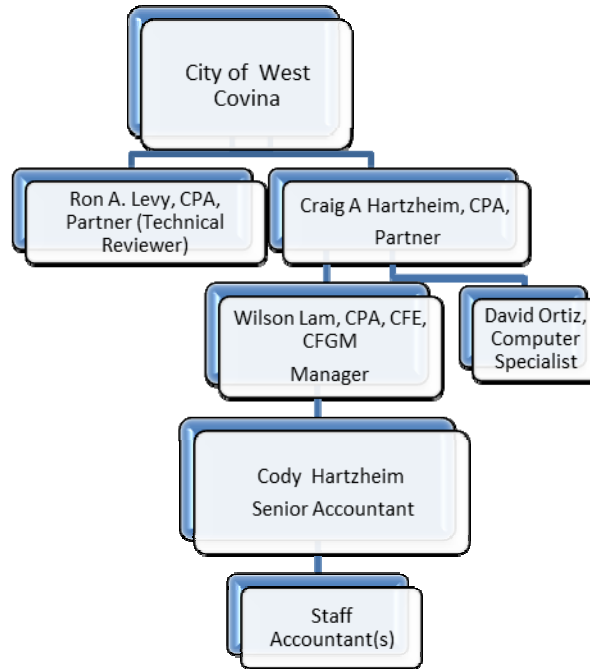
- North Coast Emergency Medical Services
- Public Agency Self Insurance System
- County of San Diego – Emergency Services Organization
- Encina Wastewater Authority
- Exclusive Risk Management Authority of California
- San Diego Geographic Information System
- Santa Barbara County Special Education Local Plan Area Joint Powers Agency
- Santa Barbara Water Purveyors Joint Powers Agency
- Tracy Area Public Facilities Financing Authority
- Transportation Authority of Marin
- West Contra Costa Integrated Waste Management Authority

In addition to the joint powers authorities listed above, the majority of our governmental clients are members of joint powers authorities. As such, our firm has experience in reviewing JPA statements and disclosing the appropriate JPA information in the financial statements for each governmental client.

None of the audit members of our firm are reviewers in the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Project Organization Chart:



It is the firm's policy to have our partners and audit managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the City to receive immediate response to questions about accounting and audit topics, concerns, and findings.

It is expected that Mr. Ron A. Levy, CPA would be the technical (concurring) partner in charge of the audits of the City. He will be responsible for reviewing the City's basic financial statements and all other required statements and reports. He may also be responsible for addressing any City questions or concerns that arise during the year. He has assisted numerous municipal clients and has prepared award-winning Comprehensive Annual Financial Reports.

Mr. Craig A. Hartzheim, CPA will be the engagement partner assigned to the audits. As engagement partner, he will oversee the day-to-day operations of the audits, review all audit areas, and be on-site for the majority of the fieldwork. He has assisted many municipal clients and has also prepared numerous award-winning Comprehensive Annual Financial Reports. It is the firm's policy during the first year on the audit engagement to have a partner on-site for most of the fieldwork. This policy enables the partner to become acquainted with the City's daily operations and key personnel.

Mr. Wilson Lam, CPA, CFE, CFGM, or Terry Robertson, CPA, will be the manager assigned to the audit. He will oversee the day-to-day operations of the audits and perform more difficult audit sections.

Mr. Cody Hartzheim, or Ricardo Rodriguez will be the supervising senior auditor assigned to the audits. As supervising senior auditor, it will be his responsibility to oversee the staff accountants, do preliminary reviews of audit sections, and perform more difficult audit sections. **Our firm will ensure to schedule more experienced staff for this engagement.**

Mr. David Ortiz will be the computer specialist assigned to the audits, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit, also document and test the internal control structure of the computer systems.

**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE
(CONTINUED)**

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audits. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training, and at present, have at least one year of governmental auditing experience. All staff accountants will be directly supervised by the supervising senior accountant and manager always assigned to the audits. All partners, managers, and staff members have worked on numerous governmental engagements together. Consistently working together will provide the City with a knowledgeable, proficient, and efficient audit team.

Please see *Appendix D – Resumes* for each individual’s qualifications and experience.

The firm conducts an annual firm-wide two-day training seminar to update all governmental auditors on new pronouncements and improved audit techniques. In addition to this firm sponsored seminar, each governmental auditor attends the annual governmental accounting conference and many other continuing education courses and is updated on current accounting/auditing issues through our journals and supplements, which we receive on a regular basis.

Our firm experiences relatively low turnover in employees as can be seen on individual resumes, so that even our staff auditors have more experience than most other firms can offer. **The firm will not use the City as a training ground for its employees.**

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances (departure from the firm, promotion, or assignment to another office). At the written request of the City, any Moss, Levy & Hartzheim, LLP employee assigned to the audits can be removed and replaced by another qualified employee. The City retains the right to approve or reject replacements.

**CITY OF WEST COVINA
TECHNICAL PROPOSAL**

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

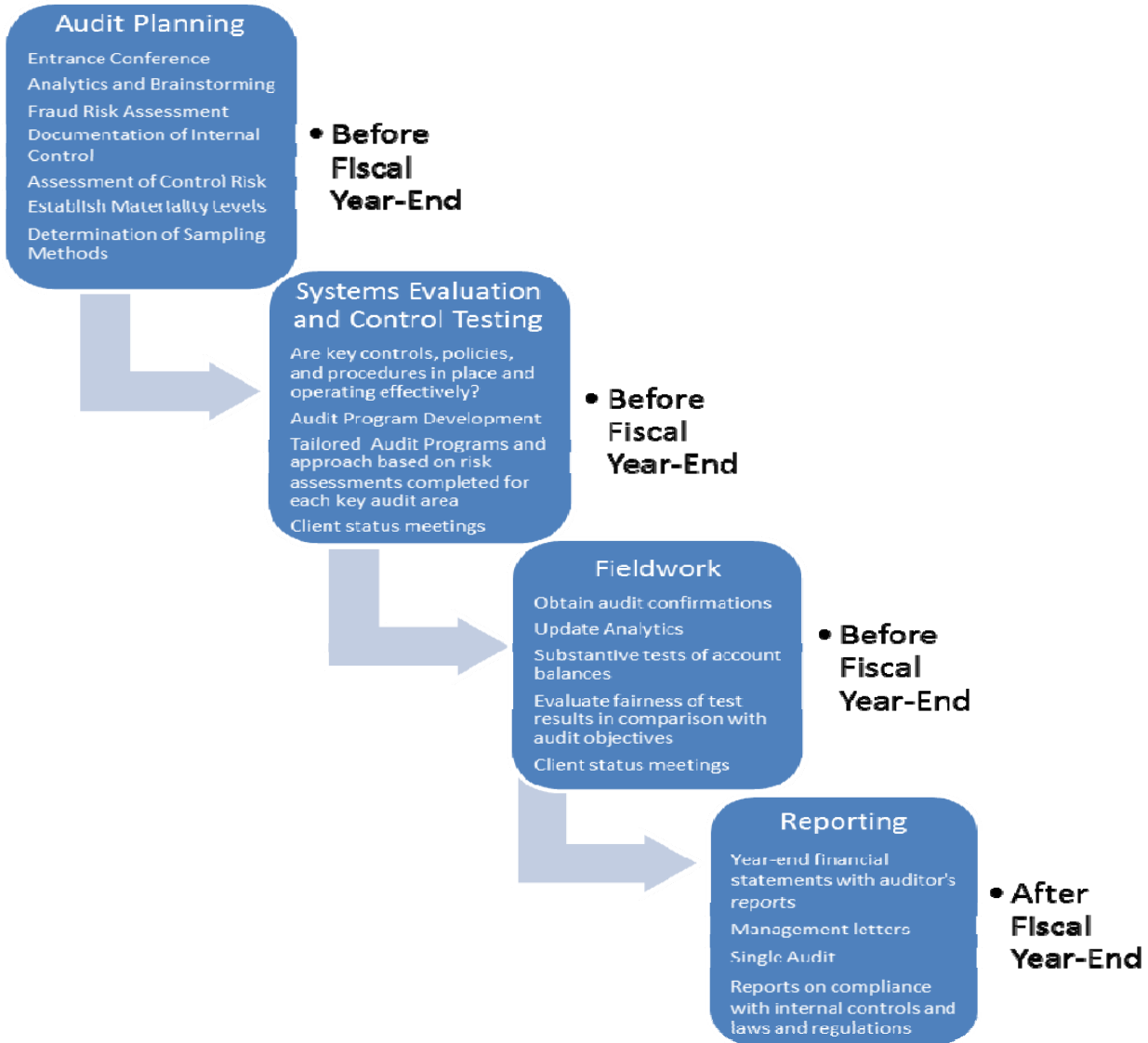
Governmental Agency	Total Staff Hours	<u>GFOA CERTIFICATION</u>		Fiscal Years Audited	Contact and Telephone number
		Scope of Work			
<u>City of Bellflower: 16600 Civic Center Dr. Bellflower, CA</u>					
Basic Financial Statements/ Comprehensive Annual Financial Report prepared in accordance with GAAP Audit Partner - Craig A. Hartzheim, C.P.A	655	Financial Audit, Single Audit, State Controller's Report, and GANN Limit , GASB Pronouncements GFOA Certification		2002- 2012 2017- Present	Mr. Tae Rhee Finance Director (562) 804-1424
<u>City of Covina: 125 E. College St. Covina, CA 91723</u>					
Basic Financial Statements/ Comprehensive Annual Financial Report prepared in accordance with GAAP Audit Partner - Craig A. Hartzheim, C.P.A	625	Financial Audit, Single Audit, GASB Pronouncements GFOA Certification		2014- 2018	Anita Agramonte Finance Director (626) 384-5400
<u>City of La Mirada: 13700 La Mirada Blvd. La Mirada, CA 90638</u>					
Basic Financial Statements/ Comprehensive Annual Financial Report prepared in accordance with GAAP Audit Partner - Craig A. Hartzheim, C.P.A	525	Financial Audit, Single Audit, GASB Pronouncements GFOA Certification		2016- Present	Ms. Melissa Pascual Finance Manager (562) 943-0131
<u>City of Arcadia: 240 W. Huntington Dr. Arcadia, CA 91007</u>					
Basic Financial Statements/ Comprehensive Annual Financial Report prepared in accordance with GAAP Audit Partner - Hadley Y. Hui, C.P.A	500	Financial Audit, Single Audit, GASB Pronouncements GFOA Certification		2015- Present	Mr. Henry Chen Fiscal Services Manager (626) 574-5427
<u>City of San Gabriel: 425 Mission Dr. San Gabriel, CA 91766</u>					
Basic Financial Statements/ Comprehensive Annual Financial Report prepared in accordance with GAAP Audit Partner - Craig A. Hartzheim, C.P.A	475	Financial Audit, Single Audit, GASB Pronouncements GFOA Certification		2020- Present	Ms. Linda Tang Assistant Finance Director (626) 458-2830

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

Please see *Appendix E – References*, for additional references.

SPECIFIC AUDIT APPROACH

Overview of the MLH Audit Process



During the first year of the engagement, we will utilize the prior year's financial statements, the current year's budget, and our knowledge and understanding of the City's systems to determine materiality for the different audit sections. Each year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure and the results of our assessment in accordance with *Government Auditing Standards*.

SPECIFIC AUDIT APPROACH (CONTINUED)

The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all of the following requirements of AICPA: Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS No. 78; SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*; SAS No. 106, *Audit Evidence*; SAS No. 107, *Audit Risk and Materiality in Conducting an Audit*; SAS No. 108, *Planning and Supervision*; SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*; and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*.

It is estimated that the sampling size for transaction testing for compliance with systems as actually implemented would be as follows:

- I. Minimum of 60 disbursement items, including automatic and manual checks and bank debits.
- II. Minimum of 40 - 60 payroll checks, including direct deposits.
- III. Minimum of 40 - 60 receipt items.

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database business systems. This assistance has provided our firm with a thorough background in computer systems with respect to both the software applications aspect and insight into auditing such systems. It is our policy to have a computer specialist as part of the audit team and to be used on an as-needed basis. This individual assists the audit team in documenting the computer system internal control structure and highlighting strengths and weaknesses relating to the computer structure of the City.

In addition, all of our staff is equipped with not only word processing and spreadsheet capabilities, but also various functional software, such as PPC Audit – e-Tools, Creative Solutions Accounting, Adobe Acrobat, random sampling software, Lacerte Tax Program, and Easy Accounting Software, which contain amortization programs and depreciation programs, and other applications as well (including the Governmental Accounting Research System which includes all GASB publications).

We will perform preliminary analytical review procedures using the prior fiscal year's audited statements and the current fiscal year's budget. In the preliminary stage, we will adopt ratio analysis procedures to compare the relationships between account balances and classes of transactions between prior periods and against budgets and industry statistics. This may include budgets, trial balances, and/or draft financial statements to help us identify the source of individual fluctuations. We will then adopt trend analysis to compare current data with prior periods, which is particularly useful for analyzing revenue and expenditures. Any unexpected trends or deviations will be discussed with the City's staff to obtain explanations.

Please see *Appendix F – Segmentation and Budgeted Hours by Segment* for a schedule of the level of staff and number of hours to be assigned to each segment of the engagement.

During the City's audit(s), we will ensure the City is implementing all the newer Accounting Pronouncements, in accordance with the Governmental Accounting Standards. We will be accessible to the City to discuss any issues or assistance necessary.

SPECIFIC AUDIT APPROACH (CONTINUED)

The chart below shows some of MLH’s preliminary audit procedures:

Documents	Strategy	Procedure
None	Go over timing and planning with Management	Set meeting
Letter	Discuss any matters with predecessor	Standard required communications
Internal control memos	Set location site visits	Visit sites and go through internal controls, such as parks and recreation, fire, police, transit, etc.
Obtain budget and budget amendments	Ensure budgetary compliance	Analyze budget-to-actual variances
Obtain grant documents	Ensure grant compliance	Analyze grants
Obtain policies and procedures	Evaluate effectiveness of policies, updates and relate to key compliance matters	Analyze policies and procedures
Obtain client internal control memos, if they exist	Evaluate internal controls Short interviews of accounting and selected operating personnel for documentation of process	Analyze internal controls, including computer controls
Obtain prior year financials	Determine which items are important for testing	Set preliminary “materiality” limits
Obtain appropriate schedules	Ensure effective procedures	Testing of cash receipts, cash disbursements, and payroll transactions
Obtain Council minutes	Ensure knowledge of key government communication, Look for major agreements and key decisions	Analyze important events highlighted in Council meetings, test and inquire as necessary
Draft confirmations – third party letters for independent verification of cash, property taxes, attorney, etc. for client to sign and auditor to mail	Independent verification of selected balances	Client to prepare letters and auditor to send letters
Develop document request list for client to review and provide	To clarify client – auditor requests	Meet with client and discuss document request list for audit
Preliminary trial balance	Ensure preliminary results make sense	Perform selected testing on balances such as receipts, disbursements, and payroll
Obtain updates on retirement plans	Discuss GASB 68 & 75 and any changes	Audit selected components of any new reports and changes for compliance
Request screen view access only for computer analysis	Minimize client interruptions and view transactions	Scan ledgers and accounts for accounting propriety
Consider site visitations on areas where there are significant cash, card, deposits and billing controls, internet site controls	Focus on controls where the risk assessment of material misstatement of cash, card and internet transactions could occur	Site visitations
Legal bills, key litigation	Look for commitments, contingencies and disclosure	Discuss with client, prepare attorney letters for confirmation and response
Obtain long-term debt	Analyze for disclosure and compliance	Obtain and prepare long term debt schedules
Commitments and Contingencies	Ensure auditing standards are applied for proper accrual and disclosure	Send confirmation letters, talk with client, review disclosures

SPECIFIC AUDIT APPROACH (CONTINUED)

As part of our audit procedures, we usually request a working trial balance in excel format and access to view general ledger detail directly from the accounting system.

We will also review the following documents to determine compliance with applicable laws and regulations:

1. Minutes of the governing body with special attention to: indications of new revenue sources, including federal and state grants; expense authorizations and related appropriations, including any special or restrictive provisions; appropriation transfers; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines, or fees; authorization for fund balance commitments or assignments; and authorization for significant new employees hired.
2. New agreements and amendments to agreements including, but not limited to grant agreements; debt and lease agreements; labor agreements; joint venture agreements; disposition and development agreements; and other miscellaneous agreements.
3. Administrative Code.
4. Investment Policy.

