



Western Riverside Council of Governments Administration & Finance Committee

AGENDA

**Wednesday, April 13, 2022
12:00 PM**

**Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501**

[Join Zoom Meeting](#)

Meeting ID: 869 0304 9847

Password: 041322

Dial in: (669) 900 9128 U.S.

SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the State or local recommendations for social distancing resulting from the threat of Novel Coronavirus (COVID-19), this meeting is being held via Zoom under Assembly Bill 361 (Government Code Section 54953) (AB 361). Pursuant to AB 361, WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. AB 361 allows WRCOG to hold Committee meetings via teleconferencing or other electronic means and allows for members of the public to observe and address the committee telephonically or electronically.

In addition to commenting at the Committee meeting, members of the public may also submit written comments before or during the meeting, prior to the close of public comment to snelson@wrcog.us.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson 72 hours prior to the meeting at (951) 405-6703 or snelson@wrcog.us. Later requests accommodated to the extent feasible.

The Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

- 1. CALL TO ORDER (Karen Spiegel, Chair)**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**

4. PUBLIC COMMENTS

At this time members of the public can address the Committee regarding any items within the subject matter jurisdiction of the Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

5. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. Summary Minutes from the March 9, 2022, Administration & Finance Committee Meeting

Requested Action(s): 1. Approve the Summary Minutes from the March 9, 2022, Administration & Finance Committee meeting.

B. Finance Department Activities Update

Requested Action(s): 1. Receive and file.

C. SB 1383 Activities Update

Requested Action(s): 1. Receive and file.

6. REPORTS / DISCUSSION

Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion.

A. 2022 General Assembly Community Service Awards Nominations

Requested Action(s): 1. Discuss nominations for the 2022 WRCOG Award for Outstanding Community Service and recommend candidate(s) to the Executive Committee for final approval.

B. Approval of PSA with Van Lant & Fankhanel for Financial Auditing Services

Requested Action(s): 1. Recommend that the Executive Committee approve an agreement with Van Lant & Fankhanel to conduct financial auditing services for WRCOG, starting with Fiscal Year 2021/2022, in an amount not to exceed \$119,650 through Fiscal Year 2023/2024 with an option to extend services for an additional two fiscal years.

C. Fiscal Year 2022/2023 Budget Development

Requested Action(s): 1. Receive and file.

7. REPORT FROM THE COMMITTEE CHAIR

Karen Spiegel, County of Riverside - District 2

8. REPORT FROM THE EXECUTIVE DIRECTOR

Dr. Kurt Wilson

9. ITEMS FOR FUTURE AGENDAS ~ Members

Members are invited to suggest additional items to be brought forward for discussion at future Committee meetings.

10. GENERAL ANNOUNCEMENTS ~ Members

Members are invited to announce items / activities which may be of general interest to the Committee.

11. NEXT MEETING

The next Administration & Finance Committee meeting is scheduled for Wednesday, May 11, 2022, at 12:00 p.m., on the Zoom platform with an option to attend in-person.

12. ADJOURNMENT

Administration & Finance Committee

Minutes

1. CALL TO ORDER

The meeting of the WRCOG Administration & Finance Committee was called to order by Chair Karen Spiegel at 12:00 p.m., on March 9, 2022, on the Zoom platform.

2. PLEDGE OF ALLEGIANCE

Committee member Mike Lara led members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Beaumont - Mike Lara
- City of Jurupa Valley - Chris Barajas
- City of Lake Elsinore - Brian Tisdale
- City of Menifee - Matt Liesemeyer*
- City of Norco - Kevin Bash
- City of Perris - Rita Rogers
- City of San Jacinto - Crystal Ruiz
- City of Wildomar - Ben Benoit
- County of Riverside, District 2 - Karen Spiegel (Chair)
- County of Riverside, District 3 - Chuck Washington
- Western Municipal Water District - Brenda Dennstedt

*Joined after Roll Call

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR – (San Jacinto / Perris) 10 yes; 0 no; 0 abstention. Items 5.A through 5.C were approved.

A. Summary Minutes from the February 9, 2022, Administration & Finance Committee Meeting

Action:

1. Approved the Summary Minutes from the February 9, 2022, Administration & Finance Committee meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

C. Clean Cities Program Activities Update - Results of On-Call Planning Services RFP No. 21-07

Actions:

1. Authorized the Executive Director to enter into an On-Call Clean Cities Professional Services Agreement between WRCOG and Kearns & West, Inc., for a period ending June 30, 2023, in a not to exceed amount of \$60,000.
2. Authorize the Executive Director to enter into an On-Call Clean Cities Professional Services Agreement between WRCOG and Estolano Advisors for a period ending June 30, 2023, in a not to exceed amount of \$20,000.

6. REPORTS / DISCUSSION

A. I-REN Status and Activities Update

Casey Dailey, WRCOG Director of Energy & Environmental Programs, reported that the I-REN Team has been working on a Memorandum of Agreement (MOA), a Program Agreement (PA), and a Governance & Operations Charter. Staff are waiting for SoCal Gas Company to finalize its review of the PA. The PA will establish invoicing parameters and eligible costs. SoCal Gas is the fiscal agent, as dictated by the California Public Utilities Commission. Staff anticipates bringing the MOA and PA to the committees in April 2022.

I-REN will consist of coordinating committees in the Codes & Standards, Public, and Workforce, Education & Training Sectors.

The I-REN Governance & Operations Charter establishes WRCOG as the lead administrative COG for I-REN operations; creates an Executive Committee; and sector-specific working groups.

The Charter establishes processes and channels for effective and transparent communication and decision making, and will accommodate future expansion of programs.

The I-REN Executive Committee will be a Brown Act Committee and will meet on a quarterly basis. The Committee would consist of three elected officials from each member COG and could be formed using one of these options: by nomination, by appointment, or by a volunteer and selection process.

WRCOG would serve as the administrative lead, purchasing and contracting manager, primary regulatory contact manager, and oversee day-to-day operations. Each COG will provide one Program Manager to serve as the lead person for that COG.

Each program will have a Program Team which will include at least one representative from each COG member, as well as consultants and/or technical assistance providers and industry specialists, for each sector.

Committee members Chris Barajas and Crystal Ruiz volunteered to participate on the I-REN Executive Committee.

Action:

1. Recommended that the Executive Committee approve the Governance & Operations Charter for the I-REN Program for incorporation into the Memorandum of Agreement once completed.

(San Jacinto / Jurupa Valley) 10 yes; 0 no; 1 abstention. Item 6.A was approved. WMWD abstained.

B. PACE Legal Services

Steve DeBaun, WRCOG legal counsel, indicated that his firm has submitted a proposal for this item and therefore excused himself from the room for the discussion of the item.

Casey Dailey, WRCOG Director of Energy & Environmental Programs, reported that since 2015, Best Best & Krieger (BB&K) has served as legal support of the statewide PACE Program, specifically bond, special, and disclosure counsel and public finance legal services. In accordance with WRCOG's Purchasing and Procurement Policy, a Request for Proposal (RFP) was issued to identify potential firms with relevant knowledge and experience to provide administrative and legal services for WRCOG's PACE Programs. One proposal was submitted by BB&K.

An evaluation committee was formed and recommended that staff re-advertise the RFP to allow for additional legal firms to propose. Two proposals were submitted, one by BB&K and one by Stradling Yocca Carlson & Rauth.

After the evaluation of both proposals, members of the evaluation committee recommended BB&K for PACE Administrative and Legal Services, as BB&K is knowledgeable in WRCOG's PACE Programs and their price is reasonable compared to the other provider.

Committee member Brian Tisdale expressed concern in not knowing any dollar amounts, and asked if BB&K's proposal higher than what they were already doing.

Mr. Dailey responded that the total costs for BB&K is approximately \$680,000, but that number will fluctuate (decrease) based upon the total number of active and outstanding assessments. Stradling's proposed costs ranged from \$1.17 million to \$1.46 million for the same services.

Action:

1. Recommended that the Executive Committee select BB&K to provide Administrative and Legal Services for PACE Programs.

(San Jacinto / Jurupa Valley) 11 yes; 0 no; 0 abstention. Item 6.B was approved.

C. Commercial PACE Activities Update

Casey Dailey, WRCOG Director of Energy & Environmental Programs, reported that since 2018, Commercial PACE (C-PACE) Program grew rapidly throughout the country. WRCOG's authorized C-PACE Program Administrators include Nuveen Green Capital, CleanFund Commercial PACE Capital, and Twain Financial Partners Holding. During Fiscal Year (FY) 2020/2021, WRCOG's C-PACE Program financed 11 projects for \$79 million covering various energy efficiency, renewable systems and refinance projects. Of this amount, \$8 million was used in local projects in the Cities of Corona and Murrieta.

In FY 2021/2022, through the month of February, 10 projects have been financed with an additional seven projects scheduled to close by the end of the Fiscal Year, totaling over \$143 million. One of the

seven closed projects is located in the City of Temecula.

Philippe Hartley, General Manager and Managing Director of Clean Financing, a direct funder of these projects mentioned today. Mr. Hartley supports the approval of C-PACE funding, as there is a tremendous opportunity to help the communities given WRCOG's geographic coverage.

Action:

1. Received and filed.

D. 2022 General Assembly Activities Update

Elisa Laurel, WRCOG Public Information Officer, announced that Steve Wozniak, Co-Founder, Apple Computer Inc., has accepted WRCOG's offer as this year's 31st Annual General Assembly guest speaker. This year's theme, *Innovation is Inland*, ties to the core value areas of WRCOG's recently adopted Strategic Plan.

Community Service Awards are typically awarded to members of the community who go above and beyond in community service.

The nomination period is now open and member agencies' elected officials and City Managers will be notified by WRCOG staff regarding submissions. The deadline for nominations is Friday, April 8, 2022 (end of business day).

Action:

1. Received and filed.

7. REPORT FROM THE EXECUTIVE COMMITTEE CHAIR

Chair Spiegel thanked staff for looking deeper regarding today's presentations.

8. REPORT FROM THE EXECUTIVE DIRECTOR

Dr. Wilson reported that staff are working on preparing member binders that will be distributed to Executive Committee members, and will include Agency programmatic information.

9. ITEMS FOR FUTURE AGENDAS

There were no requests for items for future agendas.

10. GENERAL ANNOUNCEMENTS

There were no general announcements.

11. NEXT MEETING

The next Administration & Finance Committee meeting is scheduled for Wednesday, April 13, 2022, at 12:00 p.m., on the Zoom platform with the option to attend in person.

12. ADJOURNMENT

The meeting of the Administration & Finance Committee adjourned at 1:03 p.m.



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Finance Department Activities Update
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740
Date: April 13, 2022

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide an update on the FY 2022/2023 Agency budget and financials through February 2022.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

On January 12, 2022, the Executive Committee adopted a new Strategic Plan with specific fiscal-related goals:

1. Maintain sound, responsible fiscal policies.
2. Develop a process to vet fiscal impact(s) and potential risk(s) for all new programs and projects.
3. Provide detailed financial statements for public review online.

As staff begin to work on meeting these goals, they will seek input through WRCOG's Committee structure regarding updates and to ensure these goals are being met.

Fiscal Year 2022/2023 Agency Budget Development Process

Staff has begun the process of developing the FY 2022/2023 Agency Budget and will begin presentations to the various WRCOG committees beginning in April 2022. A separate item is included on this Agenda where staff will present on the budget process and seek input from the Committee.

Selection of Financial Auditors

WRCOG has utilized the services of Rogers, Anderson, Malody and Scott, LLC (RAMS) for financial auditing services for the past five fiscal years. Government Finance Officers Association (GFOA) best practice on the subject recommends public agencies enter into multi-year agreements of at least five years in duration when obtaining independent auditor services. On February 7, 2022, staff solicited

proposals via a formal Request for Proposal (RFP) process through PlanetBids and the California Society of Municipal Finance Officers (CSMFO) website, interviews were conducted, and the committee made a recommendation to select a new audit firm to conduct WRCOG's audit. Additional information can be found under the reports in this Agenda under the item titled Approval of PSA with Van Lant & Fankhanel for Financial Auditing Services.

Financial Report Summary Through February 2022

The Agency's Financial Report summary through February 2022, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action(s):

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

[Attachment 1 - February-2022 Agency Financials](#)



Western Riverside Council of Governments

Budget to Actuals

For Month Ending February 28, 2022

	Approved Budget 6/30/2022	Actual Thru 2/28/2022	Remaining Budget 6/30/2022
Total Agency			
Revenues			
Member Dues	286,640	294,410	(7,770)
Interest Revenue - Other	17,500	1,424	16,076
Overhead Transfer In	2,000,000	1,166,667	833,333
TUMF Commercial	4,800,000	1,141,560	3,658,440
TUMF Retail	4,800,000	4,753,217	46,783
TUMF Industrial	7,680,000	5,336,290	2,343,710
TUMF Single Family	19,200,000	26,699,516	(7,499,516)
TUMF Multi Family	9,600,000	1,839,847	7,760,153
TUMF Commerical - Admin Fee	200,000	47,565	152,435
TUMF Retail - Admin Fee	200,000	198,051	1,949
TUMF Industrial - Admin Fee	320,000	222,345	97,655
TUMF Single Family - Admin Fee	800,000	1,112,480	(312,480)
TUMF Multi-Family - Admin	400,000	76,660	323,340
Grant Revenue	1,663,000	477,747	1,185,253
LTF Revenue	750,000	866,250	(116,250)
RIVTAM	50,000	30,000	20,000
General Assembly Revenue	300,000	12,500	287,500
Fellowship Revenue	100,000	200,000	(100,000)
HERO Admin Revenue	2,250,000	1,687,811	562,189
Clean Cities Revenue	240,000	253,767	(13,767)
Solid Waste Revenue	112,970	160,202	(47,232)
Used Oil Grants	168,023	168,023	-
Gas Co. Prtnrshp Revenue	108,400	78,728	29,672
Regional Streetlights Revenue	211,725	133,498	78,227
PACE Commercial Sponsor Revenue	400,000	142,438	257,562
Total Revenues	\$ 57,669,021	\$ 47,177,657	\$ 10,491,364
Expenses			
Salaries & Wages - Fulltime	2,745,899	1,563,613	1,182,286
Fringe Benefits	1,319,884	718,766	601,118
Overhead Allocation	1,682,458	1,121,639	560,819
General Legal Services	968,100	1,380,798	(412,698)
Audit Svcs - Professional Fees	35,000	19,376	15,624
Bank Fees	33,885	35,165	(1,280)
Commissioners Per Diem	57,500	27,600	29,900
Parking Cost	20,000	15,004	4,996
Office Lease	350,000	218,422	131,578
Fuel Expense	1,500	123	1,377
General Assembly Expense	300,000	100,109	199,891
Parking Validations	15,450	3,364	12,086
Staff Recognition	1,000	208	792
Coffee and Supplies	3,000	2,244	756
Event Support	95,737	36,079	59,658
Meeting Support Services	5,250	362	4,888
Program/Office Supplies	13,700	15,208	(1,508)
Misc. Office Equipment	1,000	900	100
Supplies/Materials	33,540	9,369	24,171
Computer Equipment/Supplies	2,000	3,502	(1,502)
Computer Software	102,000	66,630	35,370
Rent/Lease Equipment	15,000	6,581	8,419
Membership Dues	31,750	13,597	18,153



Western Riverside Council of Governments

Budget to Actuals

For Month Ending February 28, 2022

	Approved Budget 6/30/2022	Actual Thru 2/28/2022	Remaining Budget 6/30/2022
Total Agency			
Subscriptions/Publications	4,250	4,438	(188)
Postage	5,350	4,101	1,249
Other Household Expenses	3,250	1,794	1,456
Storage	5,000	3,683	1,317
Recording Fee	10,000	15,148	(5,148)
Computer Hardware	16,500	551	15,949
Communications - Regular Phone	16,000	12,912	3,088
Communications - Cellular Phones	13,500	9,433	4,067
Communications - Computer Services	53,000	21,379	31,621
Communications - Web Site	8,000	2,052	5,948
Insurance - Errors & Omissions	15,000	9,335	5,665
Insurance - Gen/Busi Liab/Auto	99,500	60,774	38,726
TUMF Project Reimbursement	46,080,000	6,413,728	39,666,272
Seminars/Conferences	9,650	4,779	4,871
Travel - Mileage Reimbursement	9,500	3,090	6,410
Travel - Ground Transportation	2,300	1,386	914
Travel - Airfare	4,250	1,842	2,408
Lodging	3,800	2,401	1,399
Meals	7,400	2,865	4,535
Other Incidentals	5,000	55	4,945
Training	7,500	3,985	3,515
Consulting Labor	2,924,616	1,148,417	1,776,199
Total Expenses	\$ 57,513,228	\$ 13,228,561	\$ 44,426,421



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: SB 1383 Activities Update
Contact: Mei Wu, Staff Analyst, mwu@wrcog.us, (951) 405-6734
Date: April 13, 2022

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide program activity update on Senate Bill (SB) 1383.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #6 - Develop and implement programs that support resiliency for the subregion.

Background:

WRCOG's Environmental Department assists member agencies with addressing state mandates requiring education and outreach programs to reduce greenhouse gas (GHG) emissions. The Environmental Department houses three programs to meet California's goals: 1) the Solid Waste and Recycling Program, which assists in developing strategies to reduce short-lived climate pollutants; 2) the Western Riverside County Clean Cities Coalition, which aims to cut petroleum use in the transportation sector through the integration of advanced alternative technologies including zero-emission vehicles (ZEV); and 3) the Used Oil Recycling Program, designed to promote the proper recycling and disposal of used motor oil, filters, and other household hazardous wastes (HHW).

SB 1383 Local Grant Assistance Grant

In January 2022, CalRecycle opened the SB 1383 Local Assistance Grant application to assist local jurisdictions with compliance efforts. The Grant is a one-time, non-competitive grant with a baseline of \$20,000, with many WRCOG member agencies eligible for more. Additional funds will be distributed to eligible jurisdictions based on per capita calculations using the Department of Finance's January 2021 population statistic. There are two rounds of funding. The first round of funding will go to applicants who have certified that they had an enforceable ordinance(s) submitted to CalRecycle by April 1, 2022 and had their Resolution(s) with, if applicable, Letters of Authorization submitted by the March 1, 2022 due date. The second round of funding is due June 14, 2022 for all other applicants to submit the previously mentioned documentation. Staff informed its Solid Waste Committee members of the grant and surveyed jurisdictions on their intent to apply. Most of the Committee members indicated they plan to apply for grant funds.

Important Deadlines:

- April 1, 2022: Enforceable ordinance or similarly enforceable mechanism must be adopted by this date in order to receive first round funding.
- April 2022: Tentative Awards for first round funding.
- June 14, 2022: Secondary due date for second round funding.
 - Approved resolution, and if applicable, letters of designations and letters of authorizations must be uploaded into the Grant Management System by this date.
- June 14, 2022: Enforceable ordinance or similarly enforceable mechanism must be adopted by this date in order to receive second round funding.
- September 2022: Tentative awards for second round funding.

Staff has also surveyed members on how they plan to use grant funds. There were a couple overlapping goals including organics capacity planning and education and outreach. Some members expressed interest in a regional approach and the potential to have WRCOG take on an administrative role in assisting members to complete certain requirements. Staff coordinated discussions with interested members and discussed goals and expectations. The top considerations include capacity planning and a software application to help establish connections between Tier 1 and Tier 2 food generators and food recovery services. Staff opened this topic up for discussion at the Solid Waste Committee at its February 2022 meeting to identify if there is a mutual interest among Committee members to utilize an existing software application or develop a new one that would potentially help drive the costs and labor down for Cities. There was minimal feedback and initial interest on the software application, however the City of Riverside expressed interest in pursuing software applications.

SB 1383 Compliance Report

Local jurisdictions were required to report to CalRecycle on its implementation and compliance for SB 1383 by April 1, 2022. Local jurisdictions must report and provide the following:

- A copy of ordinances or other enforceable mechanisms adopted to support the jurisdiction's implementation and compliance with the SB 1383 requirements.
- The following reporting items:
 - Type of organic waste collection service(s) provided by the jurisdiction to its generators. Total number of generators that receive each type of organic waste collection service provided by the jurisdiction.
 - If the jurisdiction is implementing an organic waste collection service that requires transport of the contents of containers to a high diversion organic waste processing facility, the jurisdiction shall identify the Recycling and Disposal Reporting System number of each facility that receives organic waste from the jurisdiction.
 - If applicable, a list of facilities accepting and recovering compostable plastics in the containers.
 - If applicable, a list of facilities accepting and removing plastic bags that were used to collect organic waste.
- The following contact information:
 - Name, address, phone number, and email address of the employee receiving communications regarding compliance.

- Name and address of the agent designated by the jurisdiction for the receipt of service of process for enforcement.

SB 619 Organic Waste: Reduction Regulations: Local Jurisdiction Compliance

SB 619 provides local jurisdictions relief from SB 1383 non-compliance penalties. SB 619 can provide relief for the violations listed below that a jurisdiction may be imposed upon by CalRecycle:

- Failure to have an ordinance or similar enforceable mechanism for organic waste disposal and edible food recovery.
- Failure to have a provision in a contract, agreement, or other authorization that requires a hauler to comply with SB 1383 regulations.
- Failure to have an edible food recovery program.
- Failure to have the required SB 1383 implementation records.
- Implementation or enforcement of any ordinance, policy, procedure, condition, or initiative prohibited by SB 1383 regulations.
- Failure to submit reports to CalRecycle regarding its implementation and compliance with SB 1383 regulations.

To receive relief, local jurisdictions must have submitted a notification of intent (NOI) to comply with SB 1383 regulations to CalRecycle before March 1, 2022. Once approved, CalRecycle may waive administrative civil penalties for non-compliance during the 2022 calendar year and prevent administrative penalties from accruing during the 2022 calendar year if local jurisdictions implement certain actions to remedy the violation(s) specified in their NOI. WRCOG staff provided Solid Waste Committee members with a sample NOI and resolution to help them better navigate the application process.

Prior Action(s):

March 17, 2022: The Technical Advisory Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

None.



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: 2022 General Assembly Community Service Awards Nominations
Contact: Elisa Laurel, Public Information Officer, elaurel@wrcog.us, (951) 405-6752
Date: April 13, 2022

Requested Action(s):

1. Discuss nominations for the 2022 WRCOG Award for Outstanding Community Service and recommend candidate(s) to the Executive Committee for final approval.
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Purpose:

The purpose of this item is to discuss and forward nominations to the Executive Committee for the Community Service Awards, to be presented at the 31st Annual General Assembly & Leadership Address.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #4 - Communicate proactively about the role and activities of the Council of Governments and its members.

Background:

WRCOG's 31st Annual General Assembly & Leadership Conference will be held on Thursday, June 23, 2022, at the Pechanga Resort and Casino featuring special guest speaker Steve Wozniak, Co-Founder of Apple Computer, Inc. Staff are looking forward to hosting the Agency's annual event in-person for the first time since 2019. Staff will be working closely with Pechanga Resort and Casino to create a collaborative and safe environment that meets Riverside County Health Guidelines, particularly as it relates to the spread of COVID-19.

Community Service Awards

WRCOG's Community Service Awards highlight community members that have gone above and beyond their respective roles and responsibilities to support Western Riverside County. The role of the Administration & Finance Committee is to serve as the nominating body for the Community Service Awards.

WRCOG member agency representatives provide nominations which are then considered by the Administration & Finance Committee, which makes a recommendation to the Executive Committee. The Executive Committee then makes the final selection and the awardees are then honored at WRCOG's Annual General Assembly & Leadership Address. For reference, a list of all past award recipients is attached.