The main extent of our work would be what is required to enable us to express an opinion on the basic financial statements in accordance with:

1. *AICPA Industry Audit Guide for State and Local Governmental Units.*
2. *AICPA Audit Standards.*
3. *National Committee on Governmental Accounting, Auditing and Financial Reporting (Amended) Publication.*
4. Laws of the State of California.
5. Requirements of Title 2 U.S Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards (Uniform Guidance).*
6. *GAO Standards for Audit of Governmental Organizations, Activities and Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs.*
7. Our firm's own additional standards and procedures.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America. The primary purpose of the audit is to express opinions on the basic financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the City.

If convenient for the City's staff, the approximate target dates for the fiscal year 2021 audits would be as follows:

1. Entrance Conference call with the City – No later than May 3rd
2. Written audit plan and list of schedules for fieldwork – No later than May 3rd
3. Multiple meetings or training – Available upon request
4. Interim fieldwork – Second week of May (May 10th – 14th)
5. Progress conference with the City – Monthly after Interim fieldwork
6. Year-end fieldwork – Week of October 4^h
7. Exit conference – No later than October 8th
8. Provide Drafts of all required reports – No later than November 10th
9. Finalize all required reports – No later than November 17th
10. Presentation to Audit Committee – Open
11. Presentation to the City Council – Open

SPECIFIC AUDIT APPROACH (CONTINUED)

On May 3rd, we will contact the Finance Director to provide our detailed audit plan for the audit fieldwork. We will also discuss any matters that may impact our audit procedures on financial reporting. Before year-end fieldwork, also, we will discuss with the City any assistance the City may need with the year-end closing.

Our audit would begin when it is convenient for the City's staff. We estimate that in the second week of May, we will perform interim work. Each year, the partner or manager of the firm will contact the Finance Director. The purpose of this contact will be to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, and to address any City's personnel concerns about the impending audit.

We will schedule approximately one week of interim and final work each year. During the first year, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with the appropriate City's staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs.

Our year-end fieldwork would begin on October 4th. The year-end audit work would begin with an analytical review of all significant balance sheet and revenues and expenditures/expense accounts for each fund, which includes substantive tests on all balance sheet accounts. **Analytical procedures will be used to supplement the substantive tests, not supplant them.** We will perform analytical procedures during interim and year-end fieldwork on all balance sheet and revenue and expense/expenditure accounts.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the basic financial statements of the City. Our fieldwork would also consist of procedures required under SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*.

We will perform procedures such as:

- (a) Confirmations by positive and negative circularization including but not limited to all cash and investment accounts; selected receivable and revenue balances; all bonds, loans, notes payable, and capital leases; all notes receivables; all insurance carriers; all legal firms employed on the City's business; and other miscellaneous confirmations deemed necessary.
- (b) Physical verification and observation.
- (c) Analysis and review of evidential material.
- (d) Interviews and investigative efforts.
- (e) Electronic data processing testing for computer and software reliability.
- (f) Numerous other procedures.

During the entire engagement, our audit team will be determining whether the audit is in compliance with *Uniform Guidance*, and if this is required through review of the City Council minutes, examination of the general ledger, and discussion with finance personnel. If a Single Audit is required, we would perform tests of specific requirements; claims for advances and reimbursements; and amounts claimed or used for matching in compliance with the Single Audit Act. The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the *GAO Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*, and the *GAO Guidelines for Financial and Compliance Audits of Federally Assisted Programs*.

SPECIFIC AUDIT APPROACH (CONTINUED)

The chart below shows some of MLH’s final audit procedures:

Document	Strategy	Procedure
None	Set Timing	Entrance conference
Policies and procedures	Review and start risk assessment	Set visitation of locations such as, Parks and Rec, Transit, etc. Cash and other controls testing
Obtain updated general ledger	Ensure proper closing of books	Analyze records and update analytical procedures
Obtain internal control memos, if there are any changes- all key locations	Re-evaluate internal controls. Assess risk and dollar significance, brainstorm, look at IT controls	Update understanding of internal controls and document key changes
Obtain prior GFOA comments	Ensure improvement in financial reporting	Implement significant changes in financial reporting methods
Obtain further agreed upon audit schedules as agreed upon in the contract and RFP	To commence audit properly on final numbers	Apply auditing procedures
Obtain prior year GASB 34 conversion entries prepare GASB 34 Entries	Ensure that all GASB 34 conversion entries are proper	Work on current year GASB 34 presentations
Analyze capital asset ledgers	Review updates from preliminary and analyze for impairment	Obtain capital asset documents and update for impairments
Contracts and agreements	Analyze agreements	Test schedules of agreements
Journal entries and post-closing	Look for proper accruals and revenue payments	Look at selected billings and revenue agreements
Risk Management	Determine coverage	Confirm balances and analyze for proper accruals as necessary
Cost allocations	Internal service allocation propriety	Discuss and analyze internal service cost allocations
Allocation agreements	Ensure agreement compliance	Analyze allocations as necessary from client calculations and documents
Obtain OPEB and PERS documents	Review for updates, GASB 68 and GASB 75	Read documents and update
Obtain updates on retirement plans	Discuss GASB 68 & 75 and any changes	Audit selected components of any new reports and changes for compliance
Bond agreements	Bond compliance	Test bond compliance and obtain bond ratings
Contributions	Compliance	Analyze significant contributions for compliance
Third party letters	Independent verification of accounts	Match to year-end books and records and reconcile to accounts
None	Ensure proper audit process	Hold timely status meetings with the client
Adjusting entries, and any possible management points	Obtain client agreement	Post as necessary with client
None	Compliance with contract and governance	Attend audit committee and council meetings
MD&A, prepare financials, reports and supplementary information	Ensure documents match, are consistent and appropriately completed	Read MD&A, prepare financials, reports and supplementary information

The year-end fieldwork should be completed no later than October 8th.

The *Governmental Accounting, Auditing and Financial Reporting (GAAFR)* issued by the Government Finance Officers Association (the “Blue Book”) and other GFOA publications are often used as additional tools when preparing and reviewing the financial statements of our governmental clients. The firm has and uses its extensive library of current AICPA, GFOA, and GASB publications and pronouncements.

SPECIFIC AUDIT APPROACH (CONTINUED)

As part of our audit engagements, we issue our clients management letters if we note certain observations or recommendations that we feel need to be disclosed. Our firm's philosophy regarding the management letter is that the management letter is to help management improve its internal control and accounting procedures and not to criticize the management in charge. Therefore, we present our management letters to management in draft form for open discussion prior to issuance.

The workpapers for this engagement are the property of Moss, Levy & Hartzheim, LLP and constitute confidential information. However, we may be requested to make certain workpapers available to any Cognizant Agency pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Moss, Levy & Hartzheim, LLP's personnel. Furthermore, upon request we may provide photocopies of selected workpapers to the Cognizant Agency. The Cognizant Agency may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers and related audit reports for this engagement will be retained for a minimum of seven (7) years after the date the auditor's report is issued or for any additional period requested by the parties designated by the Federal or State government or by the City for audit. If we are aware that the auditee is contesting an audit finding, we will contact the auditee for guidance prior to destroying the workpapers.

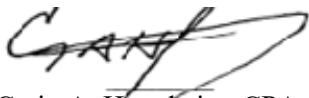
IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate any potential problems for this engagement. Minimal assistance of the City's staff is required during the course of the audit; However, we do ask that the City provide the following: cooperation in answering questions, requested confirmations, bank reconciliations, a general ledger, and other miscellaneous items.

Minimal assistance of the City's staff is required during the course of the audit as well as during the transition of auditing firms; however, we do ask that the City provide the following: cooperation in answering questions, requested confirmations, bank reconciliations, a general ledger, and other miscellaneous items.

Under penalties of perjury, I declare that I am an authorized signer and that there are no and have never been any financial interests between any officials or employees of the City West Covina and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,



Craig A. Hartzheim, CPA
Partner



BOARD OF ACCOUNTANCY

LICENSING DETAILS FOR: 6998

NAME: MOSS, LEVY, HARTZHEM LLP

LICENSE TYPE: CPA - PARTNERSHIPS

LICENSE STATUS: CLEAR 

ADDRESS

9465 WILSHIRE BLVD 3RD FL
BEVERLY HILLS CA 90212
LOS ANGELES COUNTY

[MAP](#)

ISSUANCE DATE

JULY 28, 2005

EXPIRATION DATE

JULY 31, 2021

CURRENT DATE / TIME

JANUARY 20, 2021
7:22:23 PM

CITY OF WEST COVINA

APPENDIX B – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS

CITIES AND REDEVELOPMENT AGENCIES

Adelanto, CA
Arcadia, CA
Arroyo Grande, CA
Atascadero, CA
Bellflower, CA
Buellton, CA
Brawley, CA
Calabasas, CA
California City, CA
Carmel-by-the-Sea, CA
Covina, CA
Culver City, CA
Dinuba, CA
Duarte, CA
El Centro, CA
Eureka, CA
Greenfield, CA
Grover Beach, CA
Healdsburg, CA
Holtville, CA
Hughson, CA
Imperial, CA
Indio, CA
La Cañada Flintridge, CA
La Habra Heights, CA
La Mirada, CA
Los Alamitos, CA
Morgan Hill, CA
Ojai, CA
Paso Robles, CA
San Gabriel, CA
Santa Maria, CA
Signal Hill, CA
Taft, CA
Watsonville, CA
Westlake Village, CA
Wheatland, CA
Windsor, CA
Willits, CA
Yuba City, CA

PUBLIC FINANCING AUTHORITIES

The majority of our Municipalities issue debt and do so through an established Public Financing Authority.

OTHER SCHOOL ENTITIES

Academia Semillas del Pueblo Charter School
Albert Einstein Academy
Antelope Valley Schools Transportation District
Bright Star Secondary Charter Academy
East Bay Regional Occupational Program
Garr Academy of Mathematics and Entrepreneurial Studies
Pacoima Charter School
Santa Ynez Valley Charter School
The Accelerated Schools
Southern California Regional Occupational Center
Stella Middle Charter Academy
Synergy Charter Academy
Tri-Valley Regional Occupational Program

SCHOOL DISTRICTS

Acton-Agua Dulce Unified School District
Ballard School District
Bellflower Unified School District
Beverly Hills Unified School District
Blochman Union School District
Bradley Elementary School District
Buellton Union School District
Calaveras County Schools
Calexico Unified School District
Calipatria Unified School District
Carpinteria Unified School District
Casmalia School District
Castaic Union School District
Cayucos Elementary School District
Coast Unified School District
Cold Springs School District
College Elementary School District
Eastside School District
El Segundo Unified School District
Garvey School District
Goleta Union School District
Graves School District
Heber School District
Hughes-Elizabeth Lakes Union School District
Keppel Union School District
Lancaster School District
Magnolia Union School District
Manhattan Beach Unified School District
Mark Twain Union Elementary School District
Meadows Union School District
Mission School District
Monrovia Unified School District
Montecito Union School District
Mulberry School District
Novato Unified School District
Orcutt Union School District
Pacific Unified School District
Palmdale School District
Pleasant Valley Union School District
Rosemead School District
San Ardo Elementary School District
San Lucas School District
San Miguel Joint Union School District
Santa Maria Joint Union High School District
Santa Monica-Malibu Unified School District
Shandon Unified School District
Solvang Elementary School District
Temple City Unified School District
Torrance Unified School District
Vallecito Union School District
Westmoreland Elementary School District
Wilsona School District

CITY OF WEST COVINA

APPENDIX B – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS

COUNTIES

Los Angeles County, CA (Master List)
San Diego County, CA (Master List)

SANITATION DISTRICTS

Carpinteria Sanitation District, CA
Cayucos Sanitation District, CA
County Sanitation Districts of Los Angeles County, CA
- All 25 Districts
Encina Wastewater Authority, CA
Montecito Sanitation District, CA
Orange County Sanitation District, CA - Internal Audits
Ross Valley Sanitary District, CA
Triunfo Sanitation District, CA

UTILITY DISTRICTS

Georgetown Divide Public Utility District

WATER/IRRIGATION DISTRICTS

Aldercroft Heights County Water District, CA
Foothill Municipal Water District, CA
Main San Gabriel Basin Watermaster, CA
Marina Water District, CA
North Marin Water District, CA
Sweetwater Springs Water District, CA
Valley County Water District, CA
Valley of the Moon Water District, CA

AMBULANCE SERVICES DISTRICT

Cambria Community Healthcare District
North Coast Emergency Medical Services

CEMETERY DISTRICTS

Arroyo Grande Cemetery District, CA
Atascadero Cemetery District, CA
Gridley-Biggs Cemetery District, CA
San Miguel Cemetery District, CA
Santa Maria Cemetery District, CA

COMMUNITY SERVICES DISTRICTS

Cambria Community Services District, CA
Cuyama Community Services District, CA
Groveland Community Services District, CA
Heritage Ranch Community Services District, CA
Los Alamos Community Services District, CA
Nice Community Services District, CA
Rancho Murieta Community Services District, CA
Santa Ynez Community Services District, CA
Vandenberg Village Community Services District, CA

RECREATION AND PARK DISTRICTS

Conejo Recreation and Park District, CA
Isla Vista Recreation and Park District, CA
Mountains Recreation and Conservation Authority, CA
Rancho Simi Recreation and Park District, CA
Hayward Recreation and Park District, CA

BUILDING AUTHORITY

County of San Diego Regional Building Authority, CA

FIRE PROTECTION DISTRICTS

Cayucos Fire Protection District, CA
Lakeport Fire Protection District, CA
Orcutt Fire Protection District, CA

OTHER DISTRICTS

Beach Cities Health District
County of San Diego Emergency Services Organization
County of San Diego First 5 Commission
County of San Diego In-Home Supportive Services
Public Authority
County of San Diego Health and Human Services Agency
Child Development Program Grant
County of San Diego MIOCR Grant
County of San Diego RLETC Grant
County of Los Angeles Delta Sigma Theta, Head Start
Program, Inc.
County of San Diego DA Office of Auto Ins. Fraud
Grant, Urban Auto Fraud Grant, WC Ins Fraud Grant
Los Angeles County Flood Control District
Marin/Sonoma Mosquito and Vector Control District
Peninsula Health Care District
San Diego Geographic Information Source
Tracy Area Public Facilities Financing Agency
West Contra Costa Integrated Waste Management
Authority

TRANSPORTATION DEVELOPMENT ACT

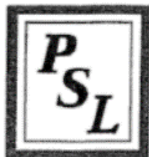
Arroyo Grande, CA
Brawley, CA
Calexico, CA
El Centro, CA
Grover Beach, CA
Holtville, CA
Paso Robles, CA
San Luis Obispo County and Cities Area Planning
Council:
Local Transportation Fund
State Transit Assistance Fund
South County Area Transit, CA
South County/San Luis Obispo Transit, CA
Transportation Agency for Monterey County, CA
Transportation Authority of Marin
Association of Monterey Bay Area Governments
Santa Cruz Regional Transportation Commission

TRANSIENT OCCUPANCY TAX AUDITS

Represented the following municipalities and/or counties
in the audit of the hotel "bed tax" records:

Arroyo Grande, CA	Pismo Beach, CA
Bellflower, CA	Santa Maria, CA
Bishop, CA	South Lake Tahoe, CA
Calexico, CA	Whittier, CA
Carmel, CA	Ojai, CA

Our Peer Review included reviews of governmental: municipalities, water districts, school districts, and non-profit engagements.



POWELL, SPAFFORD & LANDRY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA
Patrick D. Spafford, CPA
Todd C. Landry, CPA

Member of the California Society of Certified Public Accountants
Member American Institute of Certified Public Accountants

Report on the Firm's System of Quality Control

To Moss, Levy & Hartzheim, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and employee benefit plan audits.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures addressing continuing professional education (CPE) are not sufficient to provide reasonable assurance that its personnel will have the education necessary to perform engagements in accordance with professional and regulatory requirements. The courses taken by firm personnel did not provide them with sufficient information about current developments in auditing matters. This contributed to audit engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and an audit of an employee benefit plans, not conforming to professional standards in all material respects in the areas of independence, audit planning and risk assessment, and documentation of testing specific to major program compliance. The audits of employee benefit plans did not conform to professional standards related to internal control documentation and participant testing.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Moss, Levy & Hartzheim, LLP has received a peer review rating of *pass with deficiencies*.

Powell, Spafford & Landry, Inc.

May 30, 2019

Ron A. Levy, CPA – Partner

- California licensed C.P.A. with 43 years of audit experience with governmental and non-profit entities
- Technical partner (concurring) in charge of all governmental and non-profit audits, currently including 38 municipal audits, 75 special district audits, and 8 school district and related audits
- Has assisted governmental clients with year-end closing, key position interviews, preparation of award winning Comprehensive Annual Financial Reports, and preparation of State Controller's Reports
- Has met or exceeded all continuing education requirements, including recent courses in the following:
 - 2020, 2019, and 2018 Governmental Accounting Conference*
 - 2020, 2019, and 2018 School District Conference*
 - GASB 34 Training Seminars*
 - Planning a Governmental Audit Engagement*
 - Auditor's Reports on Audits of Local Governments*
 - Governmental Accounting Update*
 - Audits of State and Local Governments*
 - Compliance Auditing, Auditing Sampling, and Concluding the Audit*
 - The Single Audit Act*
- Member of the following:
 - American Institute of Certified Public Accountants*
 - California Society of Municipal Finance Officers*
 - California Society of Certified Public Accountants*
 - California Association of School Business Officials*
 - Kiwanis Club*
- Bachelor of Science degree from Oregon State University, conferred in 1977
- Taught accounting courses at a branch of La Verne College and Chapman College
- Knowledgeable in all areas of tax law including non-profit tax issues

Craig A. Hartzheim, CPA – Partner

- California licensed C.P.A. with 37 years of audit experience with governmental, non-profit, and commercial entities
- Engagement partner for governmental and non-profit audits (Culver City office) including 25 municipal audits, 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation Districts of Los Angeles County), and 12 school districts and related audits
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning Comprehensive Annual Financial Reports, and preparation of State Controller's Reports
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
Single Audits of Governmental Entities
Preparing Governmental Financial Statements
Yellow Book, Government Auditing Standards
GAAS Guide
Other Comprehensive Basis of Accounting (OCBOA) Statements
Audit Standards update
Implementing SAS 112 and 114
Fraud in Audits
Auditing update

- Bachelor of Science degree in Accounting from Marquette University, conferred in 1982
- Member of the following:
 - American Institute of Certified Public Accountants
 - California Society of Certified Public Accountants
- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

Hadley Y. Hui, CPA – Partner

- California licensed C.P.A. with 23 years of audit experience with governmental, non-profit, and commercial entities
- Partner in charge of 20 municipal audits, 26 special district audits, 8 special audits for the County of San Diego, and 20 school districts and related audits
- Supervisor for the CSS and DPSS Monitoring Projects for Los Angeles County
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
Fraud in Audits
Risk-Based Auditing Part 1, Part 2
Accounting and Auditing Update
Guide to Auditing Control Course 1, Course 2

- Extensive knowledge of database systems, networking, and various accounting software
- Bachelor of Arts degree in Economics with a minor in Accounting from University of California – Los Angeles, conferred in 1997
- Member of the following:

American Institute of Certified Public Accountants
California Society of Certified Public Accountants

- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

Wilson Lam, CPA, CFE, CGFM – Manager

- California licensed CPA with 12 years of audit experience with governmental and commercial entities
- Auditor for 3 municipal audits, 4 special district audits, and 9 school district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference

2020, 2019, and 2018 School District Conference

2020 and 2019 Single Audit Compliance

GASB 34 Training Seminars

Risk-Based Auditing Part 1 & Part 2

2019 Accounting and Auditing Update

Guide to Auditing Control Course 1 & Course 2

- Bachelor of Arts in Accounting and Finance from California State University Fullerton, conferred in 2005

Terry Robertson, CPA – Manager

- Manager for the Los Angeles County
- Manager with 19 years of audit experience with governmental, non-profit, and commercial entities
- Manager for 12 municipal audits, 8 joint power authority audits, and 21 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference

GASB 34 Training Seminars

Internal Control and Fraud in Governmental Engagements

Government Auditing Standards – Yellow Book

Implementing SAS 112 & 114

Advanced Fraud Techniques

Grants Management

- Bachelor of Science degree in Accounting from University of Quinnipiac, conferred in 1998

Bin Zeng – Manager

- Manager with 14 years of audit experience with governmental and commercial entities
- Manager for 12 municipal audits and 14 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
2020, 2019, and 2018 Accounting and Auditing Standards Update: Risk Assessment Standards
2020 Advanced Audit Standards Workshop: Understanding Risk Assessment
2020, 2019, and 2018 GAAS Update
Auditors' Responsibilities for Detection of Fraud
Internal Control and Fraud in Governmental Engagements
Government Auditing Standards – Yellow Book
Implementing SAS 112 & 114
Advanced Fraud Techniques
Grants Management

- Bachelor of Arts degree in Business Economics from the University of California – Los Angeles, conferred in 2007

Edward R. Eisenhauer, CPA – Senior Accountant

- California licensed CPA with 30 years of experience, and 10 years of audit experience with governmental, non-profit, and commercial entities
- Auditor for 12 municipal and 3 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
Accounting and Auditing Standards Update: Risk Assessment Standards
Advanced Audit Standards Workshop: Understanding Risk Assessment
GAAS Update
Auditors' Responsibilities for Detection of Fraud
Internal Control and Fraud in Governmental Engagements
Government Auditing Standards – Yellow Book
Implementing SAS 112 & 114
Advanced Fraud Techniques
Grants Management

- Bachelor of Science degree in Accounting from University of Wisconsin – Whitewater, conferred in 1982
- Knowledgeable about all areas of tax law including non-profit and payroll tax issues

Cody Hartzheim – Senior Accountant

- Auditor with 6 years of audit experience with governmental, non-profit, and commercial entities
- Auditor for 16 municipal audits and 6 school district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
2020 Accounting and Auditing Standards Update: Risk Assessment Standards

- Bachelor of Science in Accounting and Finance from Marquette University, conferred in 2014

Ricardo Rodriguez – Senior Accountant

- Senior Accountant with 15 years of audit experience with governmental, non-profit, and commercial entities
- Previously assigned to various municipal engagements
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
2020 Accounting and Auditing Standards Update: Risk Assessment Standards
2020 Advanced Audit Standards Workshop: Understanding Risk Assessment
2020 GAAS Update

- Bachelor of Science in Accounting from California State University of Long Beach, conferred in 1999

Israel Morel – Staff Accountant

- Auditor with 6 years of audit experience with governmental, non-profit, and commercial entities
- Auditor for 13 municipal audits and 10 school district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
2020 Accounting and Auditing Standards Update: Risk Assessment Standards

- Bachelor of Science in Business Administration with emphasis in accounting from California State University – Dominguez Hills, conferred in 2013

Susan Chin – Staff Accountant

- Auditor with 15 years of audit experience with governmental, non-profit, and commercial entities
- Auditor for 18 municipal audits, 12 school district audits, 5 special district audits, and 9 school district audits
- Staff accountant for the Los Angeles County DMH Monitoring Projects, and CSS
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019, and 2018 Governmental Accounting Conference
2020, 2019, and 2018 School District Conference
Government Auditing Standards – Yellow Book

- Bachelor's degree from University of California – Los Angeles, was conferred in 1992

Brian Pena Rivera – Staff Accountant

- Auditor with 4 years of audit experience with governmental, school districts and commercial entities
- Auditor for 6 municipal audits, 9 special district audits, commercial and non-profit entities
- Has met or exceeded all continuing education requirements including recent courses in the following:

2020, 2019 and 2018 Governmental Accounting Conference
2020, 2019 and 2018 School District Conference
Government Auditing Standards – Yellow Book
Debt vs equity simplification
Sale of assets
Auditing estimates
FASB changes presentation of periodic pension cost
Internal control technical questions
Audit committees and small business

- Bachelor of Science in Business Administration with emphasis in Accounting from University of California – Riverside, was conferred in 201

CITY OF ARTESIA

2016 to Present

Audit of basic financial statements, GASB 34

Contact: Jamie Munguia - Finance Manager (626) 386-6810

18747 Clarkdale Avenue, Artesia, CA 90701

CITY OF DUARTE

2017 to Present

Audit of basic financial statements, GASB 34

Contact: Daniel Jordan - City Manager (626) 357-7931

1600 Huntington Drive, Duarte, CA 91010

CITY OF GOLETA

2018 to Present

Audit of financial statements, preparation of the Comprehensive Annual Financial Report (GFOA Certificate), Transportation Development Act Audit, Appropriations Limit Review

Contact: Luke Rioux - Finance Director (805) 562-5508

130 Cremona Drive, Suite B, Goleta, CA 93117

CITY OF LAGUNA HILLS

2010 to 2016

Audit of basic financial statements in conformity with GASB 34, and Single Audit Report Prepared City's State Controller's Report, and review of the City's GANN Limit

Received GFOA Certificate of Achievement in Financial Reporting

Contact: Janice Mateo-Reyes - Finance Director (949) 707-2623

24035 El Toro Road, Laguna Hills, CA 92653

CITY OF SANTA MARIA

2009 - Present

Audit of financial statements, preparation of the Comprehensive Annual Financial Report (GFOA Certificate), Measure U Sales Tax Fund Audit, Transportation Development Act Audit, Single Audit

Contact: Mary Harvey - Director of Finance (805) 925-0951 x 2214

110 E. Cook Street, Santa Maria, CA 93454

CITY OF WEST COVINA

APPENDIX F – SEGMENTATION AND BUDGETED HOURS BY SEGMENT

<u>AUDIT SEGMENTS</u>	<u>Estimated Hours</u>					<u>Total</u>
	<u>Clerical</u>	<u>Staff</u>	<u>Supervising</u>		<u>Partner</u>	
			<u>Senior</u>	<u>Manager</u>		
Planning		4	8	8	6	26
Risk Assessment			3	8	4	15
Audit Conferences (Preliminary, Progress, and Exit)				8	6	14
Correspondence	2	5	1			8
Review/Documentation of Internal Controls:						
Documentation of systems		10	10	5		25
Testing of systems		25	10	5		40
Compliance Testing (Includes Single Audit)		11	15	10	3	39
Year End Balances Testing		20	8	5	3	36
Revenue and Expense Analysis (Analytical Procedures)		30	30	10	3	73
Preparation, Review, and Findings	8	10	30	46	55	149
GRAND TOTAL	10	115	115	105	80	425

Technical Proposal for
Professional Auditing Services

CITY OF WEST COVINA

Submitted by:

Cristy Canieda
Partner, Government Practice Leader
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: (213) 873-1720
Fax: (213) 873-1777
Email: ccanieda@vasquezcpa.com

March 10, 2021

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Partner, Supervisory, and Staff Qualifications and Experience	13
Similar Engagements with other Government Entities	25
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Identification of Anticipated Potential Audit Problems	38

Transmittal Letter

March 10, 2021

Office of the City Clerk
City of West Covina
Attn: Robbeyn Bird
1444 W. Garvey Avenue S. #317
West Covina, CA 91790

Re: Technical Proposal for Professional Auditing Services

Vasquez & Company LLP (Vasquez) is pleased to submit our technical proposal to audit the financial statements of the City of West Covina ("City") for the three fiscal years beginning with the fiscal year ending June 30, 2021, with the option of auditing its financial statements for up to two subsequent fiscal.

Vasquez has been serving the auditing needs of local governments and nonprofit organizations in California for over 50 years. Our understanding of the engagement and key aspects of our firm, which distinguishes us from our competitors, are summarized in this letter.

Firm's Understanding

- Perform an audit and render an auditor's report on the Basic Financial Statements of the City and its component units 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.
 - As part of our audit, we will render a report on the basic financial statements that will include both Government-Wide Financial Statements and Combining Fund Financial Statements, and also apply limited audit procedures to Management's Discussion and Analysis (MD&A), if provided and required supplementary information pertaining to the General Fund and each major fund of the City.
 - We will render our auditor's reports on the City's internal control over financial reporting and compliance with relevant laws and regulations and other matters based on our audit of the financial statements.
 - Assist in the preparation and wordprocessing of the City's Comprehensive Annual Financial Report (CAFR).
- Issue a Management Letter that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions.
- Perform a Single Audit and render an auditor's report on the expenditure of federal grants in accordance with U.S. Office of Management and Budget Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance).
 - We will issue our report on the City's Schedule of Expenditures of Federal Awards

- We will render an opinion on the City's compliance with requirements applicable to each Major Program
- We will render our report on the City's internal controls over the administration of Federal funds.
- Prepare the Annual Financial Transactions Report for filing with the State Controller
- Perform agreed-upon procedures pertaining to the City's GANN Limit and render a letter annually to the City regarding compliance.
- Provide guidance on the implementation of new GASB and OMB requirements and specifics of Federal and State of California regulations as they pertain to local government accounting.

Upon request and specifically at the conclusion of our audits, we will be pleased to make a presentation to the City Council, during which we will discuss our audit approach, scope, and results. We pride ourselves on our ability to convey complex information in an informative fashion, free of bias, such that Management and the City Council can evaluate the significance of the information and determine action plans as may be appropriate.

Why Vasquez?

Experienced Leaders:

- Cristy Canieda, Vasquez Partner and former PwC audit manager, will lead our delivery of services to the City. She will direct and supervise the auditors in performing the engagement, review the audit results, and provide technical expertise as appropriate.
- Roger Martinez, Vasquez Audit Practice Leader and former KPMG office of professional practice partner dealing with complex audit, accounting, and risk management issues at a national level, will act as the engagement quality control reviewer.

Information Technology Expertise:

- Our audit approach includes an on-site review of the City's Information Technology (I.T.) general controls by I.T. professionals with more than 20 years of experience to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the City's technology standards and appropriate to safeguard your information assets.

National Resources:

- As part of the RSM US Alliance, we have access to the resources, tools, and expertise of RSM US LLP (the fifth largest accounting firm in the United States).

Our Internal Control-Based Audit Approach

- Our professionals, with extensive experience in performing financial and compliance audits of local municipalities and other public agencies in California, will bring an unbiased, fresh perspective to the City's systems, operations, and practices. Our experience will allow us to assess your risk and compare your existing policies and practices to those used by other efficient, reputable agencies. We will focus on the critical areas of your operations.
- Our audit approach is unique in that we evaluate and test key internal accounting controls rather than merely performing substantive tests. This approach provides critically important information to City management about the effectiveness of its internal controls.

Communication with the City:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you meaningful status reports.
- We will take a proactive approach to develop practical solutions to identified challenges.
- Team members, including the engagement partner and quality control partner, will be available to you on a year-round basis.

Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to the finance, accounting, and auditing aspects of local governments, such as new GASB and OMB requirements.
- Specifics of Federal and State of California regulations as they pertain to local government accounting, reporting, and compliance.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-the-audit surprises. As such, we commit to perform the work within the required time period.

New GASB Pronouncement Experience:

- Our team has assisted our clients in the adoption of the applicable Governmental Accounting Standards Board (GASB) statements.
- Our firm assists clients in assessing their readiness to implement the new standards and guiding them through the actual implementation.

Providing an Effective and Efficient Audit:

- Our risk-based approach, our high-caliber management team, and our experienced staff ensure that critical issues are not overlooked but instead are promptly identified, communicated to you, and resolved to the City's satisfaction.

Vasquez is committed to providing the City with the highest level of customer service and trust that you will find Vasquez well qualified to provide the City with professional auditing services. Should you have any questions or desire further assistance, please call me at the contact information below. I, Cristy Canieda, Partner with Vasquez, am authorized to negotiate and bind the firm to contract.

VASQUEZ & COMPANY LLP



Cristy Canieda | Partner

655 N. Central Avenue, Suite 1550
Glendale, CA 91203
tel.: 213-873-1720
fax: 213-873-1777
email: ccanieda@vasquezcpa.com

License to Practice in California

Vasquez is properly licensed to conduct public accounting in California. We further assure the City that all "key" engagement team members are properly licensed Certified Public Accountants in California. Vasquez certifies that it will inform the City of any suspension, termination, lapse, non-renewals, or restrictions of its licenses, certificates, or other required documents upon notification.



CALIFORNIA BOARD OF ACCOUNTANCY
2450 VENTURE OAKS WAY, SUITE 300
SACRAMENTO, CA 95833
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3672

CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP

REGISTRATION PAR 6286
RECEIPT NO. 91580007

VALID UNTIL JULY 31, 2021

VASQUEZ & CO LLP
655 N CENTRAL AVENUE STE 1550
GLENDALE CA 91203

In accordance with the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm named hereon is duly registered and entitled to practice as a Partnership.

5/19/19

5/19/19

----- POST IN PUBLIC VIEW -----

WABPAR 04/12/17

Independence

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, published by the United States General Accounting Office ("Yellow Book") as it relates to the City and its component units.