This year, staff notified member agencies on March 16, 2022, that the nomination period was open. At its April 13, 2022, meeting, staff will present to this Committee the list of nominees for review and discussion.

The process for award nomination and selection includes the following:

1. Staff notifies member agencies' elected officials and Staff that the nomination period is open.
2. Applications are submitted to WRCOG.
3. WRCOG compiles all nominations.
4. Staff presents all submitted nominations to the Administration & Finance Committee for review and discussion.
5. The Administration & Finance Committee provides a recommendation to the Executive Committee for award recipients.
6. The Executive Committee approves award recipients.
7. Award recipients are honored at the General Assembly & Leadership Address.

In recent years, some Committee members have requested that staff codify guidelines for the selection of Community Service Awards. The list below outlines the approved Community Service Award selection guidelines for this year's nomination process:

1. Recipient exhibits exemplary volunteerism.
2. Recipient is not a current public official.
3. Recipient is not currently employed by a WRCOG member agency.
4. There are two award categories: (1) individual and (2) group (company or organization)

The nomination period closed at the end of business day on Friday, April 8, 2022. All applications received will be provided during the presentation. Committee members may also nominate individuals or agencies during the discussion.

Prior Action(s):

March 9, 2022: The Administration & Finance Committee received and filed.

February 9, 2022: The Administration & Finance Committee approved the Community Service Award selection guidelines and 2) authorized the Executive Director, upon contract review and approval from legal counsel, to execute a contract between WRCOG and the Washington Speakers Bureau to pursue Apple Co-Founder, Steve Wozniak as this year's General Assembly guest speaker. Approximate speaking fee is \$130,000.

Fiscal Impact:

There is no fiscal impact to the general fund. Funds for General Assembly and its activities are raised through sponsorship.

Attachment(s):

[Attachment 1 - Past Community Service Award Recipients Updated List](#)



WRCOG Award for Outstanding Community Service

Each year, WRCOG awards individuals and/or organizations for outstanding contributions to improving quality of life in Western Riverside County.

Prior Award Winners

Jim Birckhead **
Don Blose **
Martin Bowman **
Burrtec, CR&R, and Waste Management, Inc. **
Jane Carney **
CE-CERT **
County of Riverside Rideshare **
Virginia Field **
Sam Huang **
Jurupa Unified School District **
Southern California Gas Company **
Barry Wallerstein **
Norton Younglove **
Robert Zweig **
Rita Peters (2000)
Gary Wanczuk (2001)
Nick Jones (2002)
Ali Sahabi (2003 & 2007)
Pete Peterson (2003)
Linda Mejia (2004)
Rosalie Moyer (2004)
Gail Wanczuk Barton (2005)
Randall Lewis (2006)
Robert Wolf (2008)
Roy Wilson (2009)

Jamil Dada (2009)
Fred Noble (2010)
Joe Tavaglione (2010)
Dr. Brenda Davis (2011)
Tom Mullen (2011)
Melba Dunlap (2012)
Ronald O. Loveridge (2013)
Larry and Wayne Minor and their families (2014)
Pat Kilroy (2014)
Rose Salgado (2015)
Anne Mayer (2015)
Kathy Azevedo (2016)
Randy Record (2017)
John J. Benoit (2017- Lifetime Achievement)
Rose Mayes (2017)
John Tavaglione (2018)
Marion Ashley (2018)
Josiah Bruny (2018)
Thomas Evans (2019)
Social Work Action Group (2019)
City of Lake Elsinore (2019)
Grant Yates (2021)
Gurdwara Sahib Riverside (2021)
For the People Taskforce (2021)
Riverside Transit Agency (2021)

** Indicates Award Winner recipient prior to 2000.



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Approval of PSA with Van Lant & Fankhanel for Financial Auditing Services
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740
Date: April 13, 2022

Requested Action(s):

1. Recommend that the Executive Committee approve an agreement with Van Lant & Fankhanel to conduct financial auditing services for WRCOG, starting with Fiscal Year 2021/2022, in an amount not to exceed \$119,650 through Fiscal Year 2023/2024 with an option to extend services for an additional two fiscal years.

Purpose:

The purpose of this item is to discuss the Request for Proposal (RFP) results and enter into an agreement for financial auditing services for WRCOG.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

Auditing the Agency's financial records plays a critical role in public sector finance. It is one of the most important and effective methods to ensure the credibility and transparency of the Agency's financial reporting to all of its stakeholders, and is required under the California Government Code.

WRCOG had previously utilized the services of Rogers, Anderson, Malody and Scott, LLC (RAMS) for financial auditing services for the past five fiscal years, services ending with fiscal year's 2021 financial audit. Government Finance Officers Association (GFOA) best practice on the subject recommends public agencies enter into multi-year agreements of at least five years in duration when obtaining independent auditor services. In addition, the GFOA recommends entities undertake full-scale competitive processes at the end of the term of each audit contract, with the inclusion of the current auditors to ensure and augment the process, assuming the current auditor has proven satisfactory. While audit firm rotation is not mandatory, if auditor rotation does not result from the competitive process, agencies may consider requesting that senior engagement staff be rotated to provide a fresh perspective.

On February 7, 2022, staff solicited proposals through a formal RFP process through PlanetBids and the California Society of Municipal Finance Officers (CSMFO) website. The proposed term of the engagement with the new firm would be for a minimum of three years, with an optional fourth and fifth year. There were a total of four RFPs received, which are included as an attachment in the staff report. A panel composed of WRCOG staff (the Chief Financial Officer, Administrative Services Director, and

Accounting Manager) as well as the Director of Finance for March JPA, and two WRCOG Executive Committee members, reviewed the proposals for multiple criteria, including experience with governmental clients, competence / education of the team, and price. With this review, all four firms were invited to interview in March. After interviews were completed, Van Land & Fankhanel (VLF) was rated as the top firm.

While all of the firms specialized in local governmental audits, VLF was selected for its hands-on approach to performing financial audits, where the audit partners are engaged in the day-to-day of the audit, increasing efficiencies in the audit process, but also providing a higher-level of assurance since the partners will be more involved than one would typically expect. RAMS, WRCOG's former auditor, was also interviewed, and while the group of individuals also interviewed well, their prices increased significantly compared to their previous costs, but were also the highest overall compared to the other bidders. While one other audit firm had lower total fees for the duration of the proposed agreement, the difference was nominal and the other factors outweighed the recommendation for VLF. The amount of the contract for the first two years will be \$39,500 each year (\$26,500 for WRCOG and \$13,000 for RCHCA, which is managed by WRCOG and has its own separate budget), increasing approximately 3% in years three and four, and increasing another 3% in year five.

Prior Action(s):

None.

Fiscal Impact:

The amount of the contract for the first year will be \$39,500 (\$26,500 for WRCOG and \$13,000 for RCHCA). Auditing services are budgeted each year in the Agency's Budget in the General Fund and the proposed amount is within WRCOG's existing budget.

Attachment(s):

[Attachment 1 - Professional Services Agreement - Van Lant & Fankhanel](#)

[Attachment 2 - RFP 22-02 Financial Auditing Services Technical Proposal Badawi & Associates](#)

[Attachment 3 - RFP 22-02 Financial Auditing Services Technical Proposal RAMS](#)

[Attachment 4 - RFP 22-02 Financial Auditing Services Technical Proposal The Pun Group](#)

[Attachment 5 - RFP 22-02 Financial Auditing Services Technical Proposal Van Lant and Fankhanel](#)

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PROFESSIONAL SERVICES AGREEMENT**

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, 2022, by and between the Western Riverside Council of Governments, a California public agency ("WRCOG"), and **Van Lant & Fankhanel**, a **Limited Liability Partnership** ("Consultant"). WRCOG and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by WRCOG on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing **Auditing Services**, is licensed in the State of California, and is familiar with the plans of WRCOG.

2.2 Project.

WRCOG desires to engage Consultant to render such professional services for the **Agency Financial Audit** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to WRCOG all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply Auditing services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, and which are stated in the proposal to WRCOG and approved by WRCOG's Executive Committee. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from, **May 2, 2022**, to **June 30, 2024**, with the option to renew for an additional two years, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. WRCOG retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during

the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of WRCOG and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to, social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, WRCOG shall respond to Consultant's submittals in a timely manner. Upon request of WRCOG, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of WRCOG.

3.2.4 Substitution of Key Personnel. Consultant has represented to WRCOG that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of WRCOG. In the event that WRCOG and Consultant cannot agree as to the substitution of key personnel, WRCOG shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to WRCOG, or who are determined by the WRCOG to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the WRCOG. The key personnel for performance of this Agreement are as follows:

3.2.5 WRCOG's Representative. WRCOG hereby designates **Andrew Ruiz, Chief Financial Officer**, or his or her designee, to act as its representative for the performance of this Agreement ("WRCOG's Representative"). WRCOG's Representative shall have the power to act on behalf of WRCOG for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than WRCOG's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Greg Fankhanel**, or his or her designee, to act as its Representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures, and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with WRCOG staff in the performance of Services and shall be available to WRCOG's staff, consultants, and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and sub- contractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and sub-contractors have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense, and without reimbursement from WRCOG, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by WRCOG to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to WRCOG, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules, and/or regulations, and without giving written notice to WRCOG, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify, and hold WRCOG, its Directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to WRCOG that it has secured all insurance required under this section, in a form and with insurance companies acceptable to WRCOG. In addition, Consultant shall not allow any sub-contractor to commence work on any subcontract until it has provided evidence satisfactory to WRCOG that the sub-contractor has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or sub-contractors. Consultant shall also require all of its sub-contractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1

(any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement / location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.2.10.3 Professional Liability. Consultant shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors, or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

3.2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by WRCOG to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury / Advertising Injury; (3) Premises / Operations Liability; (4) Products / Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) Explosion, Collapse and Underground (UCX) exclusion deleted; (7) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9) Independent Consultants Coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(iii) The policy shall give WRCOG, its Directors, officials, officers, employees, volunteers and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be "primary and non-contributory" and will not seek contribution from WRCOG's insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(B) Automobile Liability.

(i) The automobile liability policy shall be endorsed to state that: (1) WRCOG, its Directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired, or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects WRCOG, its Directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its Directors, officials, officers, employees, agents, and volunteers shall be in excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage.

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against WRCOG, its Directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth herein shall be available to WRCOG, its Directors, officials, officers, employees, volunteers and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of WRCOG (if agreed to in a written contract or agreement) before WRCOG's own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella / excess policy shall be provided on a "following form" basis with coverage at least as broad as provided on the underlying policy(ies).

(ii) Consultant shall provide WRCOG at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the

General Liability Additional Insured Endorsement to WRCOG at least ten (10) days prior to the effective date of cancellation or expiration.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by WRCOG, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(v) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, WRCOG has the right but not the duty to obtain the insurance it deems necessary, and any premium paid by WRCOG will be promptly reimbursed by Consultant or WRCOG will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, WRCOG may cancel this Agreement. WRCOG may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither WRCOG nor any of its Directors, officials, officers, employees, volunteers or agents shall be personally responsible for any liability arising under or by virtue of this Agreement.

3.2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to WRCOG, its Directors, officials, officers, employees, agents, and volunteers.

3.2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by WRCOG. Consultant shall guarantee that, at the option of WRCOG, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects WRCOG, its Directors, officials, officers, employees, agents, and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

3.2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, licensed to do business in California, and satisfactory to WRCOG.

3.2.10.8 Verification of Coverage. Consultant shall furnish WRCOG with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to WRCOG. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by WRCOG if requested. All certificates and endorsements

must be received and approved by WRCOG before work commences. WRCOG reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.9 Sub-consultant Insurance Requirements. Consultant shall not allow any sub-contractors or sub-consultants to commence work on any sub-contract until they have provided evidence satisfactory to WRCOG that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such sub-contractors or sub-consultants shall be endorsed to name WRCOG as an additional insured using ISO Form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, WRCOG may approve different scopes or minimum limits of insurance for particular sub-contractors or sub-consultants.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state, and federal laws, rules, and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and sub-contractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment, and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **One Hundred Nineteen Thousand Six Hundred Fifty Dollars (\$119,650)** without written approval of WRCOG's Executive Director. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to WRCOG a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. WRCOG shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by WRCOG.

3.3.4 Extra Work. At any time during the term of this Agreement, WRCOG may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by WRCOG to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from WRCOG's Representative.

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and since the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. WRCOG shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Services available to interested parties upon request, and post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify, and hold WRCOG, its Directors, officials, officers, employees, volunteers, and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of WRCOG during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. WRCOG may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to WRCOG, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, WRCOG may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, WRCOG may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**Consultant: Van Lant & Fankhanel, LLP
29970 Technology Drive, Suite 105A
Murrieta, CA 92563
Attn: Greg Fankhanel**

**WRCOG: Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501
Attn: Andrew Ruiz**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for WRCOG to copy, use, modify, reuse, or sub-license any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all sub-contractors to agree in writing that WRCOG is granted a non-exclusive and perpetual license for any Documents & Data the sub-contractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by WRCOG. WRCOG shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at WRCOG's sole risk.

3.5.3.2 Intellectual Property. In addition, WRCOG shall have and retain all right, title, and interest (including copyright, patent, trade secret, and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed in any tangible medium or expression, including but not limited to, physical drawings or other data magnetically or otherwise recorded on computer media ("Intellectual Property") prepared or developed by or on behalf of Consultant under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Consultant under this Agreement.

WRCOG shall have and retain all right, title and interest in Intellectual Property developed or modified under this Agreement whether or not paid for wholly or in part by WRCOG, whether or not developed in conjunction with Consultant, and whether or not developed by Consultant. Consultant will execute separate written assignments of any and all rights to the above referenced Intellectual Property upon request of WRCOG.

Consultant shall also be responsible to obtain in writing separate written

assignments from any sub-contractors or agents of Consultant of any and all right to the above referenced Intellectual Property. Should Consultant, either during or following termination of this Agreement, desire to use any of the above-referenced Intellectual Property, it shall first obtain the written approval of the WRCOG.

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

WRCOG further is granted by Consultant a non-exclusive and perpetual license to copy, use, modify or sub-license any and all Intellectual Property otherwise owned by Consultant which is the basis or foundation for any derivative, collective, insurrectional, or supplemental work created under this Agreement.

3.5.3.3 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of WRCOG, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use WRCOG's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television, or radio production or other similar medium without the prior written consent of WRCOG.

3.5.3.4 Infringement Indemnification. Consultant shall defend, indemnify, and hold WRCOG, its Directors, officials, officers, employees, volunteers, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by WRCOG of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate, or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative, or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification. Consultant shall defend, indemnify, and hold WRCOG, its Directors, officials, officers, consultants, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions, or willful misconduct of Consultant, its officials,

officers, employees, agents, consultants and contractors, arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense, and risk, any and all such aforesaid suits, actions, or other legal proceedings of every kind that may be brought or instituted against WRCOG, its Directors, officials, officers, consultants, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award, or decree that may be rendered against WRCOG or its Directors, officials, officers, consultants, employees, agents, or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse WRCOG and its Directors, officials, officers, consultants, employees, agents, or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by WRCOG, its Directors, officials, officers, consultants, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 WRCOG's Right to Employ Other Consultants. WRCOG reserves the right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of WRCOG. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and sub-contractors of Consultant, except as otherwise specified in this Agreement. All references to WRCOG include its Directors, officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent

of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, WRCOG shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, Director, officer, official, agent volunteer, or employee of WRCOG, during the term of his or her service with WRCOG, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer, and it shall not discriminate against any sub-contractor, employee, or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex, or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, or termination. Consultant shall also comply with all relevant provisions of any of WRCOG's Minority Business Enterprise Program, Affirmative Action Plan, or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation, or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6 Subcontracting.

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of WRCOG. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE TO
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PROFESSIONAL SERVICES AGREEMENT

IN WITNESS WHEREOF, the Parties hereby have made and executed this Agreement as of the date first written above.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

Van Lant & Fankhanel

By: _____

By: _____

Title: _____

Title: _____

APPROVED AS TO FORM:

ATTEST:

By: _____

By: _____

General Counsel
Best Best & Krieger LLP

Its: _____

*A corporation requires the signatures of two corporate officers.

One signature shall be that of the Chairman of Board, the President or any Vice President, and the second signature (on the attest line) shall be that of the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of such corporation.

If the above persons are not the intended signators, evidence of signature authority shall be provided to WRCOG.

EXHIBIT “A”
SCOPE OF SERVICES

Total Not-to-Exceed Audit Fees

Service	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Audit of WRCOG Financial Statements	\$ 26,500	\$ 26,500	\$ 27,250	\$ 27,250	\$ 28,000
Audit of RCHCA Financial Statements	13,000	13,000	13,400	13,400	13,850
Single Audit (if necessary)	3,250	3,250	3,350	3,350	3,450
Total Maximum Audit Fees	\$ 42,750	\$ 42,750	\$ 44,000	\$ 44,000	\$ 45,300

EXHIBIT "B"

SCHEDULE OF SERVICES

Scope of Work

The scope of the audits will be to perform the audits in accordance with generally accepted auditing standards; the A.I.C.P.A. industry audit guide, Audits of State and Local Governmental Units, as amended; the Government Finance Officers Publication, Governmental Accounting, Auditing and Financial Reporting, as amended; the standards for financial audits contained in the U.S. General Accounting Office publication Government Auditing Standards, the Single Audit Act, as amended, and the Office of Management and Budget Uniform Guidance, as applicable to the issuance of the reports listed in the RFP.

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.

We anticipate performing preliminary audit fieldwork prior to, or around year-end, and completing the year-end fieldwork as soon as WRCOG's records are ready for audit. Our estimated audit timeline would include having fieldwork completed by October of each year, with final reports issued by November.

WRCOG and its auditors are continually faced with requirements to implement new accounting pronouncements from GASB. The VLF 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 WRCOG 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.

EXHIBIT "C"

COMPENSATION BILLING RATES

Position	Hourly Rate
Partner	\$ 205
Manager	165
Senior Accountant	135
Staff Accountant	110
Clerical	N/A

Attachment

RFP 22-02 Financial Auditing
Services Technical Proposal
Badawi & Associates

Western Riverside Council of Governments

TECHNICAL PROPOSAL

***For Professional Auditing Services for
the Western Riverside Council of Governments
For fiscal years ending June 30, 2022 through 2024,
with the option of extending the contract for each of the
two (2) subsequent fiscal years.***

March 4, 2022

Contact Person:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
2855 Telegraph Avenue, Suite 312
Berkeley, CA 94705
Phone: (510) 768-8244
Fax: (510) 768-8249
E-mail: abadawi@b-acpa.com



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March 4, 2022

Mr. Andrew Ruiz
Chief Financial Officer
Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501

Dear Mr. Ruiz:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the Western Riverside Council of Governments (the "WRCOG") for the fiscal years ending June 30, 2022, through 2024, with the option of extending the contract for each of the two (2) subsequent fiscal years. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the WRCOG in accordance with generally accepted accounting principles. These audits are to be performed in accordance the standards set forth for financial audits in the Government Accountability Office's (GAO) Government Auditing Standards, with the *Minimum Audit Requirements and Reporting Guidelines for California Special Districts* as required by the State Controller's Office and with Generally Accepted Auditing Standards (GAAS), as well as any other applicable federal, state, local or programmatic audit requirements.

We will also perform the following audit as part of our engagement:

- Riverside County Habitat Conservation Agency (RCHCA)

We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the WRCOG.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the WRCOG on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Mr. Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
2855 Telegraph Avenue, Suite 312
Berkeley, CA 94705
Telephone: (510)768-8244
E-mail: abadawi@b-acpa.com

Mr. Andrew Ruiz
Chief Financial Officer
Western Riverside Council of Governments
Page 2

We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports.

We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous special districts and cities throughout California. We will be responsive to the needs of the WRCOG, we understand the WRCOG's operational environment, and pledge to you our complete commitment to providing a quality product that meets the WRCOG's requirements.

The approach to the audit has been designed to meet the audit requirements of the various WRCOG's with the least disruption to the WRCOG's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of WRCOG operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and WRCOG Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum. In addition, we perform almost half of the audit tasks during the interim phase to minimize any unforeseen delays during the year-end phase and to ensure a smooth and timely audit process.

The Firm maintains liability insurance coverage for professional liability, Workers' Compensation, Comprehensive General Liability and Auto as part of our comprehensive insurance policy.

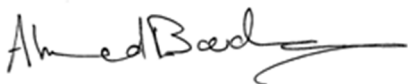
The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

This proposal is a firm and irrevocable offer for 180 days.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the WRCOG. Our past experience provides us with a thorough understanding of the needs and requirements of the WRCOG, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,



Ahmed Badawi
Partner
Badawi & Associates
Certified Public Accountants

**Firm
Qualifications
and
Experience****Independence**

The Firm is independent of the Western Riverside Council of Governments as defined by the GAO's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards.

Insurance

The Firm maintains professional liability insurance and other coverage as part of our comprehensive insurance policy. Upon selection as WRCOG's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to WRCOG which shows the minimum requirements identified by WRCOG have been met.

License to Practice in California

The Firm and all key professional staff assigned to WRCOG's audit are properly licensed to practice as Certified Public Accountants in the State of California and comply with GAO Government Auditing Standards.

The Firm is registered with the California State Board of Accountancy. Its State number is COR6823.

The Firm has met all required State and local laws, rules, and regulations.

Firm Qualifications

Badawi & Associates was founded by Mr. Ahmed Badawi. Mr. Badawi has over 20 years of experience working with state and local government. Prior to founding B&A, Mr. Badawi was a partner with several local and national firms, where he headed their government practice in Northern California. Mr. Badawi founded Badawi & Associates to serve the fast-paced needs of California's local governments. The goal is to build a proactive, client-focused culture from the ground up and to eliminate the entrenched bureaucratic culture and intrinsic limitations of the big audit firms.

Located in Berkeley, CA, the Firm serves a variety of municipalities throughout California. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Berkeley office will be the Engagement Office assigned to the WRCOG.

In addition to specific district financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self-insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements, RDA compliance, and other special projects. Additionally, the Firm has significant experience in bond offerings, post closure landfill costs, and recent changes to redevelopment agency reporting requirements.

The Engagement Partner assigned to the WRCOG, Mr. Ahmed Badawi. Mr. Badawi has over 20 years of government audit and accounting experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staffs assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the WRCOG's finance department.

Technical Approach

The approach to the audit has been designed to meet the audit requirements of various agencies with the least disruption to the WRCOG's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of WRCOG operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and WRCOG Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

1. **Initial Planning Meeting:**

The Engagement Partner and Manager will meet with WRCOG Management to discuss the audit approach, identify specific needs of WRCOG Management, and familiarize themselves with WRCOG policies and practices.

2. **Interim:**

The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, and identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and WRCOG Management of the year-end audit responsibilities and assignments. **In addition, we strive to complete many of the year-end audit tasks during the interim phase to ensure a smoother audit process. We will work with the WRCOG on providing a list of those tasks that we will target to complete during interim and work with the WRCOG on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the WRCOG in meeting its goal of issuing the report by the desired deadline.**

3. **Year end:**

The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.

4. **Reporting:**

Auditor's reports for all WRCOG reporting entities and compliance requirements will be finalized along with the Management Letter comments. The Partner and Manager will be available to make presentations to the Board and/or designated bodies.