Conflict of Interest

Our conflict identification process found no interests or relationships that would be deemed adversarial to the City.

Independence Policies and Monitoring Programs

One of our system of quality control's objectives is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, Securities and Exchange Commission, Department of Labor, Public Company Accounting Oversight Board, U.S. Government Accountability Office, state CPA societies, state boards of accountancy, state statutes and any other applicable regulators.
- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period, and to take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.
- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- Written confirmation, at least annually, of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firms who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity, and objectivity.

Firm Qualifications and Experience

Vasquez was established in 1969 as a Limited Liability Partnership registered with the State of California Department of Consumer Affairs.

Personnel Resources

Partners/Principals	7
Managers	8
Supervisors	6
Senior Auditors	25
Staff Auditors	20
Professionals	66
Administrators	4
Total	70

National Resources

Vasquez is an integral part of the RSM US Alliance, a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands, and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities. As a member of the RSM US Alliance, Vasquez has access to the resources and services RSM provides its clients. We accepted an invitation to become a member of the RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today.

RSM US Alliance provides its members with access to resources of RSM US LLP (formerly known as RSM US LLP), the leading provider of audit, tax, and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. RSM US LLP (R.S. M) is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax, and consulting firms with more than 37,500 people in over 110 countries. RSM US Alliance member firms are separate and independent businesses and legal entities responsible for their acts and omissions, and each is separate and independent from RSM.

Government Practice Group

Vasquez is comprised primarily of personnel who left the international accounting firms to focus on their chosen industry – mainly government and nonprofit – and work with greater autonomy in a progressive, agile and client-centric environment. The Vasquez leadership consists of seven (7) partners, each of whom previously worked with one or more of the international firms. This experience ensures a firm emphasis on quality, innovation, performance standards, opportunity, discipline, and professional growth.

Since its inception, Vasquez has been focused on serving governmental entities. The government-industry easily comprises the largest portion of all industries we serve today.

Office Locations

Vasquez will staff the City with two partners, one audit manager, one I.T. manager, one senior, and one staff auditor. We will serve the City from our headquarters based in Glendale:

<u>Headquarters</u> 655 N. Central Avenue Suite 1550 Glendale, CA 91203 t) 213-873-1700 f) 213-873-1777	<u>Sacramento</u> 1215 K Street 17 th Floor Sacramento, CA 95814 t) 916-503-3269 f) 916-503-2401	<u>San Diego</u> 333 H Street Suite 5000 Chula Vista, CA 91910 t) 858-263-2760 f) 619-551-7001	<u>Manila</u> 29F Rufino Tower 6784 Ayala Avenue Legaspi Village, Makati City, Philippines
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Range of Services

AUDIT

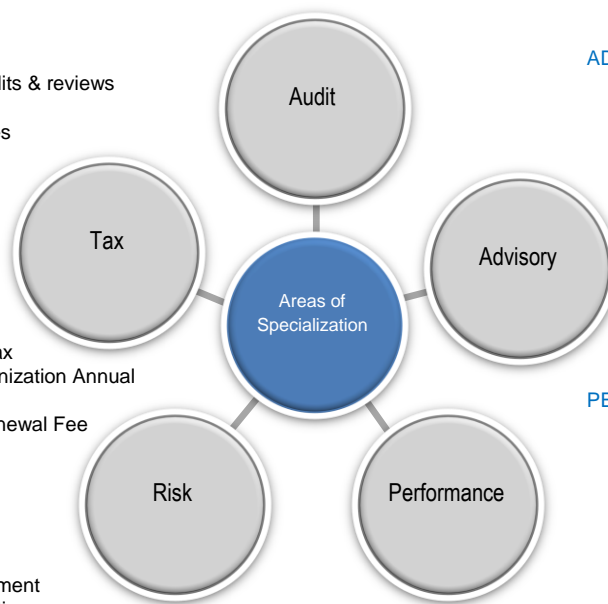
- Financial statement audits & reviews
- Reporting
- Agreed-upon procedures
- Forecasts & projections
- Benefit plans

TAX

- IRS Representation
- Return of Organization Exempt from Income Tax
- California Exempt Organization Annual Information Return
- Annual Registration Renewal Fee Report

RISK

- Corporate governance
- Enterprise risk management
- Sarbanes-Oxley consulting
- Regulatory compliance
- T risk
- Security & privacy
- Fraud



ADVISORY

- Internal control reviews
- Strategic planning
- Organizational analysis
- Internal audit
- Political accounting & compliance
- Outsourced accounting

PERFORMANCE

- Business intelligence / Corporate performance management
- Performance improvement & implementation
- Performance audit
- Expense reduction analysis

List of Municipal Clients

Vasquez performs numerous financial and compliance audits of governmental organizations. These audits include risk assessments conducted pursuant to a structured approach based on the standards outlined in the COSO Principles.

Our audits are performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, OMB Uniform Guidance, and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts (when applicable).

Clients
City of Agoura Hills
City of Alhambra
City of Antelope Valley
City of Arcadia
City of Avalon
City of Artesia
City of Azusa
City of Baldwin Park
City of Bell
City of Beverly Hills
City of Bradbury
City of Burbank
City of Calabasas
City of Carson
City of Claremont
City of Commerce
City of Compton
City of Covina
City of Cudahy
City of Culver City
City of Diamond Bar
City of Downey
City of El Monte
City of Gardena
City of Hawthorne
City of Hidden Hills
City of Huntington Park
City of Industry
City of Inglewood
City of Irwindale
City of La Puente
City of Lawndale
City of Long Beach
City of Lynwood
City of Malibu
City of Maywood
City of Montebello
City of Monterey Park

Clients
City of Moreno Valley
City of Norwalk
City of Pico Rivera
City of Pomona
City of Rosemead
City of San Fernando
City of San Juan Capistrano
City of Santa Monica
City of Simi Valley
City of South El Monte
City of South Gate
City of Vernon
City of Walnut
City of West Hollywood
Alameda Corridor-East Construction Authority
Alameda Corridor Transportation Authority
Big Bear Municipal Water District
Encina Wastewater Authority
Hidden Valley Municipal Water District
Los Angeles County Metropolitan Transportation Authority
Metropolitan Water District of Southern California
Municipal Water District of Orange County
Needles Public Utility Authority
Plumas County Transportation Commission
Port of Long Beach
San Gabriel Basin Water Quality Authority
San Gabriel Valley Council of Governments
San Joaquin Regional Transit District
Southern California Association of Governments
Southern California Regional Rail Authority
SunLine Transit Agency
Upper San Gabriel Valley Municipal Water District
Valley County Water District
Walnut Valley Water District
Water Replenishment District of Southern California

GFOA Client Awardees

Cristy Canieda, Vasquez Government Practice Leader, is a reviewer for the Government Finance Officers Association. Following is a list of significant government client engagements that have achieved their Certificate of Achievement for Excellence in Financial Reporting

- City of Baldwin Park
- City of Carson
- City of El Monte
- City of Lynwood
- City of Moreno Valley
- City of Simi Valley
- City of Temple City
- Encina Wastewater Authority
- San Joaquin Regional Transit Agency
- Water Replenishment District of Southern California
- Upper San Gabriel Valley Municipal Water District

Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

A large number of our government clients receive federal funds. Our success in effectively serving these entities is based on our significant knowledge and experience with the U.S. Office of Management and Budget federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance).

We are proposing for the City an engagement team with substantial experience in auditing governmental entities for both financial and compliance audits. Our industry-focused staff has undergone training courses dedicated to governmental accounting, auditing, and financial reporting, as well as specialized training in the compliance requirements of OMB Uniform Guidance regarding changes in Single Audit requirements. Our partners have conducted training for professional organizations on the subject of the new Uniform Guidance. The Uniform Guidance includes several requirements, some of which are:

- Financial management systems must include such items as written procedures for determining the allowability of costs in accordance with cost principles and the terms and conditions of the federal awards and written procedures to implement the requirements for cash management.
- Time and payroll cost distribution records must be maintained for all employees whose salary is paid in whole or in part with federal funds, and payroll costs allocated to federal programs may not be based on budget estimates alone but instead must reflect the actual expenditure of effort.
- Accounting records must be supported by a system of internal controls which provides reasonable assurance that amounts are accurate, allowable, and properly allocated.
- Internal controls should be in compliance with the guidance contained in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Procurement standards covering small purchases, micro-purchases, sealed bids, competitive proposals, and sole source procurements that must be adhered to.
- Subrecipient monitoring includes the requirement that each potential subrecipient must be evaluated for risk of noncompliance with Federal requirements, must be monitored, and must be audited when required, with the audit results considered by the awarding entity.
- The entity must establish and maintain effective internal controls over federal awards, including establishing reasonable budgets that minimize incentives to miscode expenditures and performing risk assessments to identify procedures and controls that should be strengthened to prevent or identify unallowable activities.

- Property records must be supported by at least a bi-annual physical inventory and include all the data elements outlined in the regulations.
- Awards of contracts for goods or services on a sole source basis must be supported by a written justification.
- Any interest earned on federal monies must be credited back to the federal government.

Comprehensive Annual Financial Reports

Vasquez professionals are acknowledged experts on GAGAS regulations and GASB reporting requirements. We have substantial experience in the preparation of Comprehensive Annual Financial Reports that have assisted our clients in achieving the Government Finance Officers Association award for Excellence in Financial Reporting.

Management Letter Comments

Providing value-added management letter comments is a priority for Vasquez. Our auditors/consultants' unique experience enables us to provide meaningful assistance beyond what most audit firms can provide. We do this through many different forms, but it comes primarily in the form of early identification of issues before they become major problems for our clients. We meet with our clients throughout the year to get a better understanding of the challenges they are facing. Our clients have realized many benefits, including improved operational efficiencies, security, and proactive prevention of potential future audit issues.

GASB Pronouncements

Our firm encourages early adoption of all applicable Government Accounting Standards Board (GASB) statements. Some of these standards have been monumental in establishing new financial reporting requirements for state and local governments throughout the United States and restructured much of the information that had been presented in the past.

We take a proactive approach in assisting all our government clients in understanding GASB activities from exposure drafts to the implementation of new standards. We accomplish this through our collaborations with GASB, GFOA, ASBO, AICPA Government Audit Quality Center, and by taking the time to sit down with clients to discuss and plan for the impact of new GASB standards.

As a member of the RSM US Alliance, Vasquez personnel are routinely updated through RSM's formal and informal relationships with the officials of most key federal departments. They have participated as an advisor to the President's Council on Integrity and Efficiency through the Quality of Audit Roundtable. They also maintain relationships with officials in the Office of Inspector General of many federal departments and agencies and close working relationships with key officials within GAO and OMB.

Quality Control

Vasquez has an extensive quality control program designed to monitor compliance with the audit and accounting professional standards and firm policies. Our client service approach requires the active involvement of experienced partners and managers in the consulting and audit engagements to ensure that critical issues are identified and resolved on a timely basis.

Review Process

All audit engagements must have a secondary review by either a report review specialist or a concurring reviewer. Before the reports, the financial statements, and any letter communicating reportable conditions and other letters are released, they must be reviewed by a report review specialist not otherwise associated with the engagement. The report review specialist's role is supportive of the partner, and, organizationally, they are responsible for one or more offices.

Before the commencement of fieldwork and as the engagement progresses toward completion, the report review specialist is expected to aid the partner and the audit team in resolving complicated accounting, auditing, and reporting issues. Upon completion of the partner review and before the report's release, the

report review specialist must review the financial statements, our report thereon, and the letter communicating reportable control structure conditions and any other specialized reports or letters to be issued.

The audit plan is reviewed and concurred with by a concurring reviewer designated for the industry before the commencement of fieldwork if the industry is designated as "high risk" by firm policy or when engagement risk is otherwise assessed as high, and the engagement is a first-time audit for the firm. If a concurring review is performed during planning, this reviewer will also perform a review of all of the firm's reports and discuss significant audit findings and issues with the engagement partner.

Performance Monitoring and Assessment

The objective of the engagement performance element of our quality control is to provide reasonable assurance that:

- Engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements
- Our firm or engagement partner issues reports that are appropriate in the circumstances

Policies and procedures for engagement performance address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures require that consultation takes place when appropriate. Our firm has also established criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed.

We satisfy the above objectives by establishing and maintaining the following policies and procedures:

- Planning for engagements meets professional, regulatory, and firm requirements.
- Qualified engagement team members review work performed by other team members on a timely basis.
- Vasquez establishes procedures addressing the nature, timing, extent, and documentation of the engagement quality control review.
- Vasquez establishes criteria for the eligibility of engagement quality control reviewers.
- Vasquez requires that consultation take place when appropriate; that sufficient and appropriate resources are available to enable appropriate consultation to take place; that all the relevant facts known to the engagement team are provided to those consulted; that the nature, scope, and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented.

Management follow-up procedure internally called "Voice of the Client" to set the tone of "how we did" and "where we can improve."

Federal or State Desk or Field Reviews

Vasquez has not had any Federal or State desk reviews or field reviews in the past three (3) years. Vasquez has not had any complaints filed against it with the California State Board of Accountancy or any other oversight agency for substandard work or any other reason.

Peer Review Report

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated April 1, 2020. This peer review covered several government engagements similar in size and complexity as the City. A copy of the peer review opinion follows:



American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

April 01, 2020

Gilbert Vasquez
Vasquez & Company, LLP
655 N Central Ave Ste 1550
Glendale, CA 91203

Dear Gilbert Vasquez:

It is my pleasure to notify you that on March 25, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Michael Fawley
Chair, National PRC
nprc@aicpa.org
+1.919.402.4502

cc: James Dougherty, Roger Martinez

Firm Number: 900010138115

Review Number: 568010

1 919 402 4502 | 1 919 402 4870 | nprc@aicpa.org



Report on the Firm's System of Quality Control

December 20, 2019

To the Partners of Vasquez & Company LLP, and the Peer Review Committee of the State of California.

We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

The nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

The Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion the system of quality control for the accounting and auditing practice of Vasquez & Company applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Vasquez & Company, LLP has received a peer review rating of pass.

JLK Rosenberger, LLP
JLK Rosenberger LLP

Proudly part of the PKF global family



Partner, Supervisory, and Staff Qualifications and Experience

Our team structure, staffing, service approach, communication, and coordination are refined to fit the City's unique needs. We staff our engagements with individuals focused on a dedicated industry because of their desire to positively impact their careers, resulting in continuity of the team members you work with year after year.

Our expertise in the government-industry allows our team to understand the nuances of your specific business and translate that knowledge into better solutions, faster responses to your questions, and a more comfortable (and valuable) working relationship overall.

We devote significant time to training and research activities to understand the economics, operations, and trends affecting local government. Our perspective is that of a knowledgeable independent auditor who can relate to the City's unique aspects. This perspective enables us to provide efficient and cost-effective audit services for our clients.

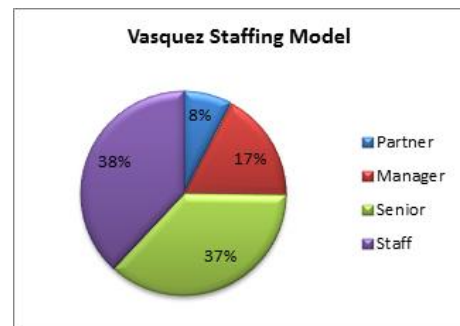
You should note that the audit team we are proposing for the City assignment has experience with other entities similar to yours. The advantage to the City is the confidence you'll have in knowing you will be served by partners, managers, and staff with direct experience with your operations, systems, and personnel.

Partner Involvement

Our engagement partners will provide frequent, valuable on-site interaction with City staff and close supervision of the audit team. Ms. Canieda and all senior members will engage in regularly scheduled meetings with you to answer questions, provide guidance, and help ensure issues are identified and resolved promptly. With our partners on-site, informal meetings can more readily occur, and problems get resolved in front of your desk rather than behind ours.

Vasquez has built its reputation on close partner involvement and maintaining strong client relationships. We have structured our engagement team with extensive partner involvement. You will find our average partner-to-staff leverage ratio is higher than most other firms.

Beyond partner leadership and support, an audit is only as good as the people doing the bulk of the work on a day-to-day basis. We are committed to providing a staff resource pool that embodies the attributes that you expect of your auditor, including technical expertise in GASB, knowledge of the government and private industries, and softer skills such as respect, empathy, and timely response to questions. Each team member allocated to serve the City brings relevant experience and receives industry training through our Continuing Professional Education program.



Continuing Professional Education Program

To ensure that our professional staff remains up to date on the latest audit and accounting developments and to meet the requirements for maintaining active licensure in good standing, we see to it that our professional staff receives the required number of CPE hours within the established period. Vasquez also conducts in-house seminars for the professional staff. Our team is held to a high standard of quality; we offer the following CPE Programs for our staff:

- Continuing Education courses provided by the American Institute of Certified Public Accountants (AICPA), which the firm sponsors live and in-house for its staff and clients conducted by highly qualified professionals from the AICPA and the California CPA Education Foundation.
- Attendance at conferences and seminars related to government accounting sponsored by:

- Government Finance Officers Association
- Association of Local Government Auditors, and the
- California Society of Municipal Finance Officers
- RSM US Alliance.

Following is a list of CPE courses provided by Vasquez for the current year and the past three (3) years:

Course	Date
25 th Annual Government GAAP Update	11/05/2020
RSM Q3 Current Accounting Topics	10/15/2020
CARES (HEERF) Reporting Requirements	10/14/2020
KPMG Quarterly Outlook for Accounting and Financial Reporting	09/15/2020
Government Audits	07/30/2020
Single Audit	07/16/2020
Audit of Cash, Investments, Property and Equipment, Inventory, Intangibles, Accounts Receivable and Revenues	07/10/2020
Audit Sampling, Transaction Cycles, and Test of Controls	07/01/2020
Audit Planning, Risk-Based Audit Concepts, Roles of Audit Engagement Team Members	06/16/2020
Documentation, Analytical Procedures, Substantive Procedures Overview, Going Concern and Indicators	06/16/2020
Nonprofit Accounting and Auditing Updates	05/19/2020
Governmental Accounting and Auditing Virtual Conference	04/30/2020
Q1 Current Accounting Topics Quarterly Updates – 2020	04/22/2020
	10/24/2019
CalCPA Accounting & Auditing Conference Webcast	10/25/2019
Emerging Topics in Auditing – 2019	10/22/2019
Risk Assessment for Audits of State and Local Governments	09/17/2019
2019 Government & Nonprofit Audit and Accounting Updates	08/22/2019
Accounting Under FASB's New Lease Standards	08/01/2019
Unique GASB Accounting, Reporting, and Audit-Related Issues for Intermediate Level Auditors	07/25/2019
Q2 Current Accounting Topics Quarterly Update	07/09/2019
Compliance Audit Update	07/08/2019
NFP Accounting and Auditing Update	06/20/2019
Basic Concepts Government Accounting and Auditing	06/19/2019
GASB Basics Financial Statements for State and Local Governments	06/11/2019
Not For Profit Conference	06/07/2019

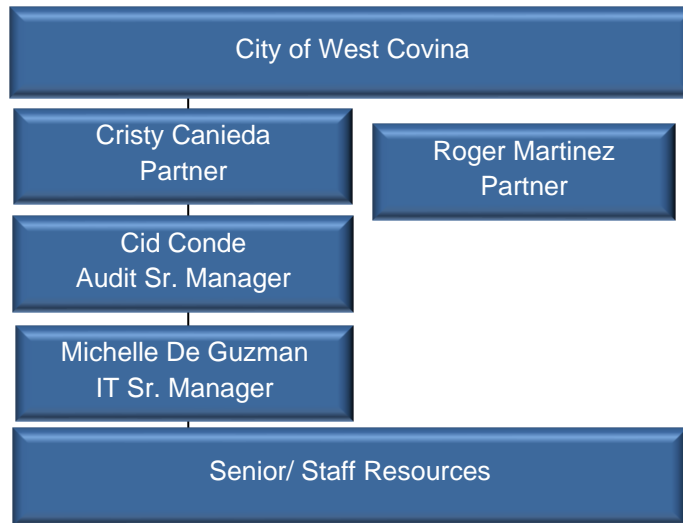
Course	Date
Basic Government/City Financial Reporting	05/24/2019
Not For Profit Entities: 2019 Audit and Accounting Issues	05/01/2019
2019 Governmental Audit Quality Center Annual Update Webcast	04/30/2019
Recovering Federal Grant Indirect Costs – A Tutorial for Nonprofit Organizations	03/21/2019
Compliance Audit Update – Intermediate	08/09/2018
2018 Governmental Audit Quality Center Annual Update Webcast	07/11/2018
2018 Compliance Supplement and Single Audit Update	06/07/2018
Not-for-Profit Webcast	06/06/2018
Not-for-Profit Organizations Conference	06/05/2018
Government Audit Quality Center Annual Update Webcast	05/08/2018

The team members we have selected to serve the City have extensive experience in audits of local municipalities in California. All key team members of the Vasquez team proposed to serve the City meet the requirements for performing audits in accordance with Government Auditing Standards and have not been debarred or suspended from providing the services requested.

Team Member	Role
Cristy Canieda Partner	<p>Cristy Canieda, Vasquez Government Practice Leader, with over twenty (20) years of public accounting experience, will lead and supervise the auditors in performing the engagement and provide technical assistance as appropriate.</p> <p>Cristy oversees all the firm's municipal audit engagements and serves as a Technical Reviewer for the GFOA Certificate of Excellence in Financial Reporting Program.</p>
Roger A. Martinez Partner	<p>Roger A. Martinez, Vasquez Audit Practice Leader with twenty (20) years of public accounting experience, will have the responsibility of technical reviewer for the engagement and work closely with the Lead Partner to review and evaluate the audit fieldwork and reports.</p> <p>Roger is a former partner with KPMG.s national office professional practice. His experience also includes oversight of government audit engagements with an emphasis on enterprise operations such as water and electric utilities.</p>
Isidro Conde Senior Manager	<p>Isidro (Cid) Conde, Vasquez Senior Manager with over twenty (20) years of public accounting experience, will work closely with the Partners to plan, coordinate, and review the fieldwork for the City's annual financial and compliance audits. He will manage the day-to-day activities and task accomplishments, monitoring progress, and ensure schedule compliance.</p> <p>Cid's experience includes managing many of the firm's municipal clients, such as Vernon, Baldwin Park, Montebello, and El Monte, among others.</p>

Team Member	Role
Michelle de Guzman IT Senior Manager	<p>Michelle de Guzman, Vasquez IT Senior Manager with over twenty-five (25) years of experience in I.T. consulting and auditing, will oversee audit procedures pertaining to the City's financial systems and Information Technology.</p> <p>Michelle's I.T. risk-based controls assessments approach for evaluating and testing internal controls provides added assurance to management and the Governing Board.</p>

Team Organization





CRISTY A. CANIEDA, CPA, CGMA

Partner, Government Practice Leader

Vasquez & Company LLP
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: 213-873-1720
Email: ccanieda@vasquezcpa.com

Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

Prior Experience

- City of Baldwin Park
- City of Carson
- City of Cudahy
- City of El Monte
- City of Hawthorne
- City of Huntington Park
- City of La Puente
- City of Lynwood
- City of Montebello
- City of Moreno Valley
- City of San Juan Capistrano
- City of Simi Valley
- City of Norwalk
- City of Pico Rivera
- City of Temple City
- City of Vernon
- Local Agency Formation Commission for the County of Los Angeles
- Alameda Corridor East Construction Authority
- Alameda Corridor Transportation Authority
- Coachella Valley Association of Governments
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- San Gabriel Valley Council of Governments
- San Joaquin Regional Transit District
- Southern California Association of Governments
- SunLine Transit Agency
- Water Replenishment District of Southern California
- Central Basin Municipal Water District
- Vernon Light & Power
- La Puente Valley County Water District
- Orange County Water District

Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PricewaterhouseCoopers. She is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Everga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Continuing Professional Education

Following are the continuing professional education courses completed by Cristy Canieda in the past three (3) years:

Course Title	Subject Code	Date
CARES (HEERF) Reporting Requirements	A.A.	10/14/2020
Annual Federal Grants Management Update	G.V.	08/25/2020
Nonprofit Audit and Accounting Updates	A.A.	05/19/2020
Governmental Accounting and Auditing Virtual Conference	G.V.	05/05/2020
Q1 Current Accounting Topics Quarterly Update – 2020	A.A.	04/22/2020
Ethics for California CPAs	E	01/15/2020
Detecting and Preventing the Top Ten Fraud Schemes: Inventory Fraud Schemes	F.R.	01/14/2020
Detecting and Preventing the Top Ten Fraud Schemes: Revenue Fraud Schemes	F.R.	01/14/2020
Detecting and Preventing the Top Ten Fraud Schemes: Fraud Studies, Red Flags, Rules, and the Expectation Gap	F.R.	01/14/2020
Audit Year-End Alert – 2019	A.A.	12/10/2019
Yellowbook CPE Compliance	G.V.	12/09/2019
State and Local Government Audit Risk Assessment	A.A.	09/19/2019
2019 Annual Governmental and Nonprofit Updates	A.A.	08/22/2019
Unique GASB Accounting, Reporting, and Audit-Related Issues	A.A.	07/25/2019
Q2 Emerging Topics in Auditing	A.A.	07/18/2019
Introduction to Governmental Audit and Accounting Issues	A.A.	07/16/2019
Compliance Audit Update	A.A.	07/08/2019
Basic Concepts Government Accounting and Auditing	G.V.	06/19/2019
GASB Basic Financial Statements for State & Local Governments	G.V.	06/11/2019
Not-for-Profit Organization Conference	A.A.	06/07/2019
Basic Government/City Financial Reporting	G.V.	05/24/2019
		05/19/2019
GFOA Annual Conference (various topics)	A.A.	05/21/2019
Q1 Emerging Topics in Auditing – 2019	A.A.	05/15/2019
Not-for-Profit Entities 2019 Audit and Accounting Issues	A.A.	05/01/2019
2019 Government Audit Quality Center Annual Update Seminar	A.A.	04/30/2019
Q1 Current Accounting Topics – 2019	A.A.	04/10/2019
Recovering Federal Grant Indirect Costs – A Tutorial for Nonprofit Organizations	A.A.	03/21/2019
Compliance Audit Update	A.A.	08/10/2018
Fraud	F.R.	07/24/2018
Q2 Quarterly Accounting Update	A.A.	07/14/2018
2018 Annual Government and Nonprofit Update	A.A.	07/11/2018
2018 Compliance Supplement and Single Audit Update	G.V.	06/07/2018
Not-for-Profit Organizations Conference	G.V.	06/05/2018
2018 Governmental Audit Quality Center Annual Update Webcast	G.V.	05/08/2018
Q1 Current Accounting Topics – Quarterly Update 2018	A.A.	04/19/2018



ROGER A. MARTINEZ, CPA

Partner, Audit Practice Leader

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Areas of Expertise

Roger's areas of expertise overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts to government agencies.a

Representation of Experience

- City of Long Beach
- City of Vernon
- City of Adelanto
- City of Cudahy
- City of El Monte
- City of Huntington Park
- City of Norwalk
- Township of Addison
- Village of Hillside
- Village of Merrionette Park
- Village of Posen
- Village of River Grove
- Alameda Corridor – East Construction Authority
- Alameda Corridor Transportation Authority
- California State University System
- California State Teachers' Retirement System
- Los Angeles County Employees Retirement Association
- Los Angeles County Metropolitan Transportation Authority
- Los Angeles World Airports
- Los Angeles Community College District
- Metropolitan Water District of Southern California
- Port of Los Angeles
- San Joaquin Transit Agency
- SunLine Transit Agency

Professional Background and Affiliations

Roger is a member of the American Institute of Certified Public Accountants, California Society of Certified Public Accountants, Los Angeles Chamber of Commerce, and the Association of Latino Professionals in Finance and Accounting. He has held many board memberships with private companies and nonprofit organizations. He is currently on the Advisory Board for the Salvation Army, and Los Angeles County Medical Association.

Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from the University of California, Los Angeles. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Continuing Professional Education

Following are the continuing professional education courses completed by Roger Martinez in the past three (3) years:

Course Title	Subject Code	Date
Audit Documentation	A.A.	08/06/2020
Preparing your organization for a federal compliance audit	A.A.	08/20/2020
Data Privacy Training	T	08/04/2020
2020 Federal Grants Management Update	G.V.	08/25/2020
Supervising and Reviewing our Consideration of Internal Controls in a Single Audit	G.V.	10/07/2020
Documenting Compliance Procedures	G.V.	
Part 1: Risk Assessment Standards & COVID19	A.A.	11/09/2020
SECURE and CARES Act Revisited	T	11/09/2020
Financial Statement – Common Errors	A.A.	11/10/2020
Advanced SOC 1 Matters	A.A.	11/10/2020
SOC2, SOC3, and SCO for Cyber Security Risk Management - Relevance to your Clients	A.A.	11/10/2020
Electronic Audit Evidence & Remote Auditing	T	11/11/2020
FASB Updates for Private Businesses and Nonprofit Organizations	A.A.	12/14/2020
Q3 Emerging Topics in Auditing – 2019	A.A.	10/22/2019
Risk Assessment for State and Local Governments	G.V.	9/17/2019
2019 Government & Nonprofit Audit and Accounting Updates	A.A.	8/22/2019
State and Local Governments – Testing Expenditures/Expenses	A.A.	8/20/2019
Unique GASB Accounting, Reporting and Audit-Related Issues for Intermediate Level Auditors	A.A.	7/25/2019
A&A Practice Leaders Peer Group	N	7/18/2019
Introduction to Government Audit and Accounting Issues	A.A.	7/16/2019
Q2 Current Accounting Topics Quarterly Update	A.A.	7/09/2019
Compliance Audit Update – 2019	A.A.	7/08/2019
Compliance Audit Update	A.A.	7/08/2019
Not-for-Profit Accounting and Auditing Updates	A.A.	6/20/2019
Basic Concepts Government Accounting and Auditing	G.V.	6/19/2019
GASB Basic Financial Statements for State & Local Governments	G.V.	6/11/2019
Not-for-Profit Organizations Conference	A.A.	6/6/2019
Basic Government/City Financial Reporting	G.V.	5/24/2019
Not For Profit Entities: 2019 Audit and Accounting Issues	A.A.	5/1/2019
2019 Governmental Audit Quality Center Annual Update Webcast	G.V.	4/30/2019
Recovering Federal Grant Indirect Costs – A Tutorial for Nonprofit Organizations	A.A.	3/21/2019
Compliance Audit Update – Intermediate	A.A.	8/09/2018
2018 Government & Nonprofit Audit and Accounting Updates	G.V.	7/11/2018
2018 Compliance Supplement and Single Audit Update	G.V.	6/07/2018
Not-for-Profit Organizations Conference	A.A.	6/05/2018
Government Audit Quality Center Annual Update Webcast	G.V.	5/08/2018



ISIDRO CONDE, CPA

Audit Senior Manager

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Areas of Expertise

Cid's practice is in managing all aspects of financial and compliance audits including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports and State Controller's reports.