Firm Experience

The Firm is located in Berkeley and provides a full range of accounting services to governmental agencies throughout California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the WRCOG's operational needs. Additionally, this situation provides the WRCOG with an auditing firm that has depth in capabilities to address any financial issue the WRCOG may need assistance with, and the quality audit approach that you expect.

Our Berkeley office will be the Engagement Office assigned to the WRCOG.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the WRCOG that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of WRCOG processes, and benefiting the WRCOG with his broad municipal experience. We have found that this effort benefits the WRCOG and the Firm through developing a thorough knowledge of the WRCOG's practices and issues and establishing a close working relationship with the WRCOG's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- | | | |
|-----------------------|--------------------|---------------------|
| • Cities | • Waste Management | • Investment |
| • Redevelopment | • Authorities and | • Activities |
| • Agencies | • Operations | • Landfills |
| • Financing | • Pension Plans | • Enterprise Funds |
| • Authorities | • Child Care | • Airports |
| • Housing Authorities | • Operations | • Transportation |
| • Special Districts | • Joint Power | • Operations |
| • Water Districts | • Authorities | • Federal and State |
| | | • Grants |

Additional Activities

We offer a full range of accounting and finance services to the governmental sector. These services include:

- | | |
|------------------------------------|--------------------------------------|
| • Financial audits | • Operational reviews |
| • Compliance audits | • Technical guidance on existing and |
| • Tax advice | upcoming accounting issues |
| • Development of financial and | • Training seminars |
| accounting policies and procedures | • Pension/profit-sharing plans |
| • Investment review and compliance | • Performance audits |
| evaluation | • Business consulting |

Consequently, Firm personnel are well qualified to perform the services expected by the WRCOG.

Client Training Seminar

The Firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one day session qualifies for CPE under the rules of the State Board of Accountancy and is held in the Bay Area.

GASB 68 Firm Developed Tools and Assistance

The Firm has developed tools to assist our clients with preparation of GASB 68 journal entries for the CalPERS' Cost Sharing Plans (for which individualized actuarial valuations are no longer prepared) and the CalPERS' Agent Multiple Employer Plans. In addition to providing our clients with these tools and instructions on how to use them, we are available to answer any questions on how to prepare and complete the GASB 68 journal entries.

Quality Control Review

According to Government Auditing Standards, firms who perform audits under the Yellow Book are required to have a peer review once every three years. We received a report with a rating of pass with no deficiencies which we attached for your review.



Report on the Firm's System of Quality Control

Badawi & Associates

Oakland, California;
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 Badawi & Associates (the firm) in effect for the year ended February 28, 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).

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 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.

CPAs ■ Advisors

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909.948.9990 / 800.644.0696 / FAX 909.948.9633
gyl@gylcpa.com
www.gylcpa.com



Peer Review Report
Page 2 of 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Badawi & Associates in effect for the year ended February 28, 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*. Badawi & Associates has received a peer review rating of *pass*.

GYL LLP

Ontario, California
May 31, 2019

GVL

The Firm has policies and procedures to ensure it hires only qualified people, that it properly supervises them and provides professional training, that it advances them to responsibilities they are capable of handling, and that it provides them with necessary technical resources. All members of the Firm are very familiar with the stringent quality control standards established by the AICPA.

The Firm is a member of the AICPA Government Audit Quality Center.

The Firm is a member of the AICPA Private Companies Practice Section.

Federal or State Desk Reviews

The Firm has had no negative federal or state reviews in the past three (3) years.

Disciplinary Action

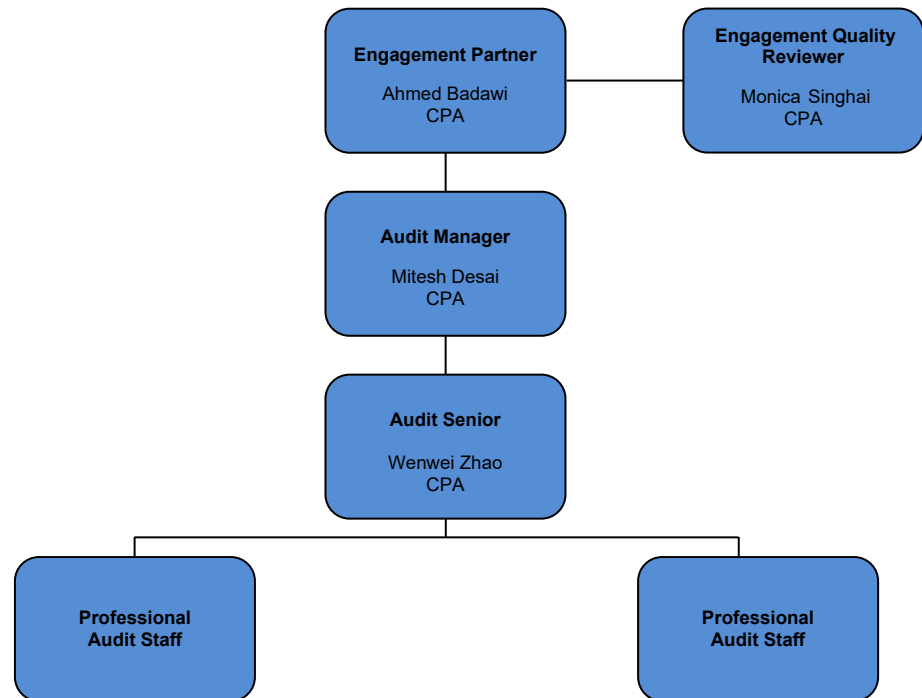
There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.

Litigations

The Firm has not experienced any lawsuits or legal actions that have been resolved or are currently pending in the prior five years.

Partner, Supervisory, and Staff Qualifications and Experiences

The Engagement Team will normally consist of six individuals who provide a broad business perspective and significant experience in governmental auditing. This team will provide access to a wide range of technical capabilities which will provide the WRCOG with not only the technical support necessary to perform the audit, but also the broad business background to interpret findings and observations to offer effective solutions to issues, and the personal involvement of the Engagement and Compliance Partners of the Firm.



The Engagement Team will be led by Ahmed Badawi, CPA. Mr. Badawi's background includes over twenty years of municipal auditing experience. He is the instructor of the CSMFO "Introduction to Governmental Accounting" training classes. Mr. Badawi is a member of the Government Accounting and Auditing Committee of the California Society of Certified Public Accountants. He has participated in the audits of numerous city, county and special district governments, as well as non-profit entities. His diversified background offers the technical qualities required of the governmental and non-profit areas and the necessary wherewithal to properly evaluate the entire accounting process, develop opportunities to improve the accounting process, and to offer practical business recommendations.

The second member of the Engagement Team will be Mitesh Desai, CPA. Mr. Desai's background includes thirteen years of experience in municipal auditing. Mr. Desai has participated in the audits of numerous governmental agencies, assisted in their efforts to publish their Annual Comprehensive Financial Reports in compliance with GASB 34, and a volunteer member of the GFOA Special Review Committee. Mr. Desai has also achieved the Advanced Single Audit Certificate offered by the AICPA. He will serve as the Audit Manager.

The third member of the Engagement Team will be Wenwei Zhao, CPA. Ms. Zhao's background includes four years of accounting and auditing experience. She has participated in the audits of numerous governmental entities and assisted in their efforts to publish their financial statements in compliance with various regulations, and is a volunteer member of the GFOA Special Review Committee. Ms. Zhao will be the Audit Senior of this engagement.

The fourth member of the Engagement Team will be Monica Singhai, CPA. Mrs. Singhai's background includes over seventeen years of experience in municipal auditing. She has participated in the audits of numerous governmental agencies and assisted in their efforts to publish their financial statements in compliance with various regulations. Mrs. Singhai will be the Engagement Quality Reviewer of this engagement.

Each member of the Engagement Team participates in continuing education programs offered by the AICPA and California State Society of Certified Public Accountants, and each has met the continuing education requirements for municipalities. In addition, the firm offers at least 60 hours of in-house CPE annually focused mainly on municipal audits.

Professional Development:

The Firm maintains a comprehensive training program targeted at appropriate professional staff levels. It utilizes in-house developed educational programs, AICPA and California CPA Foundation educational programs, and on-the-job training.

The Firm's annual training schedule which officially begins in April for all professional staff and administrative staff includes comprehensive in-house training sessions on such topics as:

- Review of principles of accounting and Comprehensive financial reporting for state and local governments
- Review of governmental fund types and account groups
- Review of newly issued generally accepted auditing standards and GAO auditing standards
- Review of Internal Control evaluation approaches including COSO principles
- Updates on recent governmental accounting and reporting guidelines
- Review of Single Audit requirements and approaches
- Review of financial audit approaches
- Overview of audit and internal control work paper techniques
- Review of GASB reporting requirements
- Review of current issues facing the governmental community

During the year, professional staff members are sent to various educational sessions sponsored by the AICPA and California State Society of CPAs, as considered appropriate for the level and need of the individual. These classes include, among others:

- Governmental Financial Reporting Standards and Practices
- Yellow Book: Government Auditing Standards
- Financial Accounting Standards: Comprehensive Review
- Single Audit
- Governmental Auditing & Accounting Update
- Governmental Accounting Principles
- Comprehensive Review of Generally Accepted Auditing Standards

The result of the Firm's training program is the production of a highly educated and competent municipal audit group capable of performing an efficient and effective audit for the WRCOG.

The Team members will continue their professional development efforts.

Staff Retention and Continuity:

The Firm's policy on providing service to our clients includes a commitment to maintaining continuity of audit personnel. We cannot guarantee that our staff will remain with the Firm. However, to encourage our staff to remain with us, we pay competitive wage rates; offer promotional opportunities; provide state-of-the-art equipment and excellent working conditions; and offer various benefits, such as retirement plans, medical plans, profit sharing programs, educational benefits, and other such benefits. Additionally, we will guarantee that any staff member assigned to this engagement will return to the WRCOG in subsequent years if he or she is still with the Firm. We can also guarantee that the partner will be involved in future years. Continuity of audit staff is of prime concern to us and because of the hands-on involvement of the partner; we can assure you that future years' audits will be conducted in an efficient and effective manner with qualified and experienced professionals.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

Resumes of each member of the Engagement Team follow.

Ahmed Badawi, Certified Public Accountant – Engagement PartnerLength of Career

- Twenty years of experience in municipal auditing and accounting
- Certified Public Accountant for the State of California

Professional Experience

- Partial listing of clients served:

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Special Districts and Other:						
San Gabriel Valley Council of Governments	X					X
Contra Costa County Child Care	X					X
Stanislaus County Childcare	X					X
Alameda County Water District	X				X	X
Elk Grove Water District	X				X	
Marin Municipal Water District	X					X
Solano County Water Agency	X					
Castro Valley Sanitary District	X				X	
West County Wastewater District	X					X
Aptos/La Selva Fire Protection District	X					
Central County Fire District	X					
Coastside Fire Protection District	X					X
Cosumnes Community Services District	X					X
East Bay Regional Park District	X	X				X
Metropolitan Transportation Commission						X
Sanitary District No. 5	X				X	
South Bayside System Authority	X					X
Southern Marin Fire Protection District	X					
Cities:						
Albany	X	X	X			X
Antioch	X	X		X	X	X
Berkeley	X	X	X		X	X
Burlingame	X				X	X
Dublin	X	X				X
Fremont	X	X	X			X
Pleasanton	X	X		X		X
Richmond	X	X	X	X	X	X
San Bruno	X	X	X		X	X
San Leandro	X	X	X			X
Turlock	X	X	X	X	X	X
Union City	X	X	X		X	X
Walnut Creek	X	X	X		X	X
Counties:						
Santa Cruz County	X	X	X	X	X	X
Contra Costa County	X	X	X	X	X	X

- Has performed numerous financial audits, Single Audits, Transportation Development Act audits, housing audits, electrical utility audits, RDA audits, PFA audits, and Trust Fund audits, and has prepared numerous Annual Comprehensive Financial Reports

Education

- BS Degree in Accounting from the University of Alexandria, Egypt

Professional Activities

- Instructor, CSMFO's "Introduction to Governmental Accounting" training class
- Member, CALCPA Government Accounting and Auditing Committee
- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Member, Government Finance Officers Association
- Member, California Society of Municipal Finance Officers

Continuing Education

- Has met the current CPE educational requirements to perform audits on governmental agencies

Mitesh Desai, Certified Public Accountant – Professional Audit ManagerLength of Career

- Thirteen years of experience in municipal auditing
- Certified Public Accountant for the State of California

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Water Enterprise	Other
Special Districts and Other:						
Alameda County Water District	X				X	X
Elk Grove Water District	X				X	
Marin Municipal Water District	X				X	X
Castro Valley Sanitary District	X					
West County Wastewater District	X					X
Coastside Fire Protection District	X					X
Cosumnes Community Services District	X					X
East Bay Regional Park District	X	X				X
Metropolitan Transportation Commission						X
Monterey Bay Unified Air Pollution Control District	X					
Sanitary District No. 5	X					
South Bayside System Authority	X					X
Stanislaus County Childcare	X					X
Cities:						
Antioch	X	X		X	X	X
Azusa	X	X		X	X	
Burlingame	X				X	X
Cotati	X				X	X
Folsom	X	X			X	X
Millbrae	X				X	X
Oakdale	X	X	X		X	X
Petaluma	X				X	X
Redwood City	X	X			X	X
San Bruno	X	X	X		X	X
San Luis Obispo	X				X	X
Sebastopol	X				X	X
Turlock	X	X	X	X	X	X
Yuba City	X	X			X	X
Counties:						
Santa Cruz County	X	X	X	X		X
Contra Costa County	X	X	X	X		X

Education

- BS Degree in Business Economics with an emphasis in Accounting from University of California, Santa Barbara

Professional Activities

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Volunteer Member, GFOA Special Review Committee

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
 - Governmental Financial Reporting Standards and Practices
 - Yellow Book: Government Auditing Standards
 - Municipal Accounting
 - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Wenwei Zhao, Certified Public Accountant – Professional Audit SeniorLength of Career

- Four years of experience in auditing
- Certified Public Accountant for the State of California

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Special Districts and Other:						
San Gabriel Valley Council of Governments	X					X
Contra Costa County Child Care	X					X
Elk Grove Water District	X					
Marin Municipal Water District	X					
Alameda County Single Audit		X				
Contra Costa County Child Care	X					X
Cosumnes Services District	X					
Hayward Area Recreation and Park District	X					
Resource Conservation District of Santa Cruz County	X					
San Mateo County Mosquito and Vector Control District	X					
Santa Cruz Regional 9-1-1	X					
Cities:						
Barstow	X					
Berkeley	X				X	X
Crescent City	X	X			X	X
East Palo Alto	X	X			X	
El Cerrito	X				X	
Folsom	X	X	X	X	X	X
Larkspur	X					
Menlo Park	X				X	X
Millbrae	X					
Newark	X	X	X			X
Oakdale	X				X	X
Pinole	X				X	
Redwood City	X					
San Luis Obispo	X					
San Mateo	X				X	
Susanville	X				X	
Town of Los Gatos	X					
Town of Yountville	X				X	
Union City	X	X			X	X
Waterford	X					
Yuba City	X	X			X	X

Education

- Master of Accounting from University of Pittsburgh, PA

Professional Activities

- Volunteer Member, GFOA Special Review Committee

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
 - Governmental Financial Reporting Standards and Practices
 - Yellow Book: Government Auditing Standards
 - Municipal Accounting
 - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Monica Singhai, Certified Public Accountant – Engagement Quality ReviewerLength of Career

- Seventeen years' of experience in auditing with special focus on municipalities
- Certified Public Accountant for the State of California

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits and PFA audits

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Special District:						
Alameda County Fire District	X					
Alameda County Law Library	X					
Burbank Sanitary District	X				X	
Lions Gate Community Service District	X					
Los Medanos Community Health Care District	X					
Oakland-Alameda County Coliseum Authority	X					
Bayshore Elementary School District	X					
Belmont-Redwood Shores School District	X	X		X		
Brisbane School District	X					
Jefferson Elementary School District	X	X				
La Honda-Pescadero Unified School District	X	X		X		
Pacifica School District	X	X				
Ravenswood City School District	X	X			X	
Redwood City School District	X	X				
San Mateo-Foster City School District	X	X			X	
Cities:						
Berkeley	X	X			X	
East Palo Alto	X				X	
Menlo Park	X	X			X	
Redwood City	X	X			X	
Charter schools:						
Oakland Military Institute College Preparatory Academy	X	X				
Sacramento Valley Charter School	X					
West Sacramento College Prep Charter School	X					
First 5:						
First 5 Alameda County	X	X				
First 5 Inyo County	X					
First 5 Marin County	X					
First 5 Monterey County	X					
First 5 Santa Cruz County	X					
Others:						
Alameda County Housing Community Development Agency	X	X			X	
Alameda County Redevelopment Agency	X		X			
Alameda County Successor Agency	X					
City of Oakland - Measure C	X					
City of Oakland - Measure Y	X					
City of Oakland - Child Care and Development Program	X					
City of Oakland - Wildfire Prevention Assessment District	X					

Education

- Bachelor of Science in Accounting from Jabalpur University, India

Professional Activities

- Member, California Society of Certified Public Accountants
- Member, Institute of Chartered Accountants of India

Continuing Education

- Various local governments and not for profit accounting courses offered by the California Society of CPAs and AICPA including:
 - Governmental Financial Reporting Standards and Practices
 - Yellow Book: Government Auditing Standards
 - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Similar Engagements with Other Governmental Entities

The table below lists all special district engagements (in order of audit hours):

Special District	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	Single Audit	Enterprise Funds
San Gabriel Valley Council of Governments	2021	618	Ahmed Badawi	Mr. Rey Alimoren, Director of Finance (626) 962-9292 ralimoren@sgvcog.org	No	N/A		
County of Contra Costa Community Services Bureau Child Development Program	2013	450	Mitesh Desai	Ms. Nancy Benavides Fiscal Officer (925)681-4268 nbenavidas@ehsd.cccounty.us	No	N/A		
Florin Resource Conservation District/ Elk Grove Water District	2015	350	Mitesh Desai	Mr. Patrick Lee Finance Manager / Treasurer (916)685-3556 plee@egwd.org	Yes	Yes		X
Hayward Area Recreation and Park District	2017	350	Ahmed Badawi	Ms. Anne Maze Interim Finance Manager (925)451-5318 maza@haywardrec.org	No	N/A		
Amador County Transportation Commission	2019	260	Ahmed Badawi	Mr. John Gedney Executive Director (209)267-2282 john@actc-amador.org	No	N/A		
Solano County Water Agency	2020	243	Ahmed Badawi	Mr. Roland Sanford General Manager (707) 455-1103 rsanford@scwa2.com	No	N/A		
San Mateo Mosquito and Vector Control District	2018	228	Ahmed Badawi	Mr. Richard Arrow Finance Director (650)344-8592 rarrow@smcmvcd.org	Yes	Yes		
Monterey Bay Unified Air Pollution Control District	2016	200	Mitesh Desai	Ms. Rosa Rosales Administrative Services Manager (831)718-8019 rrosales@mbard.org	No	N/A		
Southern Marin Fire Protection District	2020	160	Ahmed Badawi	Ms. Alyssa Schiffmann Finance Manager (415)388-8182 aschiffmann@smfd.org	No	N/A		
Alameda County Waste Management Authority (StopWaste)	2018	154	Ahmed Badawi	Mrs. Jennifer Luong Finance Services Manager (510)891-6500 jluong@stopwaste.org	No	N/A		
Aptos La Selva Fire District	2016	150	Mitesh Desai	Ms. Nancy Dannhauser Finance Director (831)685-6690 nancyd@centralfpd.com	No	N/A		
Central County Fire Department	2012	150	Mitesh Desai	Ms. Jan Cooke Finance Director (650)375-7408 jcooke@hillsborough.net	Yes	Yes		
Zayante Fire Protection District	2017	150	Mitesh Desai	Mr. John Stipes Fire Chief (831) 335-5100 chief2401@cwncast.net	No	N/A		
Santa Cruz Regional 9 - 1 - 1	2016	150	Mitesh Desai	Mr. Dennis Kidd General Manager (831)471-1038 dennis.kidd@scr911.org	No	N/A		
Resource Conservation District of Santa Cruz County	2017	150	Mitesh Desai	Ms. Sharon Corkrean Director of Finance scorkrean@rcdsantacruz.org	No	N/A	X	
Port of San Luis Harbor District	2017	150	Ahmed Badawi	Ms. Kristen Stout Business Manager (805)595-5413 kristens@portsanluis.com	Yes	Yes		X
Central Fire Protection District of Santa Cruz County	2018	150	Mitesh Desai	Mrs. Nancy Dannhauser Finance Director (831)479-6842 nancyd@centralfpd.com	No	N/A		

The table below and on the following page lists City engagements that encompassed issuing a Annual Comprehensive Financial Report (resulting in a GFOA award), audit of enterprise activities, or encompassed performance of a Single Audit.

* Indicates cities with population over 50,000

** Indicates cities with governmental revenues over \$100 million and population over 50,000

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
**	Richmond	2020	3,160	Ahmed Badawi	Ms. Delmy Cuellar Finance Manager (510)620-6790 Delmy_Cuellar@ci.richmond.ca.us	X		X	X	X			X	X	X
**	Berkeley	2008	1,850	Mitesh Desai	Mr. Henry Oyekanmi Finance Director (510)981-7300 hoyekanmi@ci.berkeley.ca.us	X	X	X	X	X	X			X	X
**	Ontario	2021	1,012	Ahmed Badawi	Ms. Michelle D. Honis Accounting Manager (909)395-2049 MHonis@ontarioca.gov	X	X		X	X	X		X	X	
*	Union City	2006	850	Mitesh Desai	Mr. Mark Evanoff Interim Finance Director (510)675-5345 MarkE@unioncity.org	X	X	X	X	X				X	
**	Folsom	2019	807	Ahmed Badawi	Ms. Stacey Tamagni Finance Director (916)461-6712 stamagni@folsom.ca.us	X	X		X	X	X			X	
*	Petaluma	2019	691	Ahmed Badawi	Ms. Corey Garberolio Finance Director (707)778-4357 cgarberio@cityofpetaluma.org	X	X			X	X	X			
*	San Luis Obispo	2019	638	Ahmed Badawi	Ms. Brigitte Elke Finance Director (805)781-7125 belke@slocity.org	X	X			X	X	X			
*	Antioch	2005	586	Mitesh Desai	Ms. Dawn Merchant Finance Director (925)779-6135 dmerchant@ci.antioch.ca.us	X	X	X	X	X	X			X	
	Lafayette	2020	586	Ahmed Badawi	Ms. Tracy Robinson Administrative Services Director (925)299-3227 trobinson@lovelafayette.org	X	X	X						X	
	East Palo Alto	2014	560	Mitesh Desai	Mr. Tomohito Oku Finance Director (650)853-3122 toku@cityofepa.org	X	X	X	X	X				X	
	El Cerrito	2018	547	Ahmed Badawi	Ms. Lucy Xie Senior Accountant (510)215-4310 lxie@ci.el-cerrito.ca.us	X	X	X	X	X				X	X

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
**	Dublin	2018	546	Ahmed Badawi	Ms. Lisa Hisatomi Director of Finance & Admin. Services (925)833-6640 Lisa.Hisatomi@dublin.ca.gov	X	X		X	X						
	Azusa	2017	540	Ahmed Badawi	Ms. Talika Johnson Administrative Services Director (626)812-5202 tjohnson@AzusaCa.Gov	X	X	X	X		X	X			X	
	Millbrae	2015	524	Ahmed Badawi	Mr. Mike Sung Finance Director (650)259-2433 msung@ci.millbrae.ca.us	X	X	X			X	X			X	
*	Yuba City	2017	450	Ahmed Badawi	Mr. Spencer Morrison Finance Director (530)822-4615 smorrison@yubacity.net	X	X	X	X		X	X			X	
	Wasco	2021	428	Ahmed Badawi	Mr. Isarel Perez-Hernandez Finance Director (661)758-7230 isperez@cityofwasco.org			X		X	X	X				
	Pinole	2018	419	Ahmed Badawi	Ms. Markisha Guillory Finance Director (510)724-9823 MGuillory@ci.pinole.ca.us	X	X	X				X			X	
	Larkspur	2019	382	Ahmed Badawi	Ms. Cathy Orme Administrative Services Director (415) 927-5019 Finance@cityoflarkspur.org				X					X	X	
	Atwater	2021	380	Ahmed Badawi	Ms. Kellie Jacobs-Hunter Finance Director (209)357-6347 kjacobshunter@atwater.org			X			X	X		X		
	Los Gatos	2017	366	Ahmed Badawi	Mr. Stephen Conway Finance and Admin. Services Director (408)354-6828 sconway@losgatosca.gov	X	X									X
	Lindsay	2017	366	Ahmed Badawi	Ms. Juana Espinoza Finance and Accounting Manager (559)562-7102 ext. 8025 jespinoza@lindsay.ca.us						X	X			X	
	Waterford	2018	311	Ahmed Badawi	Mrs. Tina Envia Finance Manager (209)874-2328 Ext: 104 tenvia@cityofwaterford.org			X			X	X			X	
	Solvang	2019	308	Ahmed Badawi	Ms. Xenia Bradford City Manager (805)688-5575 xeniab@cityofsolvang.com	X	X				X	X				

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
	Oakdale	2016	306	Ahmed Badawi	Mr. Albert Avila Finance Director (209)845-3584 aavila@ci.oakdale.ca.us			X	X	X	X	X			X	
	Guadalupe	2017	303	Ahmed Badawi	Ms. Lorena Zarate Finance Director (805)356-3895 ccooper@ci.guadalupe.ca.us			X	X		X	X			X	
	Sebastopol	2017	275	Mitesh Desai	Mrs. Ana Kwong Finance Director (707)824-4879 akwong@cityofsebastopol.org	X	X	X			X	X			X	
	Cotati	2020	265	Ahmed Badawi	Ms. Angela Courter Director of Administrative Services 707-665-4236 acourter@cotaticity.org	X	X				X	X			X	
	Crescent City	2014	227	Mitesh Desai	Ms. Linda Leaver Finance Director (707)464-7483 x224 lleaver@crescentcity.org			X	X		X	X		X	X	
	Scotts Valley	2019	202	Ahmed Badawi	Ms. Casey Estorga Administrative Services Director (831) 440-5615 cestorga@scottsvally.org	X	X	X							X	
	Calimesa	2013	193	Mitesh Desai	Ms. Bonnie Johnson Finance Director (909)795-9801 ext 231 bjohnson@cityofcalimesa.net			X								

Understanding of Services to be Provided

The WRCOG desires an audit of the financial records for the WRCOG and an expression of an opinion in accordance with generally accepted accounting principles on the fairness of presentation of financial statements for the fiscal years ending June 30, 2022 through 2024, with the option of extending the contract for each of the two (2) subsequent fiscal years.

The Firm will:

- Express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles in the United States of America
- Express an "in-relation-to" opinion on the fair presentation of any supplementary information in conformity with generally accepted accounting principles. The Firm will provide an "in-relation-to" report on the supporting schedules contained in the Annual Comprehensive Financial Report based on the auditing procedures applied during the audit of the basic financial statements and schedules
- Perform limited procedures on supplementary information required by the Government Accounting Standards Board
- Issue the following reports, following the completion of the audit of the fiscal year's financial statements:
 - Independent Auditor's Report on Financial Statements
 - Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*
 - Auditor's Communication with Those Charged with Governance
 - Riverside County Habitat Conservation Agency
- Provide special assistance to the WRCOG as needed
- Retain all working papers and reports at the audit firm's expense for a minimum of 7 years. In addition, make working papers available to the WRCOG and/or any government agency as appropriate

Should any conditions be discovered requiring corrective action, the Firm will provide a detailed description of the findings and recommended actions as to their resolution

The Firm will submit a report to the WRCOG's Board and management detailing auditor's responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting statements, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultations with other accountants, major issues discussed with management prior to retention, difficulties encountered during the audit, and any significant deficiencies or material weaknesses found during the audit. Non-material instances of noncompliance will be reported in a separate management letter, if appropriate, along with any other observations or recommendations determined to be informative to WRCOG Management

The Firm will be available to provide advice and counsel regarding significant matters during the year.

The Firm's Partner and Staff welcome the opportunity to make presentations to the Board and will be ready to respond to questions from the Board and any other interested parties.

Specific Audit Approach

Objectives of Our Services

The basic objective of our audit of the WRCOG is to conduct an examination of the financial statements in accordance with generally accepted auditing standards and to express our opinion on the fairness of presentation of such financial statements in conformity with generally accepted accounting principles.

Additionally, we believe that another real value of our audit lies in meeting other objectives at no additional cost. The following are other objectives of our services that have important benefits to the WRCOG:

- To offer substantive observations and recommendations relating to accounting and operating control policies and procedures
- To identify opportunities for operating efficiencies and isolate candidate activities for cost reduction opportunities
- To perform a professional audit in an efficient and effective way to minimize disruption to the office operations
- To offer ongoing advisory services to assist in the running of the operation and implementation of improved operating procedures

The engagement will be conducted within the framework of the Firm's quality control program which includes the use of audit programs, careful planning, use of computerized audit software and internal control evaluation and documentation software, and objective review procedures. On-site staff will use Firm supplied portable computers and printers.

Audit Approach

The specific audit approach has been designed to efficiently and effectively address the audit requirements of the WRCOG, to perform the audit of the WRCOG's financial records in a timely manner with minimal disruptions to office operations, and to meet the WRCOG's timeline.

The audit will be conducted in accordance with:

- 1) Generally accepted auditing standards established by the AICPA
- 2) The standards contained in Government Auditing Standards issued by the GAO
- 3) Requirements issued by the California State Controller's office
- 4) Other requirements as required

We will conduct the necessary audit steps to perform:

- Planning of the engagement
- Evaluation of the existing internal control environment to determine degree of risk of material misstatement
- Determination of degree of compliance with laws, regulations, grant provisions, and WRCOG approved policies
- Assessment of potential fraudulent issues
- Validation of account balances
- Verification of reasonableness of management estimates

Technical Approach

We use an industry specific audit approach tailored to governmental entities. Our governmental audit approach addresses the special risks and circumstances of local governments. As a result, the audit is conducted efficiently and effectively with minimal disruption to your staff.

The core of our governmental technical audit approach can be summarized as follows:

1. Planning, Understanding and Communication:

Based on our previous audit experience, using the budget, organizational charts, manuals and other financial information systems and our knowledge of how governments work, we will obtain an insight to the specific concerns and sensitivities of the WRCOG. Our understanding is updated continuously through our year-round contact and communication efforts. We will agree on common audit objectives and expectations with management before audit work begins and, throughout the audit, will meet regularly with management to discuss audit issues and to gather feedback.

2. In-Depth Review of Systems and Controls:

We have developed diagnostic reviews which enable us to evaluate your systems and controls, and to provide management with constructive feedback. Combined with our knowledge of the WRCOG and understanding and experience with the WRCOG's accounting software, our control review will form the basis of our audit risk assessment. We will utilize the COSO approach in our evaluation of the WRCOG's internal processes to identify potential control deficiencies. In future years, we will update our understanding through similar procedures.

3. Risk-Based Customized Testing Program:

Our audit approach is tailored to governmental applications. We will use audit programs specifically designed to address the operational environment of governmental entities. Our approach will identify potential control risks and the opportunities for risk of material misstatements and fraud. We will evaluate the various risk assessments and identify the potential risks relating to the:

- Balance Sheets / Statement of Net Position
- Statement of Revenues and Expenditures / Statement of Activities
- Presentation
- Disclosure

Our audit procedures will then be developed to address these risk areas.

4. Expanded Interim Fieldwork:

Timeliness and audit efficiency is enhanced by performing extensive interim work. Partners, managers and senior staff work with WRCOG staff to identify and resolve potential audit issues early. Accordingly, the amount of audit work to perform at year end is minimized. Because our audit staff is familiar with the operations before year-end fieldwork begins, disruption of accounting staff is minimized

5. Smooth Transition:

Our testing program focuses on audit risks identified by our understanding of the WRCOG's operations. We will work with the accounting staff to identify the most effective ways to address our objectives. Communication between the members of the audit engagement team and WRCOG staff will be fluid and continuous.

6. Sample Size and Sampling Techniques:

Our audit approach will include sampling activities. Population size and the level of assurance to be derived from a particular test will dictate the sample size. We use sampling in our audit approach to compliment skilled judgment and knowledge of the particular situation. Our sample size will range normally from 25 to 60 items.

7. Automated Systems:

We will evaluate controls over the IT functions to assess control risk. We intend to test controls for purposes of reliance. Our review procedures will evaluate controls over:

- Security Management
- Logical and Physical Access
- Configuration Management
- Segregation of Duties
- Contingency Planning

In addition, we will review controls over:

- Input, processing, output, master data
- Application interface
- Data management system interface

8. Analytical Procedures:

We use analytical procedures in several aspects of our audit. Extensive knowledge and industry background are required for effective analytics, and our staff possesses the appropriate experience and knowledge for the WRCOG to benefit from these procedures.

9. Approach to be Taken in Determining Laws and Regulations Subject to Audit Test Work:

We continuously refer to specific regulations, compliance supplements, state guidelines and contracts currently in force. We perform the procedures required related to laws and regulations, using inquiries, observations and sampling techniques. Some of the laws and regulations that we believe may be applicable to the WRCOG are the requirements of the California Public Utilities Commission, Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable Grant guidelines, requirements of local measures, etc.

10. Report Format:

We will meet with WRCOG Management to review report formats. Any report format changes will be made in conjunction with approval from the WRCOG's management.

11. Work Plans:

The detailed work plans will be designed to efficiently and effectively address the audit requirements of the WRCOG in accordance with generally accepted auditing standards, to perform the audit of the WRCOG's financial records in a timely manner with minimal disruptions to office operations, and to meet the WRCOG's timeline.

12. Adjusting Journal Entries:

We will discuss and explain proposed audit adjusting entries with the WRCOG's designated Finance Department personnel prior to recording. Audit adjusting entries will be provided in a format showing the lowest level of posting detail needed for data entry on the WRCOG's general ledger system.

13. Listing of Schedules and Tables (anticipated to be prepared by the WRCOG):

Based on preliminary inquiries made with management and WRCOG staff and review of documents, we will tailor a list of schedules, tables, and other reconciliations required for the audit. We will take into account as much as possible reconciliations already prepared by the WRCOG for day to day operations and reporting, as well as any reports that are system generated to limit the need for additional WRCOG staff hours.

The following is a listing of significant reconciliations and schedules that we would normally expect the WRCOG to provide to us in assisting us in conducting our fieldwork.

- Trial Balance
- Annual Comprehensive Financial Report/BFS and Account Roll Up Schedule
- Budget to Actual Reports
- Bank Reconciliations
- Listing of manually prepared journal entries posted
- Summary of Investments held by the WRCOG
- Capital Asset Schedules
- Long Term Debt Schedules
- Debt amortization schedules and Calculations of deferred amounts
- Calculations of any debt covenants amounts or percentages
- Schedule of Operating Leases
- Analysis of Deferred Inflows of Resources and Deferred Outflows of Resources
- Reconciliation of Receivables to subsidiary ledgers
- Calculations for Estimate of Allowance for Uncollectible Accounts
- Loans Receivable Schedules
- Reconciliation of Significant Revenue Accounts
- Fee schedules
- Compensated Absences Schedules and Copies of Related Policies
- Claims Payable schedules
- Pension and OPEB Roll Forward and Supporting Schedules
- Supporting schedules for the WRCOG's significant cost allocations
- Interfund Transaction Schedules

Use of Technology in the Audit

The Firm maintains a variety of specialized software packages during the audit that enable us to perform an efficient, thorough, and timely audit and keeping time demands on WRCOG staff to a minimum.

Trial Balance Management and Financial Statement Preparation

ProSystem Fx Engagement allows us to import and manage multiple years of trial balance data including budgetary information, create multiple account groupings, generate reports, post journal entries proposed during the audit (including GASB 34 conversion entries), and link information directly to the financial statements. This gives us the ability to:

- Generate immediate trend and other comparative analysis of trial balance and budget data prior to the start of the audit. This allows us to identify potential issues and make inquiries early in the audit
- Link the financial statements and footnotes prior to the start of the audit allowing us to have majority of the financial statements (including budgetary comparison schedules and other supplementary information) prepared at the time the trial balance is uploaded
- Audit adjustments or WRCOG adjustments provided during the audit are automatically reflected in the financial statements

Audit Request Management and Document Exchange

CCH Engagement Organizer (“Organizer”) is a virtual “Prepared by Client (PBC) List” that streamlines the process of requesting, receiving, and keeping track of documents. The Organizer is an integrated cloud-based request list that helps to facilitate the engagement through more seamless collaboration between the Firm and our clients. By utilizing the Organizer, the WRCOG can do all of the following in one secure virtual environment:

- Attach files of any type to document requests
- Easily track the status of document requests that are either pending, completed by the WRCOG, accepted by us, or rejected by us
- Access templates and documents from us that require completion
- Have multiple WRCOG staff get involved and assist in the audit process
- Participate in a dialog with us for questions and notes

Especially with having to perform a large part of the audit remotely in 2020, and anticipated for the upcoming year, we have found that the use of the Organizer has helped our clients be always informed as to the status of their audit, and not be surprised with new requests or follow up on outstanding requests previously provided.

Computer Aided Audit Tools (CAATs)

The Firm’s data analytics software enables our Engagement Team to perform more than 150 Computer Aided Audit Tools (or “CAATs”). CCH Teammate Analytics gives us the ability to perform advanced data analysis and increase efficiency. By utilizing this software, we can:

- Immediately visualize and analyze 100% of account populations with graphs, charts and statistics to identify anomalies
- Make fewer sample selections that are targeted to problematic areas
- Quickly analyze transactional data for:
 - Duplicate records
 - Missing transactions
 - Transaction sequence
 - Unusual items
- Compare excel worksheets for changes or differences
- Generate immediate testing samples
- Perform regression analysis
- Filter and extract data from WRCOG reports

Audit Planning, Risk Assessment, and Audit Programs

Our firm utilizes CCH Knowledge Coach, which is an expert system that adapts and customizes our audit approach specifically based on the WRCOG's structure, operating environment, specific transactions, and identified risks or matters to be addressed in the audit. The software is frequently updated for new industry trends and audit requirements. Included in the software is a continuous diagnosis of audit forms that identifies missing information, procedures, or any conflicts that need to be addressed prior to issuance of the audit report. We have found that this audit tool greatly benefits our audit clients in the following ways:

- Removal of standardized audit steps and procedures that do not add value to the audit
- Targeted audit procedures focusing on risks and accounts specific to the WRCOG's operations
- Audit is always performed in accordance with audit standards especially the risk assessment standards
- Maximizing audit efficiency having less WRCOG staff time dedicated to gathering information or responding to inquiries by focusing on material issues
- Automatic self-diagnostics ensure no audit steps are missed, guaranteeing a quality audit

Research Tools

We maintain multiple research software packages that are always kept up to date to ensure compliance with accounting and auditing standards, and are also a resources for us to provide guidance to our clients. In addition to accounting and audit literature, we have access to interactive disclosure checklists that include sample footnote disclosures and financial statements.

Firm's Capability to Work Remotely

Due to the COVID-19 pandemic, we have had to adapt to a new environment that had brought on challenges for both our clients and our firm, which we were able to overcome successfully and continue to discuss with our clients on improvements we can make for addressing any concerns. Remote auditing has not been new to our firm, as we had already implemented remote auditing procedures for a few of our distant clients. Below are the policies and methods we used to address limitations created by the pandemic, which we plan to continue to incorporate partially or completely in future contract periods, if these are preferred to the traditional audit process:

- Staff Interviews and Meetings are conducted via video conferencing software (either Zoom or other software used by the WRCOG).
- Earlier transmission of documents needed for the audit – We have always provided our request list for the audit timely, however we have found that additional time may be needed by WRCOG staff in gathering documents necessary for the audit; so we plan on providing the WRCOG with a complete list of documents for all phases of the audit no later than one month prior to the start of the interim fieldwork.
- More frequent and timelier communication – We have found that due to not having on-site presence, communication for the audit needs to be more intentional:
 - We request that certain documents that will be used to make samples (expenditure reports, census data, revenue detail, journal entry listings, other) be provided one week prior to our fieldwork start date. This allows more time for testing selections that we will need to be provided to us during our fieldwork time.
 - The CCH Organizer that we use for exchanging files described in detail on page 26, is updated frequently and displays the status of all requests during the audit. Documents will either be classified as pending, completed, accepted, or rejected.
 - As needed status meetings by video conference
 - Phone calls and/or emails can be made anytime to the audit team
 - After the end of interim and year end fieldwork, we will conduct an exit meeting to discuss the status of the audit, audit findings, new accounting pronouncements and any other topic significant to the audit to keep you informed as to what was accomplished and what are the pending matters.
- We understand that every agency operates differently and being flexible is important. With regard to reviewing documents for testing, we can review documents electronically if they can be scanned and uploaded, alternatively we can schedule a day visit to review them on-site provided there are mandates restricting a site visit and safety precautions are followed. If a site visit is needed, we would request documents be gathered for our review in advance to minimize our time needed to mitigate transmission risk.

If possible, we have found that being provided read-only access to the financial system and any other financial system used to store information relevant to the audit reducing WRCOG staff time needs, as the audit team is able to run reports and obtain information independently.

Audit Schedule

2022 Period	Audit Tasks
May	- Planning and Administration ▶ Review and obtain copies of key work papers of prior audit firm ▶ Entrance conference with WRCOG Management to discuss audit approach, timing, assistance, and issues ▶ Review and evaluate the WRCOG's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements ▶ Prepare overall memo to WRCOG confirming audit procedures, timing, and assistance ▶ Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by WRCOG staff, and provide it to WRCOG Management ▶ Send the Organizer to the WRCOG that will include all request items considered to be necessary for the audit
June	- Internal Control Evaluation ▶ Meeting with General Manager ▶ Attending Board of WRCOG meetings ▶ Meeting with off-site locations (if any) ▶ Meeting with key Finance Division personnel ▶ Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation ○ General ledger system ○ Budgeting system ○ Revenue, accounts receivable, and cash collections ○ Purchasing, expenditures, accounts payable, and cash disbursements ○ Payroll ○ Federal Financial Assistance ○ Other systems ▶ Identify control risks ▶ Evaluate IT control environment ▶ Perform testing of the internal control system and evaluate the effectiveness of the WRCOG's systems. Select large dollar and random samples of transactions in key operating systems. Sample size to meet required level for determined degree of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with WRCOG policies ▶ Conduct fraud assessment procedures ▶ Assess degree of risk for material misstatement ▶ Provide to the WRCOG's management a memo concerning management letter points and identify issues, if any ▶ Interim exit conference with WRCOG Management

2022 Period	Audit Tasks
June	- Other Tasks ▶ Review minutes of Board meetings and other key committees ▶ Perform preliminary substantive procedures, which would include tests of: ○ Vendor and contractor payments ○ Payroll expense ○ Pension and OPEB testing ○ Capital asset acquisitions ○ Journal entries ○ Retrospective review of accounting estimates ▶ Financial statement database management and other setup, in addition to drafting of all necessary report templates ▶ Coordinate with WRCOG staff and prepare of all appropriate confirmation requests including: ○ Bank accounts ○ Investment pool accounts ○ Accounts receivable ○ Federal grants ○ Revenue from governmental agencies ○ Bond and other debts ○ Pension plan ○ Attorney letters ○ Others, as required
August - September	- Final Field work ▶ Entrance conference with WRCOG Management ▶ Follow-up on all outstanding confirmations ▶ Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, board resolutions, minutes, and other documents, as required ▶ Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual ▶ Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing WRCOG staff ▶ Perform review of subsequent events by discussions with WRCOG Management and update all minutes of WRCOG Board and key committees ▶ Exit conference with District Management

2022 Period	Audit Tasks
October	- Audit Reports ▶ Complete preliminary drafts of financial statements ▶ Prepare other reports as required ▶ Provide drafts of reports to WRCOG Management for review
November	- Provide revised final drafts of all required reports to the WRCOG for approval
December	- Final Audit Reports, Financial Statements and other reports delivered

Estimated Hours by Audit Phase

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	7	18	12	3	40
Audit Manager	6	28	31	5	70
Audit Senior	12	45	48	7	112
Professional Audit Staff	-	78	71	9	158
Administrative Assistant	5	8	-	7	20
Total	30	177	162	31	400

Discussion of Relevant Accounting Issues

Identification of Anticipated Potential Audit Problems

We do not anticipate that there will be any audit problems at the WRCOG. However, the following are some areas that we will carefully investigate and monitor during our audit procedures:

- Financial Reporting:
 - Review and evaluate that the WRCOG's Annual Comprehensive Financial Reports are in compliance with current reporting and disclosures requirements issued by the GASB and GFOA
 - Review Annual Comprehensive Financial Reports for financial reporting conformance awards issued by CSMFO and GFOA
 - Review and evaluate degree of compliance with the various GASBs in effect.
 - Review degree of compliance with infrastructure obligations and regulatory provisions
- Internal Control Structure:
 - Review and evaluate the WRCOG's internal control functions and ascertain compliance with proper internal control philosophies
 - Review computer system processes and controls and evaluate adequacy of the control environment

Several new GASB pronouncements will become effective over the time period of this proposal. As such, specific attention will be provided to determine the proper implementation of these new pronouncements. A list of known new pronouncements with implementation dates that fall within this proposal period are as follows:

2022

- Statement 87 – Leases
- Statement 89 – Construction-period Interest
- Statement 92 – Omnibus (multiple effective date)
- Statement 93 – LIBOR Removal and Lease Modifications
- Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

2023

- Statement 91 – Conduit Debt
- Statement 94 – Public-private Partnerships
- Statement 96 – Subscription-Based Information Technology Arrangements

Comprehensive Cost Bid

Schedule of Professional Fee

Service	2022 Hours	2022	2023	2024	2025 Optional Year	2026 Optional Year
Financial Statements Audit	253	\$ 23,345	\$ 24,100	\$ 24,925	\$ 24,925	\$ 24,925
Riverside County Habitat Conservation Agency	147	13,625	14,000	14,330	14,330	14,330
Total	400	\$ 36,970	\$ 38,100	\$ 39,255	\$ 39,255	\$ 39,255

Position	2022		2023		2024		2025		2026	
	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates
Partner	40	\$ 150	38	\$ 165	36	\$ 170	36	\$ 170	36	\$ 170
Audit Manager	70	120	65	125	63	130	63	130	63	130
Audit Senior	112	85	104	95	101	100	101	100	101	100
Professional Audit Staff	158	75	147	85	143	95	143	95	143	95
Administrative Assistant	20	60	19	70	18	70	18	70	18	70
Total Hours	400		373		361		361		361	
Total Cost	\$ 36,970		\$ 38,100		\$ 39,255		\$ 39,255		\$ 39,255	

Manner of Payment:

Each Engagement Team member maintains detailed time sheets describing work performed, date of work, and amount of time spent on each task for the Engagement. The Firm will bill the WRCOG after completion of each phase of the audit and bill the WRCOG up to a maximum of 90%. The remaining 10% of the proposal amount will not be due until all final reports are delivered and accepted by the WRCOG. The WRCOG can anticipate three billings as follows:

Work Performed	% of Proposal Amount
For interim work	45%
For year-end work	45%
At presentation and acceptance of final reports	10%
Total	100%

Rates for Additional Professional Services:

Any services outside the scope of our engagement will be promptly identified before the services are rendered. Upon mutual agreement, the out-of-scope services will be separately billed at our standard hourly rates. While it can be difficult to simply state hourly rates, as often times the needs of the client and the specific tasks directly impact the billing rates for our services, we want to provide the following information regarding our published billing rates:

Position	Hourly Rate
Partner	\$ 200
EQR	200
Manager	150
Senior	125
Staff	100
Admin.	75

Our Standard Hourly Rates are adjusted annually by 3% for Cost of Living and Inflation Adjustments

Conclusion

A client relationship with the WRCOG will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the WRCOG. We are committed to:

- Rendering the highest standard of service
- Developing a long-term working relationship dedicated to meeting the needs of the WRCOG
- Assisting the WRCOG in operational issues
- Producing a quality end-product

We have the technical qualifications and experience to provide the level of service desired and expected by the WRCOG and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the WRCOG and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.

Appendix A

References

- 1) San Gabriel Valley Council of Governments
 - Scope of Work: Annual Financial Report, Alameda Corridor - East Project ("ACE")
 - Date of Service: Fiscal years ended June 30, 2021 - Present
 - Engagement Partner: Ahmed Badawi (2021 - Present)
 - Address: 4900 Rivergrade Road, Suite A120, Irwindale, CA 91706
 - Principal Contact:
Mr. Rey Alimoren,
Director of Finance
(626) 962-9292
ralimoren@sgvcog.org
- 2) Florin Resource Conservation District/ Elk Grove Water District
 - Scope of Work: Annual Comprehensive Financial Report
 - Date of Service: Fiscal years ended June 30, 2015 - Present
 - Engagement Partner: Ahmed Badawi (2015 – 2019), Mitesh Desai (2020 - Present)
 - Address: 9257 Elk Grove Boulevard, Elk Grove, CA 95624
 - Principal Contact:
Mr. Patrick Lee
Finance Manager / Treasurer
(916) 685-3556
plee@egwd.org
- 3) Solano County Water Agency
 - Scope of Work: Annual Comprehensive Financial Report
 - Date of Service: Fiscal years ended June 30, 2020 - Present
 - Engagement Partner: Ahmed Badawi
 - Address: 810 Vaca Valley Parkway, Suite 203, Vacaville, CA 95688
 - Principal Contact:
Mr. Roland Sanford
General Manager
(707) 455-1103
rsanford@scwa2.com
- 4) Hayward Area Recreation and Park District
 - Scope of Work: Annual Financial Report, Measure F1
 - Date of Service: Fiscal years ended June 30, 2017 - Present
 - Engagement Partner: Ahmed Badawi
 - Address: 1099 E Street, Hayward, CA 94541
 - Principal Contact:
Ms. Janelle Cameron
Administrative Services Director
(510) 881-6707
camj@haywardrec.org
- 5) Port of San Luis Harbor District
 - Scope of Work: Annual Comprehensive Financial Report, SAS114.
 - Date of Service: Fiscal years ended June 30, 2017 - Present
 - Engagement Partner: Mitesh Desai
 - Address: 3950 Avila Beach Drive, Avila Beach, CA 93424
 - Principal Contact:
Ms. Kristen Stout
Business Manager
(805) 595-5413
kristens@portsanluis.com

Appendix B Exceptions to the Contract

With regard to the sample contract, "Western Riverside Council of Governments Professional Services Agreement", we would like the following items to be edited:

3.5.3.1 Documents & Data; Licensing of Intellectual Property, we would like to edit the paragraph as follows:

3.5.3.1. Documents & Data; Licensing of Intellectual Property. Unless such property is proprietary in nature, this agreement creates a non-exclusive and perpetual license for WRCOG to copy, use, modify, reuse, or sub-license any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data").

Attachment

RFP 22-02 Financial Auditing
Services Technical Proposal
RAMS



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

MARCH 4, 2022

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR
FINANCIAL AUDITING SERVICES
RFP No. 22-02

FOR THE FISCAL YEARS ENDING JUNE 30, 2022, 2023 AND 2024
(WITH THE OPTION OF TWO ADDITIONAL FISCAL YEARS)

CONTACT PERSONS:
TERRY SHEA, CPA
terry@ramscpa.net

SCOTT MANNO, CPA, CGMA
smanno@ramscpa.net

P: 909.889.0871
F: 909-889-5361

Terry Shea, Partner, is authorized to represent the firm, empowered to submit the bid and authorized to sign a contract with the Western Riverside Council of Governments.

PREPARED BY
ROGERS ANDERSON MALODY & SCOTT, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, CA 92408

LICENSE #2596
FEIN 95-2662063

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

March 4, 2022

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MEMBERS

American Institute of
Certified Public Accountants

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for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



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Dear Evaluation Committee:

We are pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for a proposal regarding professional auditing services. As a recognized industry leader and innovator, our goal for the past 74 years has been to provide honest, objective and high-quality results to all our clients, including governmental organizations such as yours. Our success in these efforts is witnessed by the continued organic growth of our firm and our list of long-term clients, some we have served for over 20 years.

At RAMS, we are committed to achieving the highest quality audit possible. We understand the complexity of performing governmental audits and that is why we have a *dedicated team of auditors* that possess the specialized knowledge and experience to help ensure our audits are planned and executed in a way that maximizes audit efficiency and effectiveness and provides you the highest quality services.

We are aware that the Western Riverside Council of Governments (WRCOG) will be reviewing other proposals during this process, but we believe that RAMS would be an exceptional choice for the audit for the following reasons. Our firm:

- Utilizes *Teammate Analytics*, a suite of more than 200 Computer Aided Audit Tools (CAATs). This software empowers our audit teams with the ability to perform powerful, meaningful data analysis which builds upon our other robust, substantive audit procedures. This value-added service also helps to identify specific transactions or amounts which may be indicative of fraud.
- Performs an intelligent, risk-based audit (using our CAAT) which enables us to focus on key audit areas allowing us to become more efficient resulting in a higher quality audit at a reasonable fee.
- Currently provides auditing services to over 70 governmental agencies and not-for-profit organizations, including over 35 special districts and 30 cities, most of which have enterprise activities.
- Developed a comprehensive remote working environment for our audits. All our staff currently have the most advanced tools for working remotely in an effective and efficient manner allowing us to still provide a quality audit. Our ultimate goal is to continue to meet your needs, but in a safe environment.
- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service with high quality reporting to our clients.

- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.
- Understands the audit process can be a stressful experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit. We make every effort to ensure the audit process, from the interim fieldwork to the preparation of any required financial reports, will be as trouble-free as possible for you and your staff. We accomplish this by comprehensively planning the audit and utilizing our staff and audit technologies in the most efficient and effective manner while keeping disruptions and miscommunications to a minimum.
- Has audit team members that are personable and easy to work with, yet still focused on the audit. Through open and responsive communication with all parties involved in the audit process, we work to have the most efficient audit possible by minimizing operational distractions of your staff, while maximizing quality service.
- Has an extensive internal quality control review process to ensure your financial reports meet the highest standards. In addition to the preparation of financial reports by the engagement team and reviewed by the engagement manager, *each report is also examined by 2 partners and at least 1 professional proofreader.*
- Has assisted many of our clients with the preparation of their Annual Comprehensive Financial Reports, and all our clients that have submitted their reports for the Government Finance Officers Association (GFOA) or California Society of Municipal Finance Officers (CSMFO) awards have received the awards. Our participation as a GFOA reviewer also indirectly benefits our clients in the quality review process.
- Believes that our fee estimate provides a fair and reasonable investment, commensurate with level of service provided and the experience of the audit team members. While we may not be the lowest bidder, that is not our objective. We focus on delivering the best value and price our prospective engagements accordingly.
- Is a local Southern California firm. All our employees live, work, and shop in the region, allowing our local cities to benefit from our sales and property taxes.

As you will see from our proposal, it was prepared in a clear, concise and simple manner in accordance with the request for proposal. We feel our firm, staff and reputation as a leader in governmental auditing exceeds the need for the excess information you may see in other proposals.

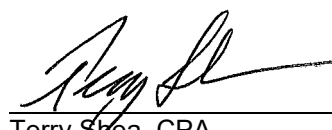
Rogers, Anderson, Malody & Scott, LLP is properly licensed to practice in California, including all the assigned professional staff to the engagement. Mr. Shea (CA License #45615), Partner, and Mr. Manno (CA License #80428), Partner, are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract with WRCOG. We understand the work to be done as listed in the section of this proposal titled *Financial Audit Services to be provided*. This is a firm and irrevocable offer for sixty (60) days.

We can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909) 889-0871, smanno@ramscpa.net or terry@ramscpa.net.

Thank you for the opportunity to present our proposal to WRCOG. We will be committed to exceeding your expectations of an auditor and believe this proposal provides you with information about our firm, the service team members and our customized audit approach. We look forward to having a long and mutually beneficial relationship with WRCOG. Please feel free to contact us if you have any questions regarding this proposal.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Terry Shea, CPA
Partner

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR PROFESSIONAL FINANCIAL AUDITING SERVICES

License to practice in California

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. Our key professional staff, which includes the partners, managers, and supervisors, are all certified public accountants licensed to practice in the State of California and follow all applicable Board of Accountancy standards.

Independence

Rogers, Anderson, Malody & Scott, LLP is independent of WRCOG and any component units, as defined by general standard number two of the generally accepted auditing standards, and by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards*.

Firm capabilities

About our firm

We are a local firm founded in 1948 and located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We provide a full range of services as expected of a full-service accounting firm. We are one of the oldest, most trusted and respected CPA firms in Southern California, with over 73 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting, and management advisory services. Over *sixteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment successor agencies, water districts, other special districts, not-for-profit corporations, and joint power authorities. We do not use our government accounting and auditing practice as "fill work" for the firm, it is one of our primary focuses thus allowing us to provide quality services to local governments.



We understand your desire to engage auditors that have a thorough understanding of the ever-changing complex accounting and compliance issues confronting governments today. Our firm has an extensive history of governmental accounting and auditing. During that time, we have gained valuable experience, acquired an in-depth knowledge of, and obtained the technical expertise needed to perform high quality governmental audits. This expertise has enabled us to provide exceptional, high-quality service and to provide solutions at fees we feel represent our value to our clients. In addition, we use our participation in various industry associations to continuously update our knowledge with respect to issues relating to governmental accounting, auditing, and operations. Any insight we gain is immediately passed on to our clients if we feel they will benefit from it.

Our firm has a total staff of thirty-one people, which includes fifteen certified public accountants. The staff consists of five partners, three managers, ten supervisors/senior accountants, eight staff accountants, and five support staff. The audit staff consists of twenty-one members who devote over 80% of their time to municipal engagements. The engagement team assigned to WRCOG's engagement will consist of the following full-time staff: one audit partner, one audit manager, one audit supervisor/senior, and two to three staff auditors. All personnel are out of our San Bernardino office.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Firm capabilities (continued)

Range of services

Our firm provides various other services in addition to auditing services to governmental entities, including:

- Internal control agreed upon procedures
- Finance director and accounting support services
- Study and evaluation of financial condition and fiscal policies
- Transient Occupancy Tax agreed upon procedures
- Franchise (refuse, cable) agreed upon procedures
- Accounting policies and procedures
- Cash management studies
- Financing and public bond offering assistance
- Franchise agreement assistance (ambulance, cable, television, refuse, etc.)

In addition, the firm provides accounting, auditing, attest, and consulting services to for profit and not-for-profit entities. We also provide tax preparation and tax consulting services to individuals, corporations, and partnerships. **We provide our municipal audit clients tax consultation at no extra charge.**

Governmental Audit Quality Center

As a member of the American Institute of CPAs *Governmental Audit Quality Center* (Center), we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for the quality of our governmental audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available. At RAMS, our goal is to continue to enhance our quality initiatives within our governmental audit practice to deliver the highest quality audit services possible.

In addition, the *Governmental Audit Quality Center* provides access to comprehensive resources that will assist us in further enhancing the quality of your audit. The Center membership provides us with timely information on a variety of technical, legislative, and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations which we pass on to our clients.

Single Audit experience

Most of our municipal clients, and some of our other governmental and not-for-profit clients, have been subject to an audit in accordance with *Uniform Guidance*. We recently performed single audits for the following entities:

Elsinore Valley Muni. Water District	City of San Bernardino
City of El Cajon	City of La Mesa
City of San Marcos	City of West Covina
City of Poway	City of Twentynine Palms
City of Fillmore	City of Woodlake
City of Exeter	City of Rosemead
City of La Verne	City of Hawthorne

Our specialized Single Audits Team is led by Managers and Supervisors with Intermediate and Advanced Single Audit Certifications issued by the AICPA guaranteeing a successful and thorough engagement.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Firm capabilities (continued)

ACFR preparation

We have extensive experience in the preparation of Annual Comprehensive Financial Reports (ACFR). For the fiscal years ended June 30, 2019 and 2020, our staff prepared over 20 ACFR's, with each entity receiving the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. For the fiscal year ended June 30, 2021, again, our staff prepared 29 ACFR's for our clients for submittal to the GFOA. In addition, we have helped many cities and special districts develop their first year's report for submittal. Two of our audit partners and four of our supervisory staff are technical reviewers for the GFOA award program. **In addition, we review all the ACFR's for compliance with the GFOA certificate program checklist, as well as addressing any prior year comments, if applicable, to insure they have been addressed.**

Engagement quality control

We have an extensive internal quality control review process to ensure your audit meets the highest standards. In addition to the preparation of financial reports by a senior member of the engagement team, each report is reviewed by the engagement manager/supervisor and then is examined by the engagement partner. Subsequently, a technical review is then performed by the engagement Quality Control partner along with being proofread by at least one professional staff. In addition, all audit workpapers are reviewed by the in-charge auditor and the partner in-charge of the engagement.

Equal Opportunity Employer

Our firm is an equal opportunity employer and is committed to providing employment opportunities to all qualified persons regardless of race, color, sex, religion, national origin or handicap. Our staff represents a wide range of cultures and ethnic backgrounds. We provide opportunities for advancement for all staff based on ability, skill and desire to advance.

Summary of Minority and Female Recruitment Efforts

Our firm maintains efforts to recruit and hire minority and female employees. The firm currently has 62% of female partners and managers, 30% are also considered minority.

Disciplinary action

The firm **has never** had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations, nor has it ever had any pending or settled litigation, civil or criminal investigations. In addition, we are not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

Our firm does not have a record of substandard work.

In addition to the external quality control review, our firm performs in-house monitoring procedures, which mirror the outside peer review procedures, over our audit and attest engagements annually.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Firm capabilities (continued)

External quality control review

As a member of the AICPA Private Companies Practice Section, our firm has participated in the "Peer Review" program since 1993 and has been examined every three years since that date by an outside, independent firm of certified public accountants. Participation in this program ensures that our engagements, firm policies, and audit procedures meet the standards of the AICPA, the Yellow Book, and the California State Board of Accountancy. Throughout our participation in this program, *the firm has only received pass ratings from the peer reviewers.*

During each review, an independent firm reviews our policies and procedures and then inspects a representative sample of engagement workpapers and reports, including governmental entities and engagements subject to the *Uniform Guidance*. For the year ended November 30, 2020, our firm received a rating of *pass* (the highest rating possible) which indicates our auditing practice is suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable standards. The results provide confirmation that the custom audit approach and procedures we use are technically sound and in compliance with applicable standards.

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

June 4, 2021

To the Partners of Rogers, Anderson, Malody & Scott, 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 Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 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 a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

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 Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 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*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.



GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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Princeville, HI 96722
888/769-7323

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Scope of work

Services to be provided

WRCOG desires the auditor to express an opinion on the fair presentation of the financial statements for the following: the Western Riverside Council of Governments and the Riverside County Habitat Conservation Agency (RCHCA) in accordance with generally accepted accounting principles. We will be committed to meeting any agreed upon time frames.

In addition, we shall:

- Prepare required financial statements, if requested.
- Apply certain limited procedures related to Management's Discussion and Analysis and Required Supplementary Information and provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules, if applicable.
- Provide opinions as to the compliance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance). RAMS is to provide an "in-relation-to" report on the Schedule of Expenditures of Federal Awards based on the auditing procedures applied during the audit of the financial statements.

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the most recent AICPA audit guide *Audits of State and Local Governments*.
- *Government Auditing Standards* issued by the Comptroller of the United States of America.
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance).
- *Minimum Audit Requirements and Reporting Guidelines for Special Districts* as prescribed by the State Controller's Office.
- Any other applicable standards for other items outlined in the Scope of Work to be performed and/or reports to be issued.

Reports to be issued:

- A report on the fair presentation of the Annual Comprehensive Financial Report (ACFR) in conformity with GAAP and Governmental Accounting Standards Board (GASB) pronouncements.
- A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* (material weaknesses or significant deficiencies).
- Prepare Management Letter that includes significant and less significant (i.e., reportable and non-reportable) recommendations for improvements to internal control.
- A report in compliance with requirements applicable to each major federal program and internal control over compliance in accordance with the *Uniform Guidance*.
- We will issue reports to those charged with governance (SAS 114 letters) as required by auditing standards.

RAMS will also perform the following:

- Make an immediate, written notification of all irregularities and illegal acts or indication of illegal acts of which we become aware to the following: WRCOG Management and Attorney.
- Prepare various financial reports and schedules of WRCOG's ACFR, including the Government-Wide Financial Statements, Fund Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, Supplementary Schedules, and portions of the Statistical Section.
- Review of all schedules, notes, etc. to ensure full compliance with all current GASB pronouncements.
- Review the ACFR for requirements of the Certificate of Achievement for Excellence in Financial Reporting from the Governmental Finance Officers Association (GFOA) under the ACFR award program.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach

Workpaper Retention

All working papers will be retained by RAMS for a minimum of seven years, unless the firm is notified in writing by WRCOG of the need to extend that period. We will respond to inquiries of successor auditors to review the working papers relating to the matters of continuing accounting significance.

Engagement approach

Our engagement approach for your audit will be developed, in part, by using established goals which will enable measurement of the audits progress by the engagement partner and lead auditor. This involves frequent communication between the partner and the engagement team to ensure that all audit objectives are achieved in accordance with our goals and that any issues which may arise are communicated and dealt with on a timely basis. In addition, our in-depth knowledge and expertise in governmental accounting and auditing has allowed us to identify key audit and accounting risks in the government environment. More importantly, the approach provides for a complete reassessment of the control environment in each year's audit and thus enables us to respond to any needed risk assessment changes.

Our engagement approach has been developed and refined over many years. The foundation of our approach revolves around the following:

- **Knowledge and experience.** We have been auditing governmental entities like WRCOG, both large and small, for over 74 years. This experience has allowed us to gain in-depth knowledge of the governmental environment which in turn allows us to perform a more efficient and effective audit. It also enables us to perform detailed risk assessment procedures allowing us to identify significant audit risk areas within WRCOG and its control environment.
- **Intelligent design:** As discussed later in our proposal, all our audits are designed to be intelligent using our powerful audit software/data analytic tools (Engagement and *Teammate Analytics*). This allows us to analyze large amounts of data in seconds increasing both the efficiency and, more importantly, the effectiveness of all our audit engagements.
- **Oversight.** Professional judgment is not developed overnight. Our partners, managers and supervisors have been deeply involved in governmental audits on a continuous basis for most of their professional careers. By having direct partner and manager oversight, we can design audit strategies that result in effective and efficient audits.
- **Timeliness.** Deadlines are not just "dates" to us, they are professional commitments. All required deadlines will be met.
- **Open communication.** Open lines of communication with all parties (the engagement team members and WRCOG Management and staff) throughout the audit process helps to eliminate "surprises." Proper planning and proper use of experienced engagement personnel tend to provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.
- **Availability.** All engagement team members are available throughout the year for any questions or additional consultation. WRCOG staff will have direct access to the partner, manager, and other supervisory staff at all times during the engagement, as well as after.
- **Cost effectiveness.** Our customized audit approach and procedures and our experienced auditors help to reduce your overall audit costs while still providing an effective audit and high-quality reports.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

As indicated in the previous section of the proposal, the overall objective of the engagement with WRCOG is to conduct an audit of the financial statements in accordance with required auditing standards and the expression of an opinion(s) on those financial statements. Beyond that initial objective, we believe that our engagement approach provides certain other value-added characteristics, at no additional cost, that will benefit WRCOG over the long-term:

- All our audits are designed to be performed in an efficient and effective way to minimize disruption to the office operations.
- We offer practical observations and recommendations relating to internal control issues, implementation of accounting standards and the policies and procedures regarding both.
- We identify opportunities for operating efficiencies which can be used to decrease operating costs of WRCOG.

Audit approach and proposed audit segmentation

The following is a summary of the audit team's audit approach for the engagement. The audit will be divided into the following segments:

Segment 1 - Interim testing - planning, pre-audit administration, and internal control testing

During this phase of the audit, our principal objectives will be to gather information about WRCOG and its environment, including its internal control over financial reporting.

To achieve the desired objectives of this phase of the audit, we will:

- Meet with WRCOG's staff to determine convenient dates in which we can begin our audit and to discuss the assistance to be provided by WRCOG's staff.
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of WRCOG's financial statements to material misstatement and fraud.
- Review and evaluate WRCOG's accounting and reporting processes by reviewing the prior year's audit workpapers, any Agency-prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of governance meetings, etc., and by using various analytical procedures. Analytical procedures will enhance our understanding of WRCOG and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to WRCOG.
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of WRCOG's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of WRCOG's personnel, and observing and reviewing key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Test controls, if control risk is to be assessed below maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation to determine whether the relevant controls are in place and functioning properly.
- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations. The letter will also include suggestions for improving the efficiency of WRCOG's operations.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

- Utilize our powerful audit data analytic software allowing us to analyze large amounts of data in seconds and focusing on areas/transactions that are red flagged.

In addition, we will perform the following procedures related to IT General Controls that “touch” financial data:

- *Security access (including physical) controls:* evaluate the general system security settings and password parameters; evaluate the process for adding, deleting, and changing security access; evaluate the access capabilities of various types of users; evaluate access controls to networks and financial applications; evaluate access controls related to data files; and evaluate physical access to networks, servers, etc.
- *Computer operations:* Evaluate backup and recovery processes and review processes of identifying and handling operational problems.
- *System development and system changes:* Evaluate processes related to system development and system changes (if applicable).
- *Application testing:* We will determine if the testing of application controls is deemed necessary based on our professional judgment in the planning stages of the engagement.

This phase of the engagement for the audit will be performed by the audit supervisor and two/three staff accountants with direct supervision by the audit manager and partner.

Segment 2 - Year-end testing - substantive testing

During this phase of the audit, our principal objectives will be to assess the risk of material misstatement at the financial statement level and specific assertions, design overall responses to assessed risks and further audit procedures, perform substantive tests, and complete the audit and evaluate audit findings, if applicable.

To achieve the desired objectives of this phase of the audit, we will:

- Identify significant risks and develop a detailed audit plan using the results in Segment 1.
- Design substantive tests of account balances designed and modified specifically for WRCOG’s operations and assessed level of risk. Substantive procedures will consist of testing material balance sheet accounts, material revenue and expenditure/expense accounts along with various analytical procedures as deemed necessary. In addition, various accounts may be confirmed with outside parties (cash, investments, etc.).
- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.

If any proposed audit adjustments are noted during this phase, we will discuss and explain them, in detail, with the appropriate level of management prior to posting.

This phase of the engagement for the audit will be performed by the audit supervisor and two/three staff accountants with direct supervision by the audit manager and partner.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

Segment 3 - Reporting - report preparation/audit conclusion (workpaper review)

During this phase of the audit, our principal objectives will be to evaluate whether the financial statements, taken as a whole, are free from material misstatement and form an opinion(s) and issue our report.

To achieve the desired objectives of this phase of the audit, we will:

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion(s).
- Review all audit workpapers to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.) and prepare drafts of all required reports by the agreed-upon dates.
- Conduct an independent review of the financial statement draft by the engagement's quality control partner and issue all reports by the agreed-upon dates.

This phase of the engagement will be performed by the audit supervisor and one staff accountant with direct supervision by the audit manager and partner. In addition, the engagement's quality control partner will perform a detailed quality control review of the financial statements.

The above procedures are a general list of procedures to be performed. After our initial review of WRCOG and our detailed risk assessment, we will customize the engagement and gear it towards the needs of WRCOG and the audit itself. In doing so, we will determine which procedures to perform relative to our risk assessment. All our audits are customized to each entity, helping to ensure a complete, effective, and efficient audit. The foundation of the above approach is based on open communication coupled with a strong knowledge of WRCOG's operations and detailed planning at the initial stages of the audit.

Our firm is dedicated to performing a timely audit engagement. Prior to the start of the audit, we will meet with WRCOG staff and decide on adequate timeframes, agreed upon by both WRCOG and us, for the performance of the audit and the release of the financial statements. *We will dedicate the necessary resources to meet any agreed upon time frames.*

Level of staff and approximate number of hours assigned to each segment

Segment	Partner	Manager	Supervisor	Staff	Total
Segment 1	2	5	8	46	78
Segment 2	4	8	12	60	111
Segment 3	5	7	11	14	61
Totals*	11	20	31	120	250

*= only includes WRCOG audit hours

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

Total anticipated budget

In accordance with the Request for Proposal for Financial Audit Services issued by WRCOG, Rogers, Anderson, Malody & Scott, LLP hereby submits the following all-inclusive maximum cost proposal (fixed cost):

Required items:	For the fiscal year ended June 30,				
	2022	2023	2024	Fee for optional additional fiscal year	
				2025	2026
1. Financial Audit of WRCOG	\$ 37,330	\$ 37,330	\$ 38,680	\$ 38,680	\$ 40,520
2. Financial Audit of RCHCA	20,575	20,575	21,300	21,300	22,300
3. Single Audit*	6,405	6,405	6,605	6,605	6,865
Total	\$ 64,310	\$ 64,310	\$ 66,585	\$ 66,585	\$ 69,685

* = for the first major program, each additional major program \$3,250.

Rates for additional professional services:

Position	For the fiscal year ended June 30,				
	2022	2023	2024	Fee for optional additional fiscal year	
				2025	2026
Partner	\$ 310	\$ 310	\$ 315	\$ 315	\$ 320
Manager	190	190	200	200	210
Supervisor	165	165	170	170	180
Senior accountant	145	145	150	150	160
Staff accountant	125	125	130	130	135

Sample sizes

Our sample sizes will be determined in accordance with the AICPA's *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment as permitted by Statement on Auditing Standards. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, our planned substantive testing and analytical procedures as well as our professional judgement.

We utilize our Computer Aided Audit Tools (CAAT) software, Teammate Analytics, to draw our audit samples. The software allows us to generate random samples, systematic samples, stratified samples, attributes samples as well as monetary unit samples (also called probability-proportional-to-size or dollar unit sampling).

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Intelligent audit technology

Our audits are designed to be intelligent using our powerful audit software tools (Engagement and Teammate Analytics). In addition, all audit team members are linked to each other using wireless connections which enables them to share information at an almost real-time speed. Below are some of the benefits of our audit technologies:

- ***We utilize Teammate Analytics, a suite of more than 200 dynamic Computer Aided Audit Tools (CAATs). This allows us to analyze large amounts of data in seconds. Using data received directly from WRCOG, we can perform the following: search for duplicate checks, detect transactions occurring on holidays/weekends or during unusual hours, perform Benford's Law analysis, and identify instances when a vendor has issued multiple invoices with sequential references along with many other tests. The software empowers our audit teams with the ability to perform powerful, meaningful data analysis which will build upon our other value-added services.***
- We can create our own analytical schedules allowing for easy analysis of current balances to prior year balance, current vs budget balance, thus reducing significant WRCOG staff time.
- Once your trial balances and financial statements are entered into our software, we can observe your financial statements in the field allowing us to notice any variances and address them immediately.
- We link the financial statement schedules directly to our audit software trial balances, and as a result, we can provide WRCOG with fund financial statements almost immediately after importing the trial balances.
- We can provide WRCOG with our audited trial balances which show the coding of the financial statement schedules for ease of review for WRCOG staff. These reports show each account coded to a specific financial statement line item/function as well as journal entries posted during the audit.
- We have the capability to perform effective and efficient audits remotely as well.

Analytical procedures

In order to properly utilize analytical procedures, industry background and knowledge are needed. With our firm's long history and qualified staff, we believe we have the necessary knowledge and experience to effectively apply analytical procedures. We will utilize analytical review procedures throughout our audit of WRCOG.

- During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine which areas may need additional analysis; we will also compare current year actual amounts to WRCOG's annual budget (both original and adopted).
- During the *final* phase of our audit, we will perform procedures like those mentioned above, as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Any significant variances are investigated further through inquiry and other substantive testing as deemed necessary until resolved to our satisfaction.
- Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of WRCOG, similar entities and the general economic environment. In addition, we may choose to use various other analytical techniques such as trend analysis, etc.

Unlike other audit firms, we use analytical procedures to supplement our substantive testing, not supplant them.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

Understanding of internal control over financial reporting

Our approach to obtaining an understanding of WRCOG's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment*, *Risk Assessment*, *Control Activities*, *Information and Communication*, and *Monitoring*. We will use customized procedures which we have developed internally to evaluate your internal control systems. By combining our customized procedures and our detailed knowledge of WRCOG and its environment, we will be able to provide constructive feedback in areas we feel need improvement. In addition to our customized procedures, we will also perform the following:

Control Environment. Through inquiry of WRCOG's personnel, prompted by questionnaires, personal knowledge, and review of the minutes of the governing body meetings, we will obtain an understanding of management's and the governing body's attitudes, awareness, and actions concerning the control environment, focusing on the substance of the controls rather than their form.

Risk Assessment. Through inquiry of WRCOG's personnel and the use of questionnaires, we will obtain sufficient knowledge of WRCOG's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

Control Activities. Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on WRCOG's major transaction cycles. As mentioned above, we will test WRCOG's control procedures on which we intend to rely on for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs, and financial and management information systems will be analyzed during this process.

Information and Communication. Through inquiry of WRCOG's personnel, we will identify the major types of transactions engaged in by WRCOG. We will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records, and the manner of processing the transactions. Finally, we will obtain an understanding of WRCOG's financial reporting process used to prepare financial reports, including the approaches used in making accounting estimates and disclosures.

Monitoring. Through inquiry of WRCOG's personnel and the use of questionnaires, we will obtain sufficient knowledge of the major types of activities WRCOG uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

Approach in determining applicable laws and regulations

We understand the importance of laws and regulations in planning an audit of a local governmental entity and design all our audits to ensure we test transactions for compliance. As part of our audit process, our audit team will obtain an understanding of the laws and regulations that will have a direct and material effect on WRCOG's financial statements. In determining which laws and regulations are applicable to WRCOG's financial statement audit, we will consult the following sources:

- AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- California Government Code (investments, GANN limit requirements, etc.)
- Applicable State of California laws
- U.S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), latest revision
- Applicable contracts/grants of WRCOG
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance)

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance while continuing to refer to the applicable compliance guideline to ensure changes in compliance are not missed.

Effect of COVID-19 on our audits

The COVID-19 pandemic led to most of our audits being performed remotely in 2021. We were highly flexible with our clients and were able to perform almost all our audits remotely unless the clients requested a limited staff presence on-site. No matter how the pandemic continues to develop in California, we are prepared and able to continue serving our clients remotely, and even on-site with the appropriate precautions.

Auditing in a remote environment

The availability and use of technology has had a significant impact on the accounting and auditing profession, allowing us to provide professional services across longer distances and timelier than ever before. We have continued to evolve our ability to serve our clients remotely throughout the COVID-19 pandemic and have experienced new efficiencies for both auditor and auditee. We anticipate continuing to perform substantially all our audit work remotely and will work with WRCOG to maximize the remote efficiencies using technology. If WRCOG would like members of the audit team on-site, we will work with WRCOG management on determining an acceptable staffing level.

We maintain regular and routine contact with our clients throughout the audit planning, fieldwork, and conclusion phases of the audit with the use of email, phone calls, secure portals, video conferencing, project tracking schedules, and any other means necessary to ensure the timely completion of the audit by any agreed-upon deadlines. Our audit team is very responsive to our clients and we encourage our clients to connect with us throughout the year for any matters that may affect the audit or of a general accounting nature. We have found this to be mutually beneficial for both our clients and the annual audit work.

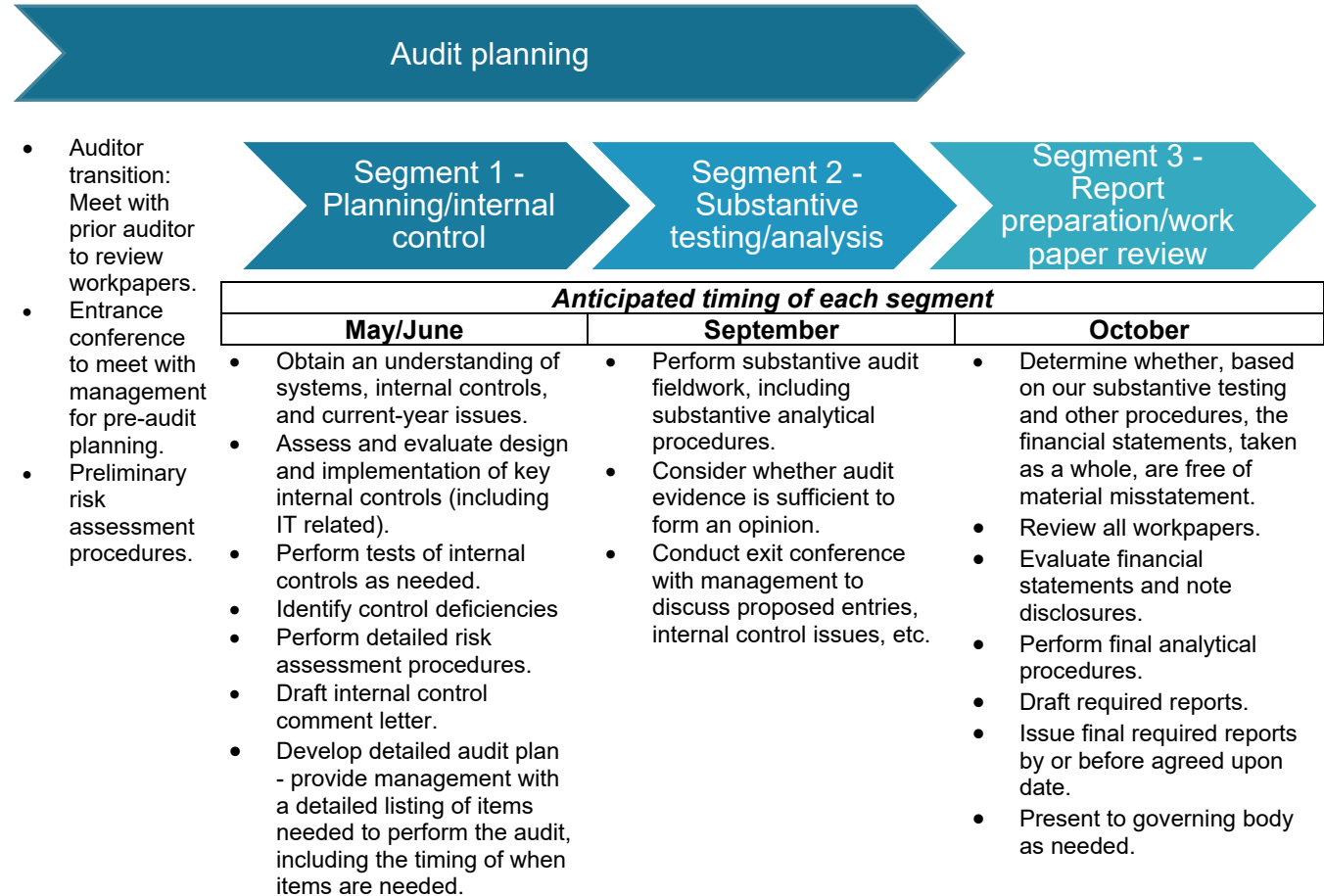
Remote auditing has many benefits some tangible, as listed above, others intangible. In performing remote audits, we are bettering our employee's quality of life by reducing wasted time, reducing traffic congestion on our local freeways while also helping to improve Southern California's air quality.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Specific audit approach (continued)

Proposed audit timing



WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

PROPOSAL FOR FINANCIAL AUDITING SERVICES

Identification of anticipated potential audit problems

Governmental Accounting Standards Board Statements (GASBS) implementation

One potential problem could be the implementation of any future GASBS. With our deep understanding of governmental accounting and auditing, constant training, and broad resources, we do not anticipate any issues during a GASB implementation. Our approach to any GASB statement implementation would be as follows: gain a thorough understanding of the pronouncement; determine applicability to WRCOG; if applicable, discuss the statement and how it will affect WRCOG with staff; and provide guidance to WRCOG staff on the accounting and financial reporting implications.

Covid-19 considerations

In addition, we will consider the following items related to the pandemic:

- Any changes in internal control procedures due to WRCOG staff working remotely, staff reductions, including related IT changes.
- Pandemic related grant funding (FEMA grants and CARES act funding received directly from the Federal government and amounts passed through from the State and/or counties).

Condition of records

Our proposed fee assumes the following: WRCOG will be adequately prepared for the audit and WRCOG's financial operations and working trial balance will be consistent from year to year. If, after we receive the working trial balances, we notice there are excessive new accounts over the prior year; or if there are excessive subsequent journal entries; prepared by client workpapers do not agree to the working trial balances, there are new funds/functions within WRCOG, etc., or other changes that necessitate a significant amount of time to address, we will need to come to an agreed upon change order to address any possible additional costs incurred by the firm. If the need for additional work comes to our attention, we will immediately notify WRCOG staff. If you choose to have us perform the additional work, then such work will be performed at the same hourly rates applicable to the audit and set forth in an addendum to the contract between WRCOG and our firm.

Management is also responsible for the implementation of new standards issued by the Governmental Accounting Standards Board. We will provide reasonable assistance in the preparation of the items noted herein, but any significant time needed to complete the financial statements will be billed separately.

Our proposed fee is also dependent on all items requested at the pre-audit meeting being completed in the format requested or in a mutually agreed upon format and uploaded to the Engagement Organizer hosted by our firm.

References

Entity: *Elsinore Valley Municipal Water District*

Scope of Work: Financial Audit/ACFR*
Date: Years ending June 30, 2015 - present
Engagement partner: Mr. Brad Welebir
Total hours: 350 hours each year
Contact Person: Mr. Robert Hatrwig, Asst. General Manager Admin Services,
 (951) 674-3146

Entity: *Rubidoux Community Services District*

Scope of work: Financial Audit
Date: Year ending June 30, 2016 - present
Engagement partner: Mr. Scott Manno
Total hours: 250 hours each year
Contact person: Mr. Brian Laddusaw, Director of Finance, (951) 684-7580

Entity: *Beaumont-Cherry Valley Water District*

Scope of work: Financial Audit/ACFR*
Date: Years ending December 31, 2018 - present
Engagement partner: Mr. Scott Manno
Total hours: 250 hours each year
Contact person: Mr. William Clayton, Senior Finance and Administrative Analyst,
 (951) 845-9581

* = received GFOA award.

Project Team Staffing

The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement, and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental and not-for-profit entities operate. This experience is a critical component in providing WRCOG with an effective and efficient audit.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental accounting and auditing along with a broad business perspective. Each member will have access to a wide range of technical resources and knowledge bases which will enable them to provide WRCOG with practical observations and effective solutions.

Partner and supervisory staff involvement

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory staff involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end fieldwork, thus facilitating a proper, efficient, and effective audit, with minimal disruption of your staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of the entire entity's accounting processes and procedures. This understanding will enable them to evaluate and develop opportunities for efficiency, as well as offer practical and functional advice for improving your accounting processes and procedures.

All professionals on this engagement have worked on audits similar in nature to WRCOG's, therefore, WRCOG will not have to train our engagement team.

Staff continuity

Continuity of audit staff is a principal concern with our firm. To retain our staff, we offer extremely competitive wages, opportunities for advancement, generous medical packages, a retirement plan, bonus opportunities, as well as educational benefits. Even with the benefits we provide, we realize we may lose staff at any given time. Knowing this, we plan to provide staff continuity from year to year, which is in the best interest of WRCOG and our firm. Continuity ensures an orderly, efficient, and less disruptive audit experience. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff, and specialists, may be changed if those personnel leave the firm or are promoted. **However, WRCOG reserves the right to accept or reject replacements.**

We believe that due to the significant involvement of the partners on all our engagements, any staff transition would have a minimal effect on the audit efficiency and effectiveness of subsequent years.

Continuing professional education

Our team of auditor specialists stays current in this highly technical practice area by adhering to, and typically exceeding, the continuing professional education requirements of *Government Auditing Standards* as well as the State Board of Accountancy guidelines. All professionals at our firm participate in continuing professional education (CPE) programs, which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers and the Association of Government Accountants. Participation in these programs helps us to ensure that our clients are serviced with the best trained and most proficient government auditors and accountants available. In addition, we periodically provide in-house training taught by our partners and senior level staff using published resources. All staff are required to attend fraud and ethics training. It is our goal to provide our professional staff continuing education which exceeds the minimum standard of 80 hours over two years.

Project Team Staffing (continued)

In accordance with our firm's Quality Control document and *Government Auditing Standards (GAS)*, all staff members who work on audits subject to GAS are required to complete CPE in accordance with GAS standards which require 24 hours directly related to governmental accounting and auditing.

In addition to the required CPE, we also use the following to increase our technical knowledge: view the Governmental Audit Quality Center Annual Webcast Update and other relevant seminars and review monthly publications from the AICPA, the GFOA, and various other resources. We also attend conferences and seminars sponsored by the GFOA, California Society of Municipal Finance Officers, California State Society of Certified Public Accountants and the California Special Districts Association.

Assigned personnel

It is our goal to provide you with capable, competent, and personable individuals who offer an extensive background, not only in governmental accounting and auditing, but also in general business practices. By doing so, it allows us to offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental accounting and provides you with the support you need in dealing with the complex issues confronting entities such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide WRCOG with a comprehensive audit of the highest quality, while still focusing on personal service. The resumes of the key engagement personnel assigned to the audit are presented below. The following individuals will be assigned to the engagement for the entire contract period (see staff *Continuity section* of this proposal):

Terry Shea, CPA – Partner, Engagement Partner

Mr. Terry Shea, CPA, is a municipal audit partner with the firm and will be the engagement partner. Mr. Shea has been in public accounting for 35 years serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. He will review all work-papers prepared during the engagement, in addition to all required reports.

Mr. Shea has assisted the following cities in their endeavors to obtain the CSMFO and/or GFOA awards for outstanding financial reporting: City of Redondo Beach, City of San Marcos, City of Poway, City of El Cajon, City of La Verne, the Ventura Regional Sanitary District, the City of Norco, United Water Conservation District and the City of Twentynine Palms.

Scott W. Manno, CPA, CGMA – Partner, Concurring Partner

Scott is a municipal audit partner with the firm. He is licensed to practice as a certified public accountant in the State of California. He has been in public accounting for over 25 years specializing in serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Scott will directly oversee all engagement staff while assisting in planning and performing the engagement, as well as reviewing all work-papers prepared during the engagement, in addition to all required reports. Scott is a working partner and will be actively and continually involved in all aspects of the engagement.

Project Team Staffing (continued)

Gardenya Duran, CPA, CGMA – Manager

Ms. Gardenya Duran, CPA, is a manager with the firm. Gardenya is licensed to practice as a certified public accountant in the State of California. She has over 12 years of public accounting experience. She has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. She will be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

Staff level accountants

All staff accountants employed by us and working on governmental audits are qualified to perform such audits. Prior to “audit season”, our staff are subject to a rigorous training regimen in which we go over all aspects of our audit process and audit programs ensuring staff members have a solid foundation prior to starting fieldwork. Each staff member is encouraged to take on increased responsibility for engagements previously worked on. This enables our staff to grow on each engagement and allows them to continue to gain the skills and knowledge required to perform the audits.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service that you will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible -- the professionals assigned to the audits have previously worked together as a multi-disciplined team, thus ensuring a smooth, efficient, and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with WRCOG.

Full engagement team resumes are provided as follows.

Project Team Staffing (continued)

Engagement team resumes



Terry P. Shea, CPA
Engagement Partner

Professional experience

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent five years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined Rogers, Anderson, Malody & Scott, LLP in 1987 where he has completed governmental audits including municipalities and provided financial consulting services for various cities.

Education/licenses

Bachelor of Arts degree from California State University, Fullerton
Certified Public Accountant - State of California

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Twentynine Palms Water District	East Valley Water District	Crestline Village Water District	Pine Cove Water District
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Triunfo Water and Sanitation District
West Valley Water District	Helix Water District	Vista Irrigation District	Idyllwild Water District
Crestline-Lake Arrowhead Water Agency	Running Springs Water District	Ventura Regional Sanitary District	Rubidoux Community Services District

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for one Riverside County city and one Los Angeles County city.

Continuing professional education

Mr. Shea has completed over 120 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- ◆ Foundations in Governmental Accounting
- ◆ Governmental and Not-for-Profit Conference
- ◆ Governmental Auditing Skills
- ◆ Audits of State and Local Governments

Professional affiliations

Mr. Shea is a member of the following professional organizations:

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

Project Team Staffing (continued)

Scott W. Manno, CPA, CGMA
Concurring Partner



Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995 after serving honorably in the United States Army. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various not-for-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001. Currently, Mr. Manno serves as a technical reviewer for the GFOA ACFR Award program. Since 2010, Mr. Manno has been serving as a technical volunteer on the California Special Districts Association Audit Committee and is also on the Association's fiscal committee providing accounting and fiscal program guidance. Also, Mr. Manno has done presentations on fraud.

In addition, he is part of the California State Society of Certified Public Accountants Governmental Accounting and Auditing Committee which meets periodically to discuss current events, pronouncements, etc.

Education/licenses

Bachelor of Science degree from California State University, San Bernardino
Certified Public Accountant - State of California
Chartered Global Management Accountant - American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Western Municipal Water District	East Valley Water District	Crestline Village Water District	Pine Cove Water District
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Triunfo Water and Sanitation District
West Basin Water District	Helix Water District	Mojave Water Agency	Idyllwild Water District
Chino Basin Desalter Authority	Running Springs Water District	Ventura Regional Sanitary District	Rubidoux Community Services District

Mr. Manno has completed over 170 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ Audits of State and Local Governments
- ◆ Government Accounting and Auditing Update
- ◆ OMB Supplement Addendum and Latest Covid-19

Professional affiliations

Mr. Manno is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
 - ◆ California Society of Certified Public Accountants (CalCPA)
 - ◆ Association of Government Accountants (AGA)
 - ◆ Association of Certified Fraud Examiners (ACFE)
 - ◆ Government Finance Officers Association (GFOA)
 - ◆ California Special Districts Association (CSDA)
 - ◆ California Society of Municipal Finance Officers (CSMFO)
- Engagement team resumes

Project Team Staffing (continued)



Gardenya Duran, CPA, CGMA
Manager

Professional experience

Mrs. Duran joined Rogers, Anderson, Malody & Scott, LLP in June 2010. She works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Currently, Mrs. Duran serves as a technical reviewer for the GFOA CAFR Award program. Prior to joining our firm, she was an Information Systems Technician in the U.S. Navy for nine years.

Education/licenses

Bachelor of Science degree from California State University, San Bernardino
Certified Public Accountant – State of California
Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

West Basin Water District	United Water Conservation District*
Triunfo Sanitation District*	Mission Springs Water District
Western Riverside Council of Governments	City of Thousand Oaks*
Western Municipal Water District	Saticoy Sanitary District
Upper San Gabriel Municipal Water District	Chino Basin Desalter Authority
Ventura Regional Sanitation District	San Bernardino Valley Municipal Water District

Continuing professional education

Mrs. Duran has completed 120 hours of continuing professional education courses in the past three years of which the following select courses are relevant to this engagement:

- ♦ Thomson Reuters, *Audits of State and Local Governments*
- ♦ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ♦ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- ♦ American Institute of Certified Public Accountants, *Applying A-133 to Nonprofit and Governmental Organizations*

Professional affiliations

Mrs. Duran is a member of the following professional organizations:

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

Company Overview

Official Registered Name: Rogers, Anderson, Malody & Scott, LLP

DUNS Number: N/A

Primary SIC Numbers: 872

Secondary SIC Numbers: 8721

Address: 735 E. Carnegie Drive, Suite 100
San Bernardino, California 92408

Telephone Number: 909-889-0871

Fax Number: 909-889-5361

Primary Contact: Terry Shea, Partner

Terry Shea is authorized to represent the firm, empowered to submit the bid and authorized to sign a contract with WRCOG.

Attachment

RFP 22-02 Financial Auditing
Services Technical Proposal
The Pun Group

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

Kenneth H. Pun, CPA, CGMA

Managing Partner
200 E. Sandpointe Ave., Suite 600, Santa Ana, CA 92707
(949) 777-8801 | ken.pun@pungroup.com

PROPOSAL

Financial Auditing Services





Kenneth H. Pun
Founder & Managing Partner

WHY CHOOSE THE PUN GROUP LLP?

“ The Pun Group’s most valuable asset is its people and their deep experience that drives our every interaction with clients. ”

- Big firm expertise with small firm values
- Personal attention that utilizes technical expertise
- A unique collaborative, workable firm culture
- Innovation is embraced
- Achievable plans to move your organization forward

The Pun Group LLP is recognized for its professionalism, integrity, and providing clients with practical solutions tailored to the circumstances and issues. The WRCOG will receive a superior level of service and a quality audit.

Thank You!

Thank you for allowing us to submit our qualifications to provide you with Financial Auditing Services.

The Pun Group, LLP

The Pun Group LLP
Certified Public Accountants and Business Advisors

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The Pun Group Wins 2022 “Best of Accounting” Award



The Pun Group is proud to have won 2022's Best of Accounting® award from ClearlyRated. ClearlyRated recognizes the best in staffing, accounting, and other professional services by recording Net Promoter Scores® (NPS) and reviews to measure client satisfaction.

This award is unique in the U.S. and Canada because it is the only accolade that relies solely on ratings submitted from third-party validated survey responses. Firms that receive a ClearlyRated award are recognized as “leading their industry through their ongoing commitment to service excellence.” The Pun Group received a positive 88.9% NPS, reflecting an exceptionally loyal and satisfied audience.

“Winners of the 2022 Best of Accounting award for client satisfaction have demonstrated their commitment to delivering exceptional client service, even as Covid-19 has forced them to reimagine and rebuild their approach to business,” said ClearlyRated's CEO and Founder, Eric Gregg.

Our firm excelled in five key areas: Responsiveness, Quality, Value, Needs Understanding, and Proactive Approach.

About ClearlyRated

Rooted in satisfaction research for professional service firms, ClearlyRated utilizes a Net Promoter® Score survey program to help professional service firms measure their service experience, build an online reputation, and differentiate on service quality.



“The Pun Group is not there to judge if a finance team is underperforming; they have the attitude to partner with the client to resolve issues and to streamline processes for the next audit.”

Roger R.



“We've been working with The Pun Group for years and they've always been responsive. Their fees are also much more reasonable than most.”

Graciela S.



“The firm's responsiveness and technical knowledge during the audit. My staff likes having Suralink (client's portal) whereby prepared by client schedules and requests for additional information can be easily uploaded.”

State & Local Client



“The Pun Group provides exceptional service on a consistent basis.”

David W.

March 4, 2022

Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501

Re: RFP #22-02 for Financial Auditing Services

Dear Sir or Madam:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the Western Riverside Council of Governments (the "WRCOG") according to your Request for Proposals for Financial Auditing Services for fiscal years ending June 30, 2022, through 2024 with an option to extend for two additional years.

The Pun Group LLP (the "Firm") has the knowledge and experience necessary to become the WRCOG's next public accounting firm, and the work plan to ensure a smooth audit process.

This letter is an acknowledgment of the Firm's understanding of the work to be performed. We are offering our commitment to deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the periods outlined by the WRCOG.

The Pun Group is the right choice for the Western Riverside Council of Governments because:



Strong California Footprint. The Pun Group is reputable for its governmental practice. We are the principal auditors for cities and authorities such as San Elijo Joint Powers Authority, South Bay Cities Council of Governments, South Bay Regional Public Communications Authority, City of Coachella, City of Desert Hot Springs, City of Palm Springs, and several others. Accordingly, we have a deep understanding of the current issues special districts are facing, such as varying demographics, economic environments, and the constantly changing landscape of laws and regulations.



Recognized Leader in the Governmental Industry. We are a small national Firm with licenses in the States of California, Arizona, and Nevada and a proven leader in professional services to the government sector. All key engagement team professionals are licensed to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits. The partners and all employees proposed to perform the requested services do not have a record of substandard audit work nor have any outstanding claim of substandard practice or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations. In addition, we are members of the national AICPA Audit Quality Center.

We strongly believe that part of our success is credited to our professionals' participation with various industry-leading organizations. Such affiliations are critical to addressing emerging accounting and auditing issues within the industry environment.

The Firm is the recipient of several awards, including the SARC's *Award for Excellence in Knowledge, Value, and Overall Client Satisfaction* (2021). This particular award results from positive feedback from our clients in an independent survey, demonstrating our Firm's highest commitment to Federal standards, quality, and client satisfaction.



Award for Excellence
Recipient



You'll Work with a Team that Embraces Innovation and Continuous Improvement. Our Firm is committed to continuous improvement as it relates to service delivery. We embrace innovation and identify areas of technological enhancements in our audit and project management approaches. For example:

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination, including the upload of large-size files. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. You, as a client, no longer have to manually maintain a spreadsheet amongst several people only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. In addition, Suralink's dashboard allows you to visualize the process of the document-request fulfillment.

AI Auditor. The Pun Group leverages the technology and research tools required to provide excellent services to its clients. With the usage of Artificial Intelligence (AI) technology, the Firm is capable of issuing all reports requested faster than other audit firms, without exposing the WRCOG to unnecessary risks.

Remote Auditing Capability. Remote working arrangements have suddenly become the "new normal" in these trying times. Our Firm has deployed top-notch technology and fully transitioned to "remote auditing," offering our clients the quality services they deserve while being fully "remote" or operating in a "hybrid" schedule. "On-site" audits are still the Firm's preferred method, and we'll continue to offer and promote those as well.



Knowledge is Shared with You. As part of our pledge to keep you updated on new technical accounting and financial issues, we implemented our 2022 *Virtual* Government Accounting Conference, which qualifies for up to 15 hours of CPE – double the industry's standard. These online sessions are free of charge and part of the service package provided to you. More details and dates can be found on the "*Client Training Webinars*" topic under this proposal.

The Pun Group is proud of its inclusive values and is an avid promoter of equality and diversity. In addition, the Firm is an equal opportunity employer and complies with all federal and state hiring requirements. We're proud of supporting affirmative-action philosophies and work hard to provide opportunities for self-enhancement to members of disadvantaged groups.

This proposal is a firm and irrevocable offer valid for ninety (90) days following the closing date for the receipt of all proposals.

Also, we would like to emphasize one additional point: **We want to earn your trust and your business!** We are confident that the energetic and experienced team we have assembled is the right one for the WRCOG.

Our commitment to continue serving the Western Riverside Council of Governments cannot be adequately conveyed in a letter, and I look forward to continuing the discussion with you. I'm assigned as your primary contact for contract negotiations. I'm authorized to bind the Firm legally. Should you have any questions or wish to discuss this proposal, please do not hesitate to contact me at (949) 777-8801 or by email at ken.pun@pungroup.com.

Sincerely,

Kenneth H. Pun, CPA, CGMA | Managing Partner | The Pun Group LLP
200 E. Sandpointe Avenue, Suite 600, Santa Ana, CA 92707

Firm Capabilities

About The Pun Group LLP

The Pun Group LLP, Certified Public Accountants, and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm comprised of forty-five professionals providing auditing, accounting, and advisory services to our clients. Our Governmental Division consists of forty full-time individuals.

The Firm is an Equal Opportunity Employer and complies with all Federal and State hiring requirements. The Firm also supports *Affirmative Action philosophies* and works hard to provide disadvantaged groups with opportunities for self-enhancement.

In addition, The Pun Group LLP is a small business enterprise with receipts of less than \$20.5 million/year and can be classified as a “minority-owned business” as an APA (Asian-Pacific American-Owned Business Enterprise). We also have a culture of fostering and improving the advancement of women in their careers. Women make up 45% of our partners and 50% of our managers.

The Firm has become one of the “Top Accounting Firms” in Orange County according to the Orange County Business Journal and is also on the list of CalCPA Top 150 firms.

Our Partners’ Group—which includes Kenneth H. Pun, Frances J. Kuo, Vanessa I. Burke, Kenneth Macias, John F. Georger, Jr., Gary M. Caporicci, and Coley Delaney — provides auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With nearly one hundred government and not-for-profit audit clients, our Partners have a real passion for the industry and believe we are unmatched regarding our municipal experience. The firm also meets professional standards generally accepted in the United States of America and the standards applicable to financial audits contained in ‘*Government Auditing Standards*’ issued by the Comptroller General of the United States.

The Firm’s headquarters are located in Orange County, California, with four branches in San Diego, Walnut Creek/Sacramento (California), Las Vegas (Nevada), and Phoenix (Arizona).

Our *Orange County* office, located at 200 E. Sandpointe Ave. Suite 600, Santa Ana, CA 92707, will perform the requested services for the WRCOG. However, we may assign additional staff from our other offices to the engagement at no extra cost to the WRCOG. No hiring of subcontractors or joint-venture will be established for this engagement.

Global Capabilities

The Pun Group LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

OUR FIRM AT A GLANCE



45 full-time auditing, accounting, tax and advisory professionals



One of the fastest growing firms serving California, Nevada and Arizona



Client retention rate: 90 – 95%



5 offices across 3 states



OUR AFFILIATIONS



Full-Time Government Auditors

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization's focus on resource management is critical to success.

Also, while many accounting Firms can provide services, not all can build an excellent working relationship with their clients. The Pun Group LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and highly beneficial to the WRCOG.

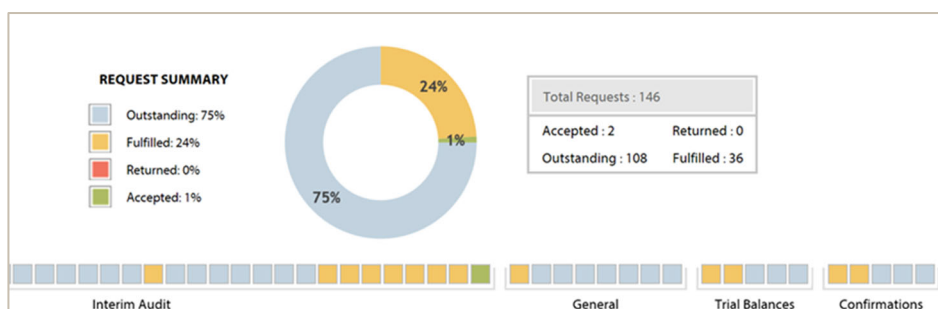
Local Office's Information Technology (IT) Audit Capabilities

The Pun Group LLP continues our efforts to invest in our IT system to enhance our security further and promote audit efficiency.

Top security for your data is the key to our success. When we have your data virtualized, our Firm takes all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is continuously updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lockdown files and system access from a single point, limiting the ability for remote sites to take data from our server.

Access to systems from anywhere and anytime. With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called *Suralink*. *Suralink*'s dynamic request list is integrated with our secure file hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. As a client, you no longer have to manually maintain a spreadsheet amongst several people, only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The *Suralink* dashboard, as shown below, allows you to visualize the process of the document-request fulfillment.



BIG FIRM EXPERTISE. SMALL FIRM VALUES.

Our professional backgrounds at major national firms showed us how to solve complicated business and accounting challenges, but the sense of personal connection was missing.

We launched The Pun Group because we believe every client deserves to work with experienced business advisors and CPAs who have the time – and take the time – to create an authentic connection. Every client is our top priority!



A UNIQUE CULTURE.

"Personalization" is not just a buzzword – it's part of our firm's culture. We take a personal approach to everything we do. We collaborate with our clients, so they're always part of the process. We listen to our staff to make sure they have the right support and resources to do a great job. Getting to know others and discovering how we can serve them better is not just a sign of good business practices; it's a sign of good people.



INNOVATION EMBRACED.

New ideas keep you ahead of the game. From leveraging the value of emerging technologies to further refining trusted processes, we adopt proven solutions to meet your needs.



WHERE YOU GO, WE GO. WHERE YOU GROW, WE GROW.

Our success is defined by how you achieve yours. Partner with accomplished accounting and financial professionals who are laser-focused on taking your business to the next level.

Western Riverside Council of Governments

Experience with Similar Engagements

The Pun Group ^{LLP} has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed under auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133), and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines.

A representative list of our current municipal clients follows:

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Adelanto	2021 – Present	Yes	Yes	Yes	700
City of Alameda	2019 – Present	Accounting and Consulting Services			150
City of Arvin	2013 – Present	Yes	Yes	N/A	400
City of Bell	2018 – Present	Yes	Yes	Yes	520
City of Bradbury	2012 – Present	Yes	N/A	N/A	150
City of Calexico	2007 – Present	Yes	Yes	N/A	750
City of Cerritos	2020 – Present	Accounting and Consulting Services			300
City of Cerritos	2012 – 2019	Yes	Yes	Yes	400
City of Clovis	2006 – Present	Yes	Yes	Yes	500
City of Coachella	2017 – Present	Yes	Yes	Yes	410
City of Cottonwood, AZ	2007 – Present	Yes	Yes	Yes	400
City of Corona	2021 – Present	Yes	Yes	Yes	640
Town of Danville	1999 – Present	Yes	Yes	Yes	400
City of Douglas, AZ	2020 – Present	Yes	Yes	Yes	300
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	700
City of Gardena	2007 – Present	Yes	Yes	Yes	700
City of Gilroy	2020 – Present	Yes	Yes	Yes	640
City of Glendora	2017 – Present	Yes	Yes	Yes	430
City of Gustine	2017 – Present	Yes	N/A	N/A	400
City of Hemet	2015 – Present	Yes	Yes	N/A	380
City of Hercules	2020 – Present	Yes	Yes	Yes	450
City of Lakewood	2013 – Present	Yes	Yes	Yes	380
City of Lomita	2020 – Present	Accounting and Consulting Services			150
City of Lodi	2018 – Present	Yes	Yes	Yes	760
City of Lynwood	2016 – Present	Yes	Yes	Yes	585

Western Riverside Council of Governments

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Madera	2019 – Present	Yes	Yes	Yes	470
City of Monterey	2016 – Present	Yes	Yes	Yes	620
City of Napa	2019 – Present	Yes	Yes	Yes	750
City of National City	2013 – Present	Yes	Yes	Yes	600
City of Palm Springs	2020 – Present	Yes	Yes	Yes	1,000
City of Patterson	2017 – Present	Yes	Yes	Yes	450
City of Perris	2019 – Present	Yes	Yes	Yes	840
City of Placentia	2016 – Present	Yes	Yes	Yes	620
City of Placerville	2008 – Present	Yes	Yes	N/A	400
City of Redding	2016 – Present	Yes	Yes	Yes	600
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	300
City of Rohnert Park	2020 – Present	Yes	Yes	Yes	700
City of San Mateo	2021 – Present	Yes	Yes	Yes	900
City of Seal Beach	2017 – Present	Yes	Yes	Yes	410
City of Shafter	2017 – Present	Yes	Yes	Yes	400
City of South Gate	2016 – Present	Yes	Yes	Yes	480
City of Stockton	2012 – Present	Yes	Yes	N/A	3,000
City of Tracy	2021 – Present	Yes	Yes	Yes	960
City of Visalia	2021 – Present	Yes	Yes	Yes	
Imperial County Transportation Commission	2020 – Present	Yes	Yes	Yes	600
Nevada County Transportation Commission	2021 – Present	Compliance Services			450
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	400
Alameda County Water District	2018 – Present	Yes	Yes	N/A	550
Carmel Area Wastewater District	2022 – Present	Yes	Yes	N/A	150
CAWD/PBSCD Wastewater Reclamation Project	2022 – Present	Yes	N/A	N/A	150
Central Basin Water District	2018 – Present	Yes	Yes	N/A	400
Gold Coast Transit District	2020 – Present	Accounting and Consulting Services			Hourly
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	400
Los Angeles County Law Library	2020 – Present	Yes	N/A	N/A	180

Western Riverside Council of Governments

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	240
Menlo Park Fire Protection District	2015 – Present	Yes	Yes	Yes	240
NALEO Educational Fund and NALEO	2020 – Present	Yes	N/A	N/A	300
Olivenhain Municipal Water District	2019 – Present	Yes	Yes	Yes	200
Padre Dam Municipal Water District	2020 – Present	Yes	Yes	Yes	250
Rancho Murieta Community Services District	2019 – Present	Accounting and Consulting Services			800
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	120
San Bernardino County Emergency Training Center	2020 – Present	Yes	N/A	N/A	50
San Bernardino County Preschool Services Department	2020 – Present	Yes	Yes	N/A	150
San Bernardino County Fire Protection District	2016 – Present	Yes	N/A	N/A	200
San Elijo Joint Powers Authority	2016 – Present	Yes	N/A	N/A	146
Santa Clara Stadium Authority	2020 – Present	Yes	N/A	N/A	230
Santa Fe Irrigation District	2019 – Present	Yes	N/A	N/A	250
Sweetwater Authority	2022 – Present	Yes	Yes	Yes	270
South Bay Cities Council of Governments	2020 – Present	Yes	N/A	N/A	100
South Orange County Water Authority	2017 – Present	Yes	Yes	Yes	240
South Bay Cities Council of Governments	2020 – Present	Yes	N/A	N/A	60
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	720
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	140
West Valley Mosquito and Vector Control District	2016 – Present	Yes	N/A	N/A	100
Yuma Metropolitan Planning Organization, AZ	2015 – Present	Accounting and Consulting Services			
Zone 7 Water Agency	2020 – Present	Yes	Yes	Yes	400

GFOA Award Program

The Pun Group LLP realizes the importance of maintaining the Certificate for Excellence in Financial Reporting from the GFOA. Our professionals are exceptionally well qualified in assisting governments in obtaining and maintaining their certificates.

The Firm's commitment and involvement in the development of auditing and accounting standards can be shown in our active participation in the GFOA's financial statements certificate programs. 100% of our current clients who submitted their Annual Comprehensive Financial Report to the GFOA received these awards.

Also, two of our senior partners, Mr. Gary Caporicci and Mr. John F. Georger, are members of the Government Finance Officers Association and participate in the GFOA Special Review Committee.

Firm's Current and Past Experience with Special Districts and Authorities

Our Firm has provided professional services to several Districts and Authorities. Below is a representative listing of such engagements:

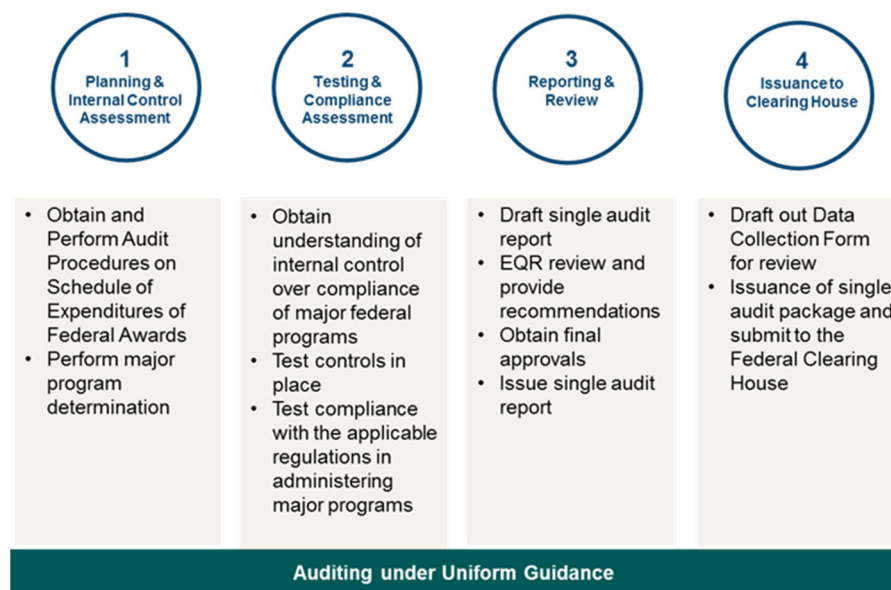
- Adelanto Public Utility Authority
- Alameda County Water District
- Arbuckle Public Utility District
- Bodega Bay Fire Protection District
- Casitas Municipal Water District
- Central Basin Municipal Water District
- Civic – Recreational – Industrial Authority
- City of Monterey Joint Powers Financing Authority
- Coachella Valley Resource Conservation District
- Coachella Fire Protection District
- Diablo Water District
- East Orange County Water District
- El Toro Water District
- Farm Mutual Water Company
- Las Virgenes Municipal Water District
- Las Virgenes – Triunfo Joint Powers Authority
- Los Angeles Waterkeeper
- Marina Coast Water District
- Menlo Park Fire Protection District
- Mountain Recreation Conservation Authority
- North County Dispatch Joint Powers Authority
- North County Fire Protection District
- Olivenhain Municipal Water District
- Orange County – City Hazardous Materials Emergency Response Authority
- Orange County Coastkeeper
- Palmdale Water District
- Perris Joint Powers Authority
- Presidio Municipal Services Agency
- Rancho Santa Fe Fire Protection District
- Riverside County Flood Control and Water Conservation District
- San Diego Coastkeeper
- San Bernardino County Fire District
- San Elijo Joint Powers Authority
- San Joaquin County Regional Fire Dispatch Authority
- South Bay Regional Public Communications Authority
- Santa Fe Irrigation District
- Sativa Los Angeles County Water District
- South Orange County Wastewater Authority
- Sweetwater Springs Water District
- Trabuco Canyon Water District
- Twentynine Palms Water District
- Valley Sanitary District
- Water Replenishment District of Southern California
- West County Wastewater District

Firm's Experience with Single Audit and Grants

The Pun Group ^{LLP} works with numerous organizations that receive extensive governmental funding and are subject to auditing under Uniform Grant Guidance. This Firm's specialization helps our audit team understand the procedures' nuances and execute the engagement accordingly. We also assist in preparing the data collection form and preparing the reporting package for submission to the federal audit clearinghouse.

The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated our commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance. Also, we are a recipient of the *Single Audit Resource Center's Award for Excellence*. This award is based on the positive feedback result from our clients in an independent survey, demonstrating our Firm's highest commitment to quality and client satisfaction.

We utilize standardized audit programs from the federal government's Compliance Supplement to ensure that our procedures meet the federal standards. Our audit programs are continually updated to reflect the revisions of OMB. Our Uniform Guidance risk-based approach focuses on areas of higher risk of noncompliance. Such an approach truly reflects the federal government's intent by concentrating on the following four steps:



- 1. Planning & Internal control assessment:** The engagement team will obtain an understanding of the WRCOG and its operating environment and its internal control over the Schedule of Expenditures of Federal Awards. The engagement team will perform the major program determination and communicate with the WRCOG's management before conducting major program testing.
- 2. Testing & compliance assessment:** The engagement team will obtain an understanding of internal control over compliance on the direct and material compliance requirements for each major program. The engagement will perform testing on internal controls over compliance to ensure the controls are in place working effectively and properly and that the WRCOG is in compliance with the applicable regulations in administering major programs.
- 3. Reporting & Review:** The engagement team will review and prepare the single audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. Any comments will be issued to the management or the Charge with Governance, depending on the magnitude of the issues. Upon obtaining the final approvals from management, the Single Audit report will be issued.
- 4. Issuance to Clearing House:** The engagement team will assist the WRCOG in drafting out the data collection form and completing the final submission, including uploading the audit package to the Federal Clearing House.

Western Riverside Council of Governments

Our Firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with *grantors*, such as:



- Corporation for National and Community Services
- Department of Agriculture
- Department of Education
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President

Following are a few examples of the types of federal programs our engagement team has experience auditing:

	CFDA
Child and Adult Care Food Program	10.558
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnership	14.239
Housing Vouchers Cluster	14.871
Title XVI Water Reclamation and Reuse Program	15.504
Equitable Sharing Program	16.922
WIAWIOA Adult Program	17.258
WIAWIOA Youth Activities	17.259
WIAWIOA Dislocated Worker Formula Grants	17.278
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Federal Transit - Capital Investments Grants	20.500
Federal Transit - Formula Grants	20.507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Temporary Assistance for Needy Families (TANF) State Programs	93.558
Community Service Block Grant	93.569
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714
National Urban Search and Rescue (US&R) Response System	97.025
Homeland Security Grant Program	97.067

Firm's Expertise and Experience in Governmental Accounting Rules and Regulations Including Implementation of new GASB Pronouncements

Changing federal laws, statutes, ordinances, and compliance provisions have created unprecedented complexity in public accounting today. Our GASB Implementation Specialist, Mr. Gary Caporicci, has helped our clients implement new standards while adapting to changes within the existing standards. Our partners serve on committees that have input into how new standards are written. They actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and their impact on your operations. We will keep you and our colleagues in the Firm fully informed of these developments.

Also, our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants and taken on significant roles within and outside government agencies. Such experience brings to our clients the thought leadership, quality, and level of expertise they require.

The Firm is well versed and experienced in assisting our clients with the implementation of the applicable GASB pronouncements every year, such as GASB 34, GASB 54, GASB 65, GASB 68, GASB 75, and GASB 84. Mr. Gary Caporicci, as a chair of the California Committee on Municipal Accounting "CCMA," wrote "white-papers" on each of these pronouncements.

Throughout the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to upcoming statements that will become effective and work with the WRCOG to create a plan to address new standards before the implementation period. This step will allow the finance department staff the needed time to be prepared.

Special Attention: GASB Pronouncements in Effect for Reporting Year 2022

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans

The requirements that exempt governments from reporting defined contribution pension/OPEB plans in a fiduciary trust fund, unless the government actually controls the assets, are effective immediately. This limits the applicability of paragraph 7 of GASB 84 to defined benefit pension/OPEB plans that are administered through qualifying trusts.

(The requirements of this statement that are related to the financial accounting and reporting for IRC Section 457 plans are effective for reporting the year 2022)

GASB Statement No. 98, The Annual Comprehensive Financial Report

This Statement establishes the term annual comprehensive financial report and its acronym ACFR.

Effective Date: for fiscal years ending after December 15, 2021, and all reporting periods thereafter.

Your Proposed Engagement Team

The engagement team was carefully selected to provide the WRCOG with all the services needed to complete the audit successfully. Your assigned Engagement and Technical Partners will be personally involved in the project, leading a team that has significant experience in *governmental auditing*. You can be confident that our broad experience and technical capabilities will allow us to provide technical support, interpret findings, and offer practical solutions to any issues that may arise.

About Your Engagement Team

The personnel assigned to this engagement are fully qualified to perform an effective audit of the WRCOG, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants, as well as held significant roles within and outside of government agencies. Such qualities will bring to an entity like the Western Riverside Council of Governments the thought leadership, quality, and level of experience it requires.

Because of the “familiarity threat” under the professional audit and independence standards that may exist in long-term relationships with audit firms, the Firm is committed and has sufficient resources to rotate engagement partners, managers, and or supervisors assigned to the WRCOG’s audit with personnel with similar or higher qualifications and experience in order to overcome this threat.

If the Firm changes key personnel, we will provide the WRCOG with a written notification. **Engagement personnel will only be changed with express prior written permission from the WRCOG.** Audit personnel may be replaced only by those with similar or better qualifications and experience.

Staff Continuity

The Pun Group ^{LLP} is committed to maintaining staff continuity throughout audit engagements, and we can assure that the partners assigned to this audit will be involved throughout the entire contract term.

While we cannot guarantee that our staff level members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. Also, we offer benefits, including retirement plans, medical plans, profit-sharing programs, and continuing education. In addition, the Firm is an equal opportunity employer and complies with all federal and state hiring requirements. We’re proud of supporting affirmative-action philosophies and work hard to provide opportunities for self-enhancement to members of disadvantaged groups.

Western Riverside Council of Governments



Kenneth H. Pun, CPA, CGMA | Engagement/Lead Partner

Kenneth Pun is the Managing Partner and an Assurance Partner at the Firm. With over twenty-one years of public accounting experience in the state and local government sector, he specializes in audits, management, and consulting for governmental organizations. Mr. Pun has served as the Contract Deputy Finance Director for the City of San Marino in 2017. He has served as the Chair of the California Society of CPAs Governmental Auditing Accounting Committee. He is a Certified Public Accountant and a Chartered Global Management Accountant.

Mr. Pun will actively serve as the Engagement/Lead Partner overseeing the Engagement Team, developing the audit plan, reviewing fieldwork for quality, approving final reports, and communicating with the Finance Department. He will also be responsible for the timely delivery of all services for the WRCOG.



Frances J. Kuo, CPA, CGMA | Technical/Concurring Partner

Frances Kuo is an Assurance Services Partner. She has extensive experience in providing audit and advisory services to local government agencies, including public pension plans, cities, counties, special districts, community colleges, and joint powers authorities, as well as not-for-profit organizations. Ms. Kuo brings a wealth of experience from her background in audits and advisory services in areas such as internal controls, policy development, and accounting system implementation. She is a Certified Public Accountant and a Chartered Global Management Accountant.

Ms. Kuo will act as the Technical/Concurring Partner and provide a second partner review of significant high-risk areas, audit reports, and resolution of significant accounting, auditing, and reporting matters.



John ("Jack") F. Georger, CPA, CIA, CGMA | Quality Control Reviewer

Throughout his forty years of experience, Mr. Georger has spent many years in Big 4 and national firms. He worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. Mr. Georger annually instructs over 300 hours in accounting and auditing subjects and has authored training material in governmental accounting and auditing for the AICPA. Mr. Georger is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB), the gold standard for audit firms throughout the United States. As the Chief Quality Officer in our Firm, he advises clients with their complex accounting questions and supports the engagement team with audit issues. He is a Certified Public Accountant, a Certified Internal Auditor, and a Chartered Global Management Accountant.

Mr. Georger is responsible for reviewing all reports issued by the Firm to ensure the utmost quality and compliance with professional standards and the final quality-control assessment within the engagement.



Gary M. Caporicci, CPA, CGFM, CFF | GASB Implementation Specialist

Gary Caporicci is an appointed member of the State Controller's Retirement Advisory Committee. Mr. Caporicci is a leading expert and has authored and taught the courses for CalCPA and AICPA on GASB 68, *Accounting and Financial Reporting for Pensions* and on GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards. As an assurance partner with over forty years of experience, Mr. Caporicci has performed financial, compliance audit, and consultation services to government clients, including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. He is a Certified Public Accountant, a Certified Government Financial Manager, and Certified in Financial Forensics.

Mr. Caporicci will be responsible for providing advice and consultation for the implementation of new accounting standards.

Western Riverside Council of Governments



Andrew Roth, CPA | Engagement Director

Andrew Roth is a Director within the Firm who holds an Advanced Certification in Single Audits through the AICPA. He draws more than a decade of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. He is a Certified Public Accountant.

Mr. Roth will direct and supervise the audit team in its daily activities and tasks in order to deliver all services requested.



Mark Hu, CPA | Audit Supervisor

Mark is a Supervisor within the Firm. He will work with the engagement team and the finance personnel during the auditing process. He is a Certified Public Accountant.

Mr. Hu will secure the effective implementation of the services approach while assisting in the timely delivery of the requested services.

Continuing Education

Because of our commitment to provide the highest quality of services to the WRCOG, we provide our professionals with technical training to ensure our people stay current on topics within the industry sectors and better equip themselves to serve our clients.

All professionals are required to obtain continuing education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and, where applicable, *Government Auditing Standards*. Our professionals participate in continuing education programs through the following means:

- Governmental Accounting and Auditing Conference sponsored by AICPA.
- Webinar sponsored by AICPA Government Audit Quality Center.
- Annual Conference sponsored by California Society Municipal Finance Officers.
- Governmental Accounting and Auditing Conference sponsored by CalCPA.
- The Pun Group in-house training on government-specific topics, including but not limited to GASB updates, 2018 Revision Government Auditing Standards, Fraud in State and Local Governments, COSO Internal Control-Integrated Framework, Audit of State and Local Governments, Single Audit, and Mindbridge AI Auditors™.



In 2021, our government professionals received an average of 52 hours of continuing professional education, compared with the 40 hours accounting industry requirement.

By expanding our knowledge through these seminars/conferences, we can provide the right solutions to our clients.

Engagement Team Resumes

The Western Riverside Council of Governments deserves experienced professionals who work as a team. The Pun Group LLP will provide qualified professionals to perform the audit. Resumes for key engagement team members can be found in *Appendix B: Project Team Staffing*.

Our Services

Our partners and seasoned professionals are always available, guiding clients through their periods of rapid growth as well as difficult times. We are able to do that by offering a portfolio of accounting services that is as diverse as the jurisdictions and entities themselves. The Pun Group LLP has successfully provided professional auditing, accounting, financial reporting, and management advisory/consulting services to a broad spectrum of governmental entities.



ASSURANCE

- Financial statements audits
- Compliance audits
- Performance audits
- Internal audits
- Service organization controls audits



ADVISORY

- Operational reviews/risk advisory services
- Forensic investigation
- Financial condition analysis
- Organizational structure review
- Cash flow analysis
- Debt restructuring consultation
- Litigation restructuring consultation



OTHER SERVICES

- Assistance with the preparation and review of the Annual Comprehensive Financial Report
- Government property lease excise tax compliance review
- Sub-recipient monitoring
- Implementation of new GASB pronouncements
- Audit readiness services
- Contract Finance Director/Accountant services

Our Commitment to Public Sector

All of our partners actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and their impact on your operations. We will keep you and our colleagues in the Firm fully informed of these developments. Our team is committed to bringing the full breadth and depth of our expertise to the audit of the WRCOG, offering outstanding value to you and your stakeholders. Our Managing Partner has published several thought leadership articles in the California State Municipal Finance Office magazine on auditing and other relevant topics.

Approach and Understanding of the Scope of Work Plan

Scope of Work

The Western Riverside Council of Governments is requesting the Firm to perform an audit of all funds of WRCOG and its managed entity, the Riverside County Habitat Conservation Agency (RCHCA), and issue opinions on the WRCOG's financial statements. These audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).
- US General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions.
- Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- The standards applicable to financial audits contained in the most current version of the *Generally Accepted Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of the US Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-profit Organizations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the **Annual Comprehensive Financial Report** of the Western Riverside Council of Governments, and its managed entity, the Riverside County Habitat Conservative Agency (RCHCA). The audit will be conducted in accordance with Generally Accepted *Government Auditing Standards*. The report will be in full compliance with all current GASB pronouncements.

The Firm will assist in meeting the requirements for the Government Finance Officers Association (GFOA) "**Certificate of Achievement for Excellence in Financial Reporting.**"

- ✓ If required, prepare a **Single Audit Report** which will include the following:
 - Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Report 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 Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
 - Schedule of Expenditures of Federal Awards.
 - Notes to Schedule of Expenditures of Federal Awards.
 - Schedule of Findings and Questioned Costs.
 - Any other required schedules or reports.
 - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Prepare and submit a report as communication with those charged with governance, inclusive of the **Management Letter**, as required by auditing standards, at the conclusion of the annual audit. The report shall include all significant opportunities for realistically improving internal controls of the Agency's operation and procedures that are discovered or observed by the Firm in the course of the annual audit and management response to the recommendation.

Attendance at Meetings and Hearings: The engagement team will participate in as many meetings with staff as needed to perform the work scope tasks, present the audit plan prior to beginning fieldwork, and discuss the draft audit reports. The team will attend public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed Annual Comprehensive Financial Report, Single Audit report (if applicable), and all other reports will be delivered to the WRCOG, according to the agreed-upon schedule.

Western Riverside Council of Governments

Proposed Audit Adjustments: All proposed adjusting journal entries by the Firm will be discussed and explained in a timely manner with the designated Finance Department personnel. Such proposed adjustments will be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

Supplemental Reports, Audits, or Agreed-Upon Procedures: Other services, such as agreed-upon procedures, may be deemed necessary. These services will be performed at agreed-upon rates and will be added in a written agreement before commencing audit work. The Firm and the Western Riverside Council of Governments will discuss and approve the scope and associated costs of these tasks.

Advice and Consultation: Will be provided throughout the year on matters relating to accounting and financial reporting. Such services do not include any task that entails significant research or a formal report.

GASB Implementation: The Firm will provide technical assistance and training in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible for providing advice and consultation for the implementation of these new standards. The Firm will advise the WRCOG on the applicability of accounting and reporting standards and other accounting issues and provide guidance on new note disclosures, GASB implementations, and other reporting requirements. We will also provide training, resources, and information on topics relevant to the WRCOG's financial reporting and operations. *(Based on the scope, additional charges may apply.)*

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware.

The engagement team will also make all communications to the WRCOG required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

- a) The auditor's responsibility under generally accepted auditing standards.
- b) Significant accounting policies.
- c) Management judgment and accounting estimates.
- d) Significant audit adjustments.
- e) Other information in documents containing audited financial statements.
- f) Disagreements with management.
- g) Management consultation with other accountants.
- h) Major issues discussed with management prior to retention.
- i) Difficulties encountered in performing the audit.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of seven (7) years, unless the Western Riverside Council of Governments notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available to the WRCOG and/or their designees.

Also, we will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

Quality Control System

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values.

Our quality-control system is crafted with excellence in mind. It not only meets AICPA standards but also matches our high standards, which includes the following of professional development activities.

Methodology and Segmentation of Engagement

The Firm's audit approach consists of six phases: Engagement Acceptance and General Planning, Planning and Internal Control Evaluation, Fieldwork, Post Fieldwork, Report Preparation and Review, and Final Production.



Benefits

- Client tailored approach emphasizing careful planning, open communication, proper assignment of responsibilities
- An efficient and effective audit, so disruption to office operations is kept to a minimum
- Offer beneficial observations and recommendation about policies and procedures for accounting and operating controls
- Opportunities to make operations more efficient and reduce costs
- Provide advisory services so recommendations can be implemented
- Meet objectives at no additional cost

- 1. Engagement Acceptance and General Planning:** The engagement partner and manager will meet with WRCOG's management to obtain an update on current WRCOG policies and procedures, help identify risk areas and new operations, and establish any specific requirements they may have. Our team will work on the identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement. **Proposed Timeline:** April/May of each fiscal year.
- 2. Planning and Internal Control Evaluation:** The engagement team, including the engagement partner, will assess accounting policies adopted by the WRCOG in order to obtain an understanding of its structure and its operating environment. Also, our team will review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal controls, perform preliminary analytical procedures, develop initial risk assessment, evaluate Single Audit compliance, identify any audit issues, and prepare confirmation correspondence. The engagement team and WRCOG's Management will establish expectations, including responsibilities and assignments for the year-end fieldwork, and will hold a progress status meeting at the end of the interim phase. **Proposed Timeline:** June of each fiscal year.
- 3. Fieldwork:** The engagement team, including the engagement partner, will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform data analysis using our AI tools, search for unrecorded liabilities, perform substantial analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The engagement team and WRCOG's Management will hold an exit conference at year-end. Periodic update meetings will be held to communicate audit progress to management. **Proposed Timeline:** September/October of each fiscal year.
- 4. Post Fieldwork:** During the phase, the engagement team, including the engagement partner, will review all documents and evaluate commitments and contingencies. The team will perform an assessment of the going concern and jointly plan for the next steps. **Proposed Timeline:** Immediately upon completion of fieldwork.
- 5. Report Preparation and Review:** The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be recorded in a letter to management. At the WRCOG's request, the engagement partner and manager will present the audit to WRCOG's Management and other governing bodies. **Proposed Timeline:** October/November of each year.
- 6. Final Production:** The final phase of our approach entails obtaining the management representation letter and final financial statement report, which may include a final presentation to the WRCOG's Management and other governing bodies (if applicable). **Proposed Timeline:** Completed no later than December 31st of each year.

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal circumstances within the WRCOG causes delays in the audit.

Western Riverside Council of Governments

Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group ^{LLP} understands that the WRCOG is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value derives from the in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize “employ” because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the WRCOG and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature from various government entities and cities to develop a practical plan for all major areas.

Estimated Total Hours*:

	Partner(s)	Manager(s)	Senior(s)	Staff	Clerical	Total
Engagement Acceptance & General Planning	1	2	5	6	0	14
Planning & Internal Control Evaluation	1	3	7	10	0	21
Fieldwork	7	14	36	48	1	107
Post Fieldwork	5	10	24	32	1	71
Report Preparation & Review	7	14	36	48	1	107
Final Production	2	5	12	16	0	36
Total*	24	48	120	160	4	356

*Does not include CPE hours related to Governmental Webinars and/or optional services.

Sample Size and the Extent to Which Statistical Sampling is to be Used in this Engagement

In our audit approach, random and statistical sampling is used in conjunction with our skilled judgment and knowledge of each situation. When designing an audit sample, our auditors consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for such a task in a way that we can reasonably expect it to be representative of the relevant sample and likely to provide the auditor with a reasonable basis for conclusions about the population.

Enhancing Auditing Quality with Artificial Intelligence

There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices, and the explosive growth of big data are some of the examples, and they all present significant barriers to detecting anomalies, intentional or otherwise, in financial data. The Pun Group deploys a comprehensive, risk-based approach, complemented by using MindBridge™'s Artificial Intelligence Platform, to conduct our audit. Through this tool, we can seamlessly analyze thousands and thousands of financial and operating data and records, **identifying and cataloging significant risks in mere seconds.**



The *AI Auditor* platform works by our side, augmenting our capacity to detect errors or fraud in the collected data not only by analyzing the entire set but by cross-correlating dozens of testing criteria against pre-established data points, and presenting us with a view of every user, vendor, and transaction, by risk. All of this within moments of ingesting analyzed data, which is something standard audit procedures simply cannot accomplish.

We utilize these tools to allow our audit team to increase efficiency in the audit process, to enhance the existing quality of our work, to provide directed testing in areas subject to the highest risk, and to quickly assimilate large amounts of data your staff would typically be asked to gather. The tools also help us to meet our professional requirements regarding fraud and internal control, allowing us to:

- ✓ Run Benford's analysis to check for fraud in transactions.
- ✓ Increase the value of audit findings with complete, 100% data coverage.
- ✓ Isolate risk and control issues before they impact your operations.
- ✓ Improve productivity by automating procedures and eliminating manual tasks.
- ✓ Conduct more direct, efficient, and effective audits to improve overall service quality.

Western Riverside Council of Governments

Our engagement team easily imports data in a secure environment from the WRCOG's financial software and extracts useful data for testing and analytical procedures particular to the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

Type and Extent of Analytical Procedures to be used in the Engagement

Analytical procedures are one of many financial audit processes that help an auditor understand the client's operation and changes in the environment and identify potential risk areas to plan other audit procedures. Such procedures include a comparison of financial information on prior periods, budget, forecast, and industry benchmark. We use trend and ratio analysis to identify any uncertain or unusual events. To perform these analyses, our Firm surveys cities and counties and develops benchmarks on specific vital financial indicators, such as the cost of services to tax revenues ratios, average general fund balance, capital assets, debt-to-capital, general fund unassigned fund balance to total general fund expenditures, etc. Our engagement members have extensive experience in successfully implanting analytical procedures to the WRCOG's benefit.

Our analytical procedures process is performed during three stages of audit: (a) at the start, (b) in the middle, and (c) at the end. These three stages are risk assessment procedures, substantive analytical procedures, and final analytical procedures:

- **Risk assessment procedures** are used to assist the auditor in understanding the business better and to plan the nature, timing, and extent of audit procedures.
- **Substantive analytical procedures** are used to obtain evidential matters about particular assertions related to the account balances or classes of transactions. During the interim phase, our engagement team will set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This process allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.
- **Final analytical procedures** are used as an overall review of the financial information in the last review stage of the audit. The Engagement Partner(s) and Manager(s) will perform a high-level analytical analysis of the financial information, comparing its data both quantitatively and qualitatively to ensure the amounts are fairly presented in all material respect in the financial statements.

Approach to be Taken to Gain and Document an Understanding of the Internal Control Structure

Audit risk assessment is established by an internal control review, combined with the engagement team's understanding of WRCOG's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the WRCOG's processes and identify any control deficiencies. These diagnostic review procedures allow the engagement team to assess the WRCOG's systems and controls and to provide constructive feedback to management.

During our initial planning phase of the audit, our engagement team, including the engagement Partner and Manager, will obtain an understanding of the entity and its environment. It