Representation of Experience

- City of Baldwin Park
- City of El Monte
- City of Huntington Park
- City of La Puente
- City of Montebello
- City of Norwalk
- City of Temple City
- City of Vernon
- City of Needles Public Utility Authority
- Los Angeles County Metropolitan Transportation Authority
- San Gabriel Valley Council of Governments
- SunLine Transit Agency
- Upper San Gabriel Metro Water District

Professional Background and Affiliations

Cid's professional background includes S.J. Levy & Co. and SGV & Co, a member practice of Ernst & Young, where his practice was focused on audit engagement planning, budgeting and preparing audit programs, draft financial statements, tax returns and management reports. Cid is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cid received his Bachelors of Science in Commerce, major in Accounting, from the University of San Carlos. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Continuing Professional Education

Following are the continuing professional education courses completed by Isidro Conde in the past three (3) years:

Course Title	Subject Code	Date
Supervising and Reviewing our Consideration of Internal Controls in a Single Audit	A.A.	10/07/2020
Government Audits	G.V.	07/30/2020
Liabilities, Contingencies, Expenses	A.A.	07/22/2020
Single Audit	G.V.	07/16/2020
Audit of Cash, Investments, Property and Equipment, Inventory, Intangibles, Accts Receivable and Revenues	A.A.	07/10/2020
Documentation, Analytical Procedures, Substantive Procedures Overview, and Going-Concern and Indicators	A.A.	07/08/2020
Single Audit Internal Control Considerations	G.V.	07/03/2020
Audit Sampling, Transaction Cycles, and Test of Controls	A.A.	07/01/2020
Audit Planning, Risk-Based Audit Concepts, Roles of Audit Eng Team Members, Fraud Risk Considerations	A.A.	06/16/2020
Q1 Emerging Topics in Auditing	A.A.	05/15/2020
CalCPA - Gov't Acctg & Auditing - Virtual Conference	G.V.	05/05/2020
Q3 Emerging Topics in Auditing – 2019	A.A.	10/22/2019
Unique GASB Accounting, Reporting, and Audit-Related Issues	G.V.	07/25/2019
Q2 Emerging Topics in Auditing – 2019	A.A.	07/18/2019
Introduction to Governmental Audit and Accounting Issues	G.V.	07/16/2019
Q2 Current Accounting Topic Quarterly Update	A.A.	07/09/2019
Compliance Audit Update	G.V.	07/08/2019
Business Combination Accounting – Basics	A.A.	06/14/2019
Auditor's Responsibility for Fraud	F.R.	06/03/2019
Audit Documentation	A.A.	05/30/2019
Q1 Emerging Topics in Auditing	A.A.	05/15/2019
Impact of Compliance Errors	A.A.	05/03/2019
Auditor's Responsibility for Fraud	F.R.	07/24/2018
Fiduciary Activities Accounting and Reporting Under GASB Statement No. 84	G.V.	07/12/2018
2018 Government & Nonprofit Audit and Accounting Update	G.V.	07/11/2018
Local Government Finance Update	G.V.	06/21/2018
Accounting for Leases	A.A.	06/13/2018
Accounting for Income Taxes	A.A.	06/11/2018
Auditor's Responsibility for Fraud	F.R.	06/01/2018
Annual Governmental Accounting Update	G.V.	04/17/2018
Auditor's Responsibility for Fraud Risk Assessment	F.R.	02/03/2018
Ethics for California CPAs	E	01/31/2018



MICHELLE DE GUZMAN, CISA, CISM

IT Senior Manager

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Area of Expertise

Michelle's practice is focused on planning, design and performance of IT Enabled Business Transformation; Global & Regional Project/Program Management; Business Process and Systems Management/Optimization; Shared Services, Business Process Outsourcing; Strategic Financial Planning, Analysis and Reporting; Activity Based Management; Information Security; IT Governance, Risk and Compliance; Sarbanes – Oxley (SOX) 404; IT Audit and Controls; Operational Excellence; ERP Security and Controls; ERP Materials Management; Enterprise Information Architecture; Master Data Management; Business Intelligence; Resolution and Incident Management; Performance Metrics; Global & Regional Team Development & Management

Representation of Experience

- City of Baldwin Park
- City of El Monte
- City of Montebello
- City of Moreno Valley
- City of Simi Valley
- City of Vernon
- Encina Wastewater Authority
- San Gabriel Valley Water Company
- San Joaquin Regional Transit District
- Southern California Edison
- Sunline Transit Agency

Professional Background and Affiliations

Michelle's experience includes fifteen years with The Coca-Cola Company (TCCC). During her tenure with TCCC, she led the company's Global Bottler Business Services group as their Chief Information Officer/Director. She also served as the Regional Information Security Officer for Asia Pacific, Middle East and Africa, who provided direction and assurance over the confidentiality, integrity and availability for Mondelez International's information.

Michelle's professional background includes PriceWaterhouseCoopers and Deloitte & Touche International. She is a certified SAP R/3 Materials Management Consultant, ITIL Foundation V3 Certified, Certified Information Systems Auditor (CISA) and a Certified Information Security Manager (CISM).

Educational Background

Michelle received her Bachelor of Science in Accountancy from the University of the City of Manila, Philippines. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to a Finance/IT professional.

Continuing Professional Education

Following are the continuing professional education courses completed by Michelle De Guzman in the past two years:

Course Title	Subject Code	Date
San Gabriel Valley Institute of Internal Auditors - December Chapter Meeting - Cyber Training	O.T.	12/10/2020
Developing Efficiencies in Cloud Security	O.T.	11/18/2020
Digital Transformation for Nonprofit Finance Teams	O.T.	11/11/2020
Demystifying I.T. Governance roles in a dynamic business environment	O.T.	10/29/2020
2019 State and Local Tax Legislative recap: Clarifying the complexities	O.T.	10/23/2020
Documenting Compliance Audit Procedures	A.A.	10/21/2020
Beyond the Alerts – What to Focus on When You Detect Alerts	O.T.	10/13/2020
The Top 3 Areas Where Today's CISO Needs to Focus	O.T.	10/08/2020
Virtual Summit 2020: Cybersecurity for the Cloud & State of Cybersecurity	O.T.	09/30/2020
Data Protection in the Cloud	O.T.	09/29/2020
Security Testing in 2020: The Old and the New	O.T.	09/15/2020
KRIs for I.T. Risk Management in a Post-pandemic World	O.T.	09/10/2020
2020 Kevin Mitnick Security Awareness Training	O.T.	09/02/2020
2020 Federal Grants Management Update	G.V.	08/25/2020
Working Papers Review	A.A.	08/20/2020
Single Audit Internal Control Considerations	G.V.	07/31/2020
Introduction to Government Audit	G.V.	07/10/2020
Crisis Management - Using Technology to Securely Work from Home	O.T.	04/22/2020
Transparency readiness: Impact beyond charges and the CDM	A.A.	04/09/2020
2019 Governmental & Nonprofit Accounting and Audit Update	G.V.	8/22/2019
GAO Standards – Yellow Book	G.V.	8/02/2019
FERC Standards of Conduct	O.T.	7/06/2019
Managing Records & Information	O.T.	7/05/2019
Top Cybersecurity Threats Facing Middle Market Businesses	O.T.	6/05/2019
Q1 Emerging Topics in Auditing – 2019	A.A.	5/15/2019
Auditor's Responsibility for Fraud	F.R.	6/01/2018
Insights and Best Practices for Implementing ASC 606	AA	5/23/2018
Q1 Emerging Topics in Auditing – 2018	A.A.	5/15/2018
2018 AICPA GAQC Annual Update Webcast	A.A.	5/08/2018
Q1 Current Accounting Topics Quarterly Update – 2018	A.A.	4/19/2018
Introduction to SOC for Service Organization Reporting	O.T.	4/02/2018
Materiality in Audit Engagements	A.A.	2/12/2018
Transaction Cycle and Internal Controls Template	A.A.	2/09/2018
RSM US Risk Assessment Process	A.A.	2/09/2018
Introduction to Independence	A.A.	2/07/2018
Introduction to Professional Judgement	A.A.	2/07/2018
Data Analytics	O.T.	2/06/2018
I.T. Fundamentals for Auditors	O.T.	2/06/2018
Risk Management: Protecting You and the Firm	O.T.	2/05/2018

Similar Engagements with other Government Entities

Client Contact	Engagement Description	Engagement Partners
<p>City of Moreno Valley Marshall Eyerman MarshallE@moval.org (951) 413-3021</p>	<p>Annual financial and compliance audit, Single Audit (Uniform Guidance), State Controller's Report, Child Development Fund audit, AQMD Fund audit, management letter. GFOA Award. 700 Hours Year: 2018-19</p>	<p>C. Canieda Lead Partner R. Martinez QC Partner</p>
<p>City of El Monte Bruce Foltz BFoltz@elmonteca.gov (626) 580-2001</p>	<p>Annual financial and compliance audit, single audit, GANN Limit calculation, management letter, State Controller's Report, Report on Allocation of Costs to Enterprise Fund. GFOA Award. 800 Hours Year: 2019-20</p>	<p>L. Narciso Lead Partner C. Canieda QC Partner</p>
<p>City of Simi Valley Joseph Toney Jtony@simivalley.org (805) 583-6725</p>	<p>Annual financial and compliance audit, Single Audit (Uniform Guidance), GANN Appropriation Limit, Simi Valley Library compliance, Public Service Center for Sanitation and Waterworks compliance, Management letter. GFOA Award. 600 Hours Year: 2019-20</p>	<p>C. Canieda Lead Partner R. Martinez QC Partner</p>
<p>City of Baldwin Park Rose Tam rtam@baldwinpark.com (626) 960-4011</p>	<p>Annual financial, compliance audit, Single Audit (Uniform Guidance), AQMD Fund audit. GFOA Awards. 600 Hours Year: 2019-20</p>	<p>C. Canieda Lead Partner L. Narciso QC Partner</p>
<p>City of Montebello Michael Solorza msolorza@cityofmontebello.com (323) 887-1412</p>	<p>Annual financial and compliance audit, single audit, GANN Limit calculation, management letter, State Controller's Report. 800 hours Year: 2019-20</p>	<p>C. Canieda Lead Partner L. Narciso QC Partner</p>

Specific Audit Approach

As part of an audit engagement, we leverage a formal project management methodology to help ensure that all tasks are planned effectively and ultimately completed on time and that any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree upon a communications plan that will set forth the protocols for periodic status updates and escalations throughout the project. Throughout the audit, we will provide regular status reporting consistent with the communications plan.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the City to ensure no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and on a timely basis.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

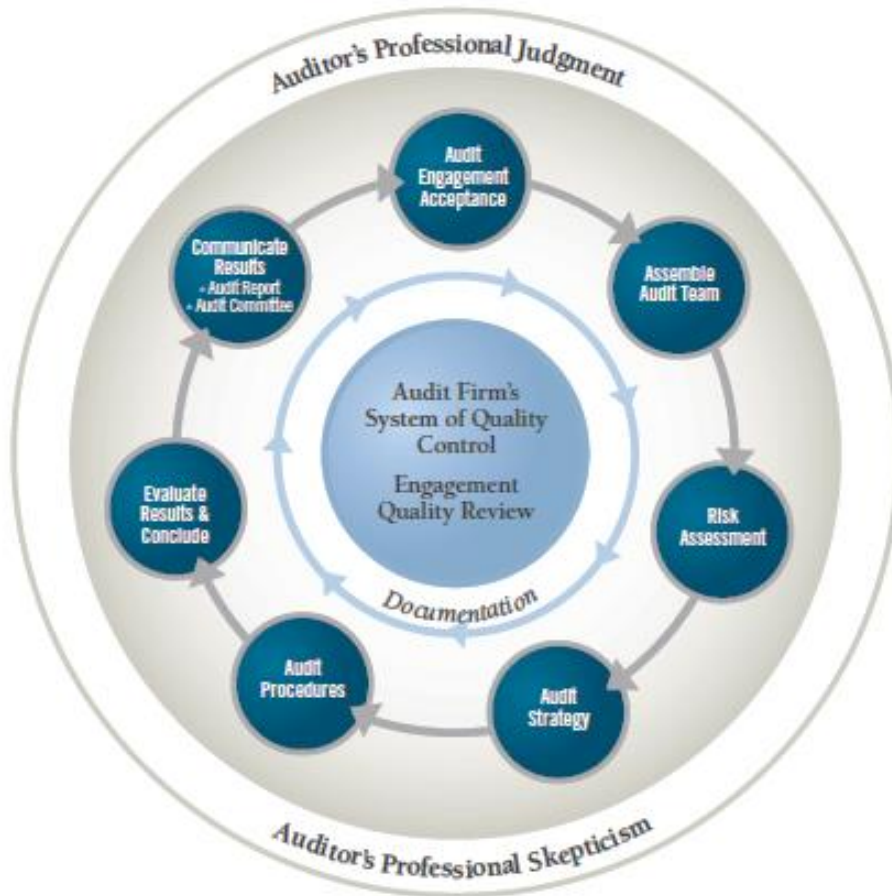
- **We understand.** Our audit and consulting professionals follow our CaseWare process, which provides us with a thorough understanding of your business, current situation, needs, and expectations to ensure there will be no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate with consistent and open dialogue at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, resolve emerging issues proactively, and bring innovative ideas and solutions that deliver value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.



At Vasquez, we want to build strong relationships with our clients and continuously seek to understand ways to ensure the services we are providing align with their needs. We believe it is important to strive for continuous improvement in the ways we interact with and deliver services to clients. We do this, in part, by adhering to defined client service standards and seeking feedback on our performance from our clients.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore, we must tailor the audit to each organization based on the specific risks identified.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.



Risk Assessment

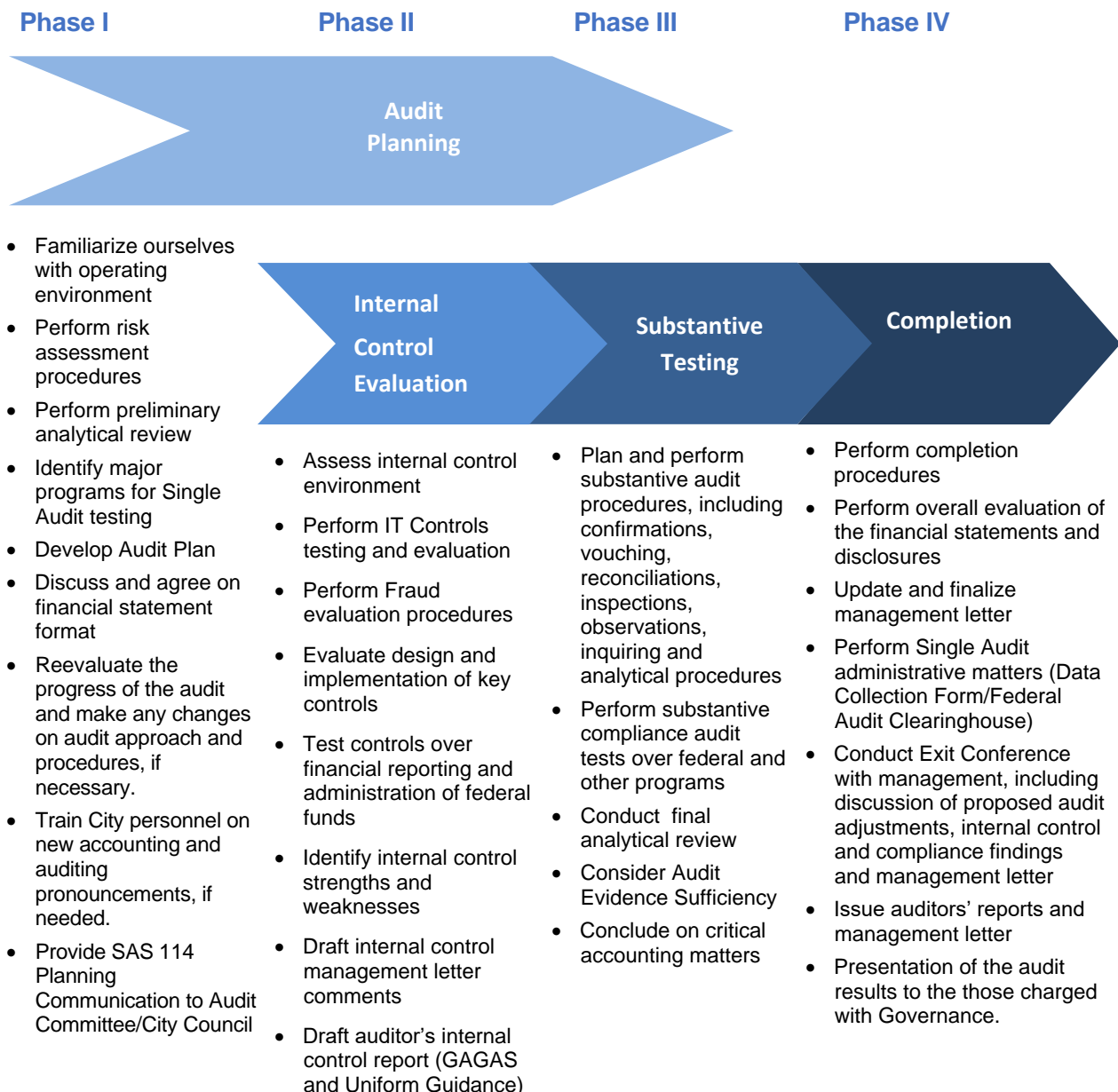
The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- Obtaining an understanding of the City, its, and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. An understanding of the City and the environment will often involve consideration of such things as the regulatory environment, business objectives and strategies, and selection of an application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, previous audits, and other non-audit engagements performed for the City.
- Inquiring of the audit committee, management, and others within the City about risks of material misstatement.
- Obtaining an understanding of the City's internal controls over financial reporting.
- Performing analytical procedures, such as a comparison of the City's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparison of current relevant financial ratios to industry ratios or prior year ratios.

Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of the City's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering factors such as cost/benefit considerations, the volume of transactions, and prior year results of control testing. If test results indicate that the City's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.

a. Proposed segmentation of the engagement



Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate City management personnel. The agenda would include, but need not be limited to, the following:
 - The application of generally accepted accounting principles
 - Concerns of City management
 - Report requirements, refinements, and deadlines
 - Initial audit approach and timing schedule
 - Assistance by City personnel
 - Establishment of principal contacts
 - Progress reporting process
 - Consideration of Fraud in a Financial Statement Audit
 - The auditors' responsibility for fraud prevention
 - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We believe it is important for us to assist the City in implementing new accounting, auditing, and compliance requirements. It is for that reason we intend to schedule training with City personnel involved in all phases of the audit for them to have a clear understanding of the latest technical changes for their respective areas as well as have a clear understanding of the audit requirements and timeline.
- Expanding our understanding of the City and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the City, its component units, their mission, funding sources, and structure through our review of the following:
 - Applicable state legislation
 - The City's charter, if applicable, and Municipal Code
 - Organizational charts
 - Minutes of Council and Audit Committee meetings
 - Policies and procedures manuals, administrative codes, rules, and regulations
 - Description of the City's financial and other information systems
 - Recent financial statements and key operating statistics
 - Reports of special audits by regulators or other auditors
 - Contracts and major commitments
 - Grant agreements
 - Significant operating agreements
 - Cost allocation plans
 - Possible effects on the City of the actions of regulatory agencies
 - Fraud risk assessment processes
 - Utility rate ordinances
 - Bond ordinances and offering statements
 - I.T. Strategic Plan
- Through our background knowledge of the City and our fact-finding process, we will develop an in-depth understanding of the areas of concern. We will be able to meet with City management

to discuss areas that might have a significant impact on the timing and completion of the audits or that may be of particular concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach so that the City will have sufficient time to develop the data necessary for the completion of the audit with a minimum amount of disruption of the day-to-day routine.

Our planning process will include a specific review of computer activities performed by City personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to: system development and maintenance controls, hardware controls, and access controls
- Evaluate the degree of "control consciousness" among personnel
- Determine the potential impact of general control strengths and weaknesses
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the City's system, as well as direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus identify sensitive areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas which merit further investigation.
- Based on our understanding of the City's operating environment, through our analytical review and other planning procedures, we will meet with City personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas that we know to be important to City management. Some of our preliminary audit concerns are elaborated as follows:
 - Compliance with applicable laws, regulations, and reporting requirements
 - Receipt of all revenue to which the City is entitled
 - Purchase authorizations within budgetary limitations
 - Adequate safeguarding of City cash, investments, and inventory assets
- We will work directly with the appropriate City personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general-purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

Interim audit testing

Our audit approach is flexible and can be tailored to fit the evolving needs of the City. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. We provide you the option of interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and our staff.
- It allows us to focus on the high-risk areas before the year-end close, which provides more time to deal with issues if any.
- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information, and cut-offs, which allows more opportunity for us to identify and for the City to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and, as we stated previously, we will work with you to determine the best approach, and you will control this process.

Phase II – Control Evaluation

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the City's technology standards, and appropriate to safeguard your information assets.

I.T. general controls

I.T. general controls are pervasive controls within the I.T. environment. The following types of I.T. general controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment, and the processes applied to ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested, and maintained, including the handling of errors.
- **Job processing**—tests for the completeness of data interfacing into the financially significant applications and the change management processes for handling errors, script changes, and interface edits.
- **Security administration**—addresses the user access provisioning (new hire on-boarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities, and accuracy.

Out testing of IT application controls provides strong audit evidence and streamlines the audit process.

I.T. application controls

I.T. application controls apply to the business processes they support. These controls are embedded within the software applications to prevent or detect unauthorized transactions. When combined with manual controls, application controls verify completeness, accuracy, authorization, and validity of processing transactions. Our methodology for assessing application controls is as follows:

- Define materiality by the system, such as utility billing, cashiering, purchasing and disbursements, revenues, payroll, and asset management, using business process mapping as a starting point.
- Map various transaction types to identify key controls and determine if the control is an application control or manual control.
- Utilize our proprietary questionnaires to help verify and test various types of automated controls.
- Through inquiry, review of written policies and procedures, and on-site testing evaluate application security controls, which are controls to verify that minimum access to applications is allowed for individuals to perform their job.

- Through inquiry, review of written policies and procedures, and on-site testing, evaluate input controls that ensure that transactions are initially recorded, entered, and accepted by the application accurately and completely.
- By developing and testing a sample of transactions, evaluate processing controls, which ensure that transactions are processed by the application programs accurately and completely.
- Through inquiry and review of written policies and procedures, evaluate output controls, which ensure that output is complete and is delivered (standard or customized) to the appropriate parties in an appropriate manner.
- Through inquiry, review of written policies and procedures and tests of a sample of transactions, evaluate interface controls, which ensure that transactions between multiple systems are secure and integrity of the information transmitted is maintained, accurate and complete.

Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine that the audit procedures to be applied will achieve that objective. We will:

- Define the objective of the test.
- Define the population to be sampled, the element of the population to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine the appropriate sample size and select a sample that is intended to be representative of the population.
- Examine each sample item to determine whether it represents an error or an exception.

Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include various detailed tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests that we have found to be effective and efficient for the City audits include tests such as confirmation of cash, investments, grants receivable, loan balances and debt, tests of subsequent receipts for selected receivables, and unrecorded liabilities for payables.

Consideration of Fraud – The primary responsibility for the prevention and detection of fraud rests with those charged with governance and with management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential for an override of controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. As part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the City. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the City, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its

processes for identifying and responding to the risks of fraud in the City; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management, and others within the City as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the City.

- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the City and the internal control that management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances that we may identify during our preliminary analytical review procedures will be evaluated for an indication of risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve an exchange of ideas or brainstorming among our audit team members about how and where the City's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the City could be misappropriated.

Adjusting Journal Entries – Adjusting journal entries proposed by our auditors, if any, will be discussed and explained to the Finance Director and others as appropriate. It is our practice to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure that we have not misunderstood that particular situation. This will ensure that the proposed entry or management comment and recommendation are accepted by the immediate manager in charge and ensure that the recommendation is feasible and makes business sense. It is also our policy to address issues and resolve them as they arise, rather than at the end of the audit. In short, there will not be any surprises.

Our work plan's final element is the regular reporting to City management personnel to apprise them of our progress. We believe communication is vital. We have stressed the importance of continuous close relationships throughout this proposal and have indicated the various points we will meet for specific discussions and decisions.

Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.

Phase IV - Reporting

- Review federal, state, and other grant reporting requirements;
- Determine which internal control findings are significant deficiencies or material weaknesses;
- Prepare findings and draft the auditors' reports;
- Review draft reports with City management; and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

Management letter

After our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting, and business practices. The diverse experience of our personnel, the fresh perspectives of our team members, combined with their independent and objective viewpoints, will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improvement of the accounting practices and procedures and the internal accounting and administrative controls.
- Comments on the design, controls, and audit trails of new and redesigned automated systems, along with suggestions to improve processing methods and procedures.
- Suggestions for operational improvements or cost efficiencies noted during our examination.
- Comments relative to ensuring compliance with the applicable laws, rules, and regulations, including Office of Management and Budget (OMB) and U.S. Government Accountability Office (GAO) guidance and regulations.
- Comments regarding the implementation of the new GASB pronouncements.
- Other comments, recommendations, or observations regarding best practices that we believe may be of interest.

Single Audit Approach

We will utilize an integrated audit approach. This means we will coordinate the Single Audit testing of major federal programs with the testing of internal controls and systems in conjunction with the financial statement audit. Each major program requires a separate opinion on compliance with federal rules and regulations. The scope of our testing will be sufficient and specific enough to allow opinions on each of the City's major programs. We will perform risk assessment procedures, including:

- Review of prior years' reported findings; and
- Consideration of the extent of continuing or new personnel assigned to administer each major federal program.

Our procedures for testing major federal programs will be performed as follows:

- Hold a planning meeting with the accounting managers and grant administrators.
- Make a preliminary assessment of the condition of the records and controls and determine the procedures necessary to more fully document the systems.
- Obtain copies of the grant agreements under which federal financial assistance is provided.
- Document any program-specific compliance requirements contained in the agreements beyond those included in the OMB Compliance Supplement.
- Review reports completed to meet the federal financial reporting requirement.
- Document our understanding of program requirements and other laws and regulations.
- Establish detailed work plans and audit timetables in conjunction with management.
- Schedule regular status meetings to monitor the audit process.
- Review the inventory of grants and other federal and state assistance.
- Test the completeness and accuracy of the schedule of expenditures of federal awards.
- Examine any external, state, and federal audit reports for control weaknesses, compliance exceptions, or questioned costs.

The extent of testing and sampling depends on many factors, including environmental controls, previous audits, and the number of locations at which controls are administered. Our sampling plan will conform to the AICPA's guidance for testing compliance.

b. Level of staff and number of hours to be assigned to each proposed segment of the engagement;

Personnel Category	City Audit Report	Single Audit Report	State Controller's Report	GANN Limit	Total Hours
Partners	44	4	0	0	48
Managers	112	12	8	1	133
Senior Auditors	92	0	0	0	92
Staff Auditors	225	46	24	3	298
Total	473	62	32	4	571

c. Sample size and the extent to which statistical sampling is to be used in the engagement;

We will test transaction cycles using statistical and judgmental sampling methodologies to determine whether the necessary control procedures as prescribed are followed satisfactorily. For single audit purposes, we will also use sampling methodologies in our test of the operating effectiveness of controls over compliance and test of transactions to determine compliance with specific applicable OMB compliance requirements. The sample size will depend on how we assess control audit risk and audit detection risk.

Also, if there are any deviations in our sample selection, we will expand the sample size. If the additional sample confirms the deviation problem, we will use statistical techniques to extrapolate the dollar value of the deviation.

d. Extent of use of EDP software in the engagement

All staff members are skilled at auditing in an electronic data processing (EDP) environment and have extensive experience with software applications. Our audit personnel has a wealth of experience in evaluating complex computerized accounting systems of governmental agencies. They are proficient at:

- Analyzing an organization's information systems, and
- Determine the controls and audit processes required to provide assurance that the information produced is reliable and that the system and data contained therein are secure.

Our audit staff generates all fund trial balances, lead sheets, and detail working papers on laptop computers through either downloads or input of individual fund general ledger information. This process significantly reduces the amount of time City personnel must spend preparing audit schedules.

e. Type and extent of analytical procedures to be used in the engagement;

Analytical review techniques will be utilized to identify other areas that might require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus, identify certain sensitive areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas which merit further investigation.

Based on our understanding of the City's operating environment, through our analytical review and other planning procedures, we will meet with the City personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas we know are important to the City Officials. Some of our preliminary audit concerns are elaborated as follows:

- Compliance with applicable laws, regulations, and reporting requirements
- All matters of compliance with GASB statements and interpretations
- Receipt of all revenue to which the City is entitled
- Purchases are authorized and within budgetary limitations
- Encumbrances and liabilities are recorded and charged to proper budgetary accounts
- Proper accounting and disclosure of developer agreements and similar commitments
- Proper accounting for fixed assets, including infrastructure assets
- Proper recording of outstanding obligations

f. Approach to be taken to gain and document an understanding of the City's internal control structure;

To gain and document our understanding of the City's internal control structure, we will review the City's policies and procedures, meet with appropriate management personnel to ascertain actual operation of policies and procedures, and carry out compliance tests to document internal control strengths and weaknesses. In reviewing controls over EDP systems emphasis would be placed on the following:

- Determination of the organizational and operational controls over the data being processed, including but not limited to system development and maintenance controls, hardware controls, and access controls
- Evaluation of the degree of "control consciousness" among personnel
- Determination of the potential impact of general control strengths and weaknesses
- Consideration of the possibility of management override of controls

g. Approach to be taken in determining laws and regulations that will be subject to audit test work; and

An audit performed in accordance with *Government Auditing Standards* requires auditors to report on the City's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. Accordingly, we will test the City's compliance with certain regulations, such as compliance with budget preparation and budgetary requirements, investment reporting, and compliance with other contracts such as bond covenants and grant agreements.

We will consider the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) when performing all Single Audit test work. This means we will coordinate the Single Audit testing of major federal programs with the testing of internal controls and systems in conjunction with the financial statement audit. Each major program requires a separate opinion on compliance with federal rules and regulations. The scope of our testing will be sufficient and specific enough to allow opinions on each of the City's major programs. We will perform risk assessment procedures, including:

- Review of prior years' reported findings, and
- Consideration of the extent of continuing or new personnel assigned to administer each major federal program.

Our procedures for testing major federal programs will be performed as follows:

- Review the inventory of grants and other federal and state assistance
- Hold a planning meeting with the accounting managers and grant administrators
- Make a preliminary assessment of the condition of the records and controls and determine the procedures necessary to more fully document the systems
- Obtain copies of the grant agreements under which federal financial assistance is provided
- Document any program-specific compliance requirements contained in the agreements beyond those included in the OMB Compliance Supplement
- Review reports completed to meet the federal financial reporting requirement
- Document our understanding of program requirements and other laws and regulations
- Establish detailed work plans, and audit timetables in conjunction with management
- Schedule regular status meetings to monitor the audit process
- Test the completeness and accuracy of the schedule of expenditures of federal awards

- Examine any external, state, and federal audit reports for control weaknesses, compliance exceptions, or questioned costs

h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

Statistical sampling is most often employed in our compliance testing procedures during the Single Audit. The extent of testing and sampling depends on many factors, including environmental controls, the complexity of the program, previous audit findings, changes in federal statutes, and the number of locations at which controls are administered. Our sampling plan will conform to the AICPA's guidance for testing compliance. The number of sample sizes will depend on the assessment of controls and the inherent risk of noncompliance in a major program.

Identification of Anticipated Potential Audit Problems

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, even in the public sector. Therefore, we tailor the audit to each organization based on the specific risks identified. We address the issues to meet the specific needs of our clients. Below are the more common audit issues that we have addressed in the past or are trying to proactively address to ensure our services are delivered timely and based on expectations by our clients.

Impact of the Pandemic in the Audit Processes

During the COVID-19 pandemic, audits should continue to comply with the required standards, which may necessitate different and enhanced considerations by auditors in the current circumstances. Entities being audited are adjusting to the changing environment as well as relating to their businesses and operations, including financial reporting processes, disclosures in financial statements, and their ability to maintain operations in the foreseeable future.

The COVID-19 Pandemic has not changed the nature and scope of audits. It has, however, changed how we perform procedures and how we interact with auditees. Almost 100% of all audits over the last year have been conducted remotely by Vasquez to help us and our clients comply with CDC guidelines. Vasquez was ready to perform remote audits from day 1 because we have been paperless for over 15 years. Over the last year we have successfully completed 100s of remote audits because of the following:

1. Equipment – All our auditors are equipped with the necessary equipment to work anywhere around the world. We have also issued scanners, printers, monitors, and other equipment to help our personnel set up home offices.
2. Communication – the office extensions are linked to our staff's computers and cell phones. Which means that our clients can call our people at the same number regardless of where they are in the world. We have also established strict communication policies to ascertain our personnel respond to our clients' needs within a 24-hour period.
3. Office 365 – Vasquez has fully implemented the Office 365 suite of products that allows our personnel to collaborate with each other and our clients in a cloud-based environment. This includes the use of Microsoft Teams, SharePoint, and other video conferencing tools.
4. Audit and research tools – Vasquez uses CaseWare, an audit software package that allows teams to virtually work on projects in a secured environment. Our managers and partners can simultaneously oversee the work that is being done by an engagement team.
5. Secured data room – Vasquez uses Citrix ShareFile to securely transfer data between our clients and our audit teams without file size restrictions. The portal has a document management process flow that easily tracks all the documents requested by the audit team so that all our clients have to do is dragged and drop into the portal. Our clients and engagement teams get a daily update of all the documents that have been uploaded and those that are still open. This data flow allows us to monitor the progress of the audit at all times.
6. RSM Alliance – as a member of the RSM Alliance we utilize the same tools, software, methodology, and specialist as the 5th largest firm in the country. This allows us to stay up to date with the latest developments relevant to our clients, collaborate with firms across the country, and provide technical resources to our clients on the latest industry developments.
7. AICPA G400 – as a member of the top 1% of CPA firms in the country, we stayed on top of all the latest developments in the audit profession, including how to address government funding and how to conduct a remote audit properly.
8. Global and multi-location experience – Vasquez has served clients with multiple locations in the US and around the world for decades. This experience has given us the knowledge on how to conduct procedures in a remote environment.
9. Flexibility – if our client records are not available electronically, we have the flexibility to send auditors to the client's site to audit records live. Ultimately, we do what works best for our clients.

Implementation of New GASB Standards

Issues are commonly encountered as well in the implementation of new accounting standards. Vasquez provides training and coordinates the requirements to the client in advance to facilitate implementation. While the implementation of certain new Standards has been deferred, Vasquez can assist the City in ensuring that all reporting standards and requirements are complied with.

GASB Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were effective for reporting periods beginning after June 15, 2018, and later. The requirements of this Statement apply to the financial statements of all state and local governments. The effective dates of certain provisions contained in the following pronouncements are postponed by one year.

Postponement of Effective Dates

- a. Statement 83 – reporting periods beginning after June 15, 2019
- b. Statement 84 and Implementation Guide 2019-2 – reporting periods beginning after December 15, 2019
- c. Statement 87 and Implementation Guide 2019-3 – Fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- d. Statement 88 – reporting periods beginning after June 15, 2019.
- e. Statement 89 – reporting periods beginning after December 15, 2020.
- f. Statement 90 – reporting periods beginning after December 15, 2019.
- g. Statement 91 – reporting periods beginning after December 15, 2021.
- h. Statement 92, paragraphs 6 and 7 – fiscal years beginning after June 15, 2021.
- i. Statement 92, paragraphs 8, 9, and 12 – reporting periods beginning after June 15, 2021.
- j. Statement 92, paragraph 10 – government acquisitions occurring in reporting periods beginning after June 15, 2021.
- k. Statement 93, paragraphs 13 and 14 – fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- l. Implementation Guide 2017-3 Questions 4.484 and 4.491 the first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019
- m. Implementation Guide – 2017 -3, Questions 4.85, 4103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245, and 5.1-5.4 – actuarial valuations as of December 15, 2018, or later
- n. Implementation Guide 2018-1 – reporting periods beginning after June 15, 2019.
- o. Implementation Guide 2019-1 - -reporting periods beginning after June 15, 2020.

**CITY OF WEST COVINA
PROFESSIONAL SERVICES AGREEMENT
WITH
VAN LANT & FANKHANEL, LLP
FOR
PROFESSIONAL AUDITING SERVICES**

THIS AGREEMENT is made and entered into this 20th day of April, 2021, by and between the CITY OF WEST COVINA, a municipal corporation ("City"), and VAN LANT & FANKHANEL, LLP, a California limited liability company ("Consultant").

WITNESSETH:

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to City to provide professional auditing services, as more fully described herein; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated, except that if Consultant is required to but does not yet hold a City business license, it will promptly obtain a business license and will not provide services to the City until it has done so; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit "A" and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of Sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

E. WHEREAS, Consultant responded to the City's Request for Proposals dated February 16, 2021, incorporated via this reference as if fully set forth herein, and Consultant's response to the Request for Proposals was a material inducement to the City ultimately entering into this agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in the Scope of Services attached hereto as Exhibit "A," incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement. Consultant shall keep itself informed of State and

Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. City officers and employees shall not be liable at law or in equity for any claims or damages occurring as a result of failure of the Consultant to comply with this section.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the reasonable satisfaction of the City. Evaluations of the work will be conducted by the City Manager or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the matters of concern;
- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement.

1.5. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical or mental disability, medical condition, genetic information, pregnancy, marital status, sex, gender, gender identity, gender expression, sexual orientation, or military or veteran status, except as permitted pursuant to Section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

1.8. Public Records Act Disclosure. Consultant has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 *et seq.*).

Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the court.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in **Exhibit “B,”** attached hereto and made a part of this Agreement (the “Fee Schedule”). Consultant’s total contract compensation shall not exceed Two Hundred Forty Six Thousand and Seven Hundred Fifty Dollars (**\$ 246,750.00**).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant’s Proposal unless the City, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable. Should the City request in writing additional services that increase the Scope of Services, an additional fee based upon the Consultant’s standard hourly rates shall be paid to the Consultant for such additional services. Such increase in additional fees shall be limited to 25% of the total contract sum or to the maximum total contract amount of \$25,000, whichever is greater. The Department Head or City Manager is authorized to approve a Change Order for such additional services.

2.3. Method of Billing. Consultant may submit invoices to the City for approval on a progress basis, but no more often than once a month. Said invoice shall be based on the total of all Consultant’s services which have been completed to City’s sole satisfaction. City shall pay Consultant’s invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as “Additional Services” and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant’s services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City for inspection and/or audit at mutually convenient times from the Effective Date until three (3) years after the termination or expiration of this Agreement.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. Unless otherwise agreed to by the parties, the professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Said services shall be performed in strict compliance with the Project Schedule approved by City as set forth in Exhibit “C,” attached hereto and incorporated herein by this reference. The Project Schedule may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts

shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party. If a delay beyond the control of the Consultant is encountered, a time extension may be mutually agreed upon in writing by the City and the Consultant. The Consultant shall present documentation satisfactory to the City to substantiate any request for a time extension.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and end upon the city's written acceptance of Consultant's completed performance of services (audits of fiscal years ending June 30, 2021, through June 30, 2025) unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing at least fifteen (15) days prior written notice to Consultant. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City. If the City suspends, terminates or abandons a portion of this Agreement such suspension, termination or abandonment shall not make void or invalidate the remainder of this Agreement.

If the Consultant defaults in the performance of any of the terms or conditions of this Agreement, it shall have ten (10) days after service upon it of written notice of such default in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled to at law, in equity, or under this Agreement.

The City also shall have the right, notwithstanding any other provisions of this Agreement, to terminate this Agreement, at its option and without prejudice to any other remedy to which it may be entitled to at law, in equity, or under this Agreement, immediately upon service of written notice of termination on the Consultant, if the latter should:

- a. Be adjudged a bankrupt;
- b. Become insolvent or have a receiver of its assets or property appointed because of insolvency;
- c. Make a general assignment for the benefit of creditors;
- d. Default in the performance of any obligation or payment of any indebtedness under this Agreement;
- e. Suffer any judgment against it to remain unsatisfied or unbonded of record for thirty (30) days or longer; or
- f. Institute or suffer to be instituted any procedures for reorganization or rearrangement of its affairs.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the effective date of the City's written notice of termination, within forty-five (45) days after the effective date of the notice of termination or the final invoice of the Consultant, whichever occurs last. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of the effective date of the notice of termination, at no cost to City.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company authorized to do business in California, with a current A.M. Best's rating of no less than A:VII, and approved by City:

- (a) Broad-form commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than Two Million Dollars (\$2,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per accident for bodily injury and property damage.
- (c) Workers' compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury or disease. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers for losses arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.

By execution of this Agreement, the Consultant certifies as follows:

I am aware of, and will comply with, Section 3700 of the Labor Code, requiring every employer to be insured against liability of Workers' Compensation or to undertake self-insurance before commencing any of the work.

The Consultant shall also comply with Section 3800 of the Labor Code by securing, paying for and maintaining in full force and effect for the duration of this Agreement, complete Workers' Compensation Insurance, and shall furnish a Certificate of Insurance to the City before execution of this Agreement by the City. The City, its officers and employees shall not be responsible for any claims in law or equity occasioned by failure of the consultant to comply with this section.

- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence or claim, and Two Million Dollars (\$2,000,000.00) aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retroactivity date shall be prior to the start of the work set forth herein. Consultant shall obtain and maintain said E&O liability insurance during the life of this Agreement and for five (5) years after completion of the work hereunder. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of this Agreement, Consultant shall purchase "extended reporting" coverage for a minimum of five (5) years after completion of the work.

If the Consultant maintains higher limits or has broader coverage than the minimums shown above, the City requires and shall be entitled to all coverage, and to the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

5.2. Endorsements. The insurance policies are to contain, or be endorsed to contain, the following provisions:

- (a) Additional Insureds: The City of West Covina and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant.
- (b) Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City.
- (c) Primary Coverage: The Consultant's insurance coverage shall be primary insurance as respects the City of West Covina, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of West Covina shall be excess and not contributing with the insurance provided by this policy.
- (d) Waiver of Subrogation: Consultant hereby grants to City a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to

affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

- (e) Coverage Not Affected: Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of West Covina, its officers, officials, agents, employees, and volunteers.
- (f) Coverage Applies Separately: The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. The City may require the Consultant to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

5.4. Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

5.5. Non-limiting. Nothing in this Section shall be construed as limiting in any way the indemnification provision contained in this Agreement.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Key Personnel. It is the intent of both parties to this Agreement that Consultant shall make available the professional services of Greg Fankhanel, who shall coordinate directly with City. Any substitution of key personnel must be approved in advance in writing by City's Representative.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile, Email or by U.S. mail. If by U.S. mail, it shall be addressed as set forth below and placed in a sealed envelope, postage prepaid, and deposited in the United States Postal Service. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile or by Email; and c) 72 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

Van Lant & Fankhanel, LLP
29970 Technology Dr. #105A
Murrieta, CA 92563
Tel: (909) 756-2589
Fax: (909) 912-8378
Email: gfankhanel@vlfcpa.com
Attn: Greg Fankhanel

IF TO CITY:

City of West Covina
1444 West Garvey Ave. South
West Covina, CA 91790
Tel: (626) 939-8463
Fax: (626) 939-8664
Email: rbird@westcovina.org
Attn: Robbeyn Bird

6.5. Attorneys' Fees. If litigation is brought by any party in connection with this Agreement against another party, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.6. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Los Angeles County, California.

6.7. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.8. Indemnification and Hold Harmless. Consultant agrees to defend, with counsel of City's choosing, indemnify, hold free and harmless the City, its elected and appointed officials, officers, agents and employees, at Consultant's sole expense, from and against any and all claims, demands, actions, suits or other legal proceedings brought against the City, its elected and appointed officials, officers, agents and employees arising out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected and appointed officials, officers, agents and employees based upon

the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

6.9. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.10. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.11. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

6.12. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be

and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other related items as requested by City or its authorized representative, at no additional cost to the City. Consultant or Consultant's agents shall execute such documents as may be necessary from time to time to confirm City's ownership of the copyright in such documents.

6.13. Electronic Safeguards. Consultant shall identify reasonably foreseeable internal and external risks to the privacy and security of personal information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of the information. Consultant shall regularly assess the sufficiency of any safeguards and information security awareness training in place to control reasonably foreseeable internal and external risks, and evaluate and adjust those safeguards in light of the assessment.

6.14. Economic Interest Statement. Consultant hereby acknowledges that pursuant to Government Code Section 87300 and the Conflict of Interest Code adopted by City, Consultant is designated in said Conflict of Interest Code and is therefore required to file an Economic Interest Statement (Form 700) with the City Clerk, for each employee providing advice under this Agreement, prior to the commencement of work, unless waived by the City Manager.

6.15. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act of 1974 (Government Code Section 81000, *et seq.*) and Government Code Sections 1090-1092. Consultant covenants that none of Consultant's officers or principals have any interest in, or shall acquire any interest, directly or indirectly, which will conflict in any manner or degree with the performance of the services hereunder, including in any manner in violation of the Political Reform Act. Consultant further covenants that in the performance of this Agreement, no person having such interest shall be used by Consultant as an officer, employee, agent, or subconsultant. Consultant further covenants that Consultant has not contracted with nor is performing any services, directly or indirectly, with any developer(s) and/or property owner(s) and/or firm(s) and/or partnership(s) owning property in the City and further covenants and agrees that Consultant and/or its subconsultants shall provide no service or enter into any agreement or agreements with a/any developer(s) and/or property owner(s) and/or firm(s) and/or partnership(s) owning property in the City prior to the completion of the work under this Agreement.

6.16. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.17. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.18. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.19. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.20. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.21. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement and have had an adequate opportunity to review each and every provision of the Agreement and submit the same to counsel or other consultants for review and comment. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.22. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.23. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.24. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.25. Counterparts and Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement. Counterpart written signatures may be transmitted by facsimile, email or other electronic means and have the same legal effect as if they were original signatures.

6.26. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

6.27. Taxpayer Identification Number. Consultant shall provide City with a complete Request for Taxpayer Identification Number and Certification, Form W9, as issued by the Internal Revenue Service.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF WEST COVINA,
A municipal corporation

Dave Carmany
City Manager

Date: _____

CONSULTANT

Greg Fankhanel, CPE, CFE

Date: _____

ATTEST:

Lisa Sherrick
Assistant City Clerk

APPROVED AS TO FORM:

Thomas P. Duarte
City Attorney

Date: _____

APPROVED AS TO INSURANCE:

Helen Tran
Human Resources and Risk Management
Director

Date: _____

EXHIBIT A

SCOPE OF SERVICES

The City's goal is to provide the public and its constituents with a comprehensive financial report that presents complete, accurate and understandable information about the City's financial condition. The selected firm will be required to perform the following tasks:

1. The audit firm will perform an audit of all funds of the City. The 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 of the United States. The basic financial statements for the City's Comprehensive Annual Financial Report (CAFR) will be prepared and word processed by the audit firm. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City. City staff will prepare the introductory and statistical sections of the CAFR.
2. The audit firm will prepare the annual State Controller's Report for the City in conjunction with the annual audit.
3. The audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.
4. The audit firm shall perform agreed-upon auditing procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
5. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions.

The City may request additional services from the Proposer on an as-needed basis, such as tax consulting. It is anticipated that these additional services would not exceed 20 hours in a fiscal year.

Auditing Standards To Be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts;
2. The standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act; and
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*.

Working Paper Retention

All working papers and reports must be retained at the firm's expense for a minimum of seven years, unless the firm is notified in writing by the City of the need to extend the retention period. The firm will be required to make working papers available to the City or any government agencies included in the audit of federal grants. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Irregularities and Illegal Acts

Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: City Manager; City Attorney; and the Finance Director. If the irregularities or illegal acts involve the City Manager, City Attorney or Finance Director, it shall be reported directly to the Audit Committee.

Assistance to be Provided to the Auditor and Report Preparation

A. Finance Department and Clerical Assistance

The Finance Department staff will be available during the audit to assist the firm by providing information, documentation, and explanations.

B. Work Area, Telephone, and Office Equipment

The City will provide the firm with reasonable workspace, desks and chairs. The firm will also be provided with access to a telephone, and photocopying machines.

C. Report Preparation

Following completion of the audit and preparation of the fiscal year's comprehensive financial statements and special purpose audits, the firm shall issue:

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below:
 - a) General Purpose Financial Statements for the City (Basic Financial Statements)
 - b) Audit Report for the City Single Audit Act
 - c) Successor Agency Audit
 - d) Housing Authority Audit
 - e) Air Quality Improvement District audit
2. A Management Letter addressed to the City Council of the City of West Covina setting forth recommendations (as applicable) for improvements in the City's accounting systems.

A report on the City's compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 (et seq.) in its calculation of the "Gann Limit".

EXHIBIT B**FEE SCHEDULE**

Service	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
City Audit and Related Reports	\$ 41,800.00	\$ 41,800.00	\$ 43,000.00	\$ 43,000.00	\$ 43,900.00
GANN Limit Review Report	\$ 400.00	\$ 400.00	\$ 500.00	\$ 500.00	\$ 500.00
Single Audit and Related Reports (if necessary)	\$ 3,300.00	\$ 3,300.00	\$ 3,625.00	\$ 3,625.00	\$ 3,700.00
State Controller's Report Preparation	\$ 2,600.00	\$ 2,600.00	\$ 2,700.00	\$ 2,700.00	\$ 2,800.00
Total (Not-to-exceed)	\$ 48,100.00	\$ 48,100.00	\$ 49,825.00	\$ 49,825.00	\$ 50,900.00

Auditors Standard Hourly Billing Rates			
Position	2020-21	2021-22	2022-23
Partner	\$ 195.00	\$ 195.00	\$ 195.00
Manager	\$ 145.00	\$ 145.00	\$ 145.00
Senior Accountant	\$ 125.00	\$ 125.00	\$ 125.00
Staff Accountant	\$ 95.00	\$ 95.00	\$ 95.00
Clerical	\$ -	\$ -	\$ -

EXHIBIT C
PROJECT SCHEDULE

Time Requirements

1. Date Audit May Commence

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during the interim stage. The City typically closes its books and is ready for the final audit by the last week of September.

2. Date Reports Are Due

The firm shall provide all drafts and recommendations for improvements to the Finance Director within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the financial statements, Single Audit report and other reports shall be delivered to the Finance Director. It is anticipated that this process will be completed and the final products are to be delivered by **mid-November** each year.

3. Audit Committee Meetings

The assigned audit partner shall attend the finance & audit committee meetings related to the planning of the audit and also to report the results of the annual audit to the committee. This typically involves two meetings annually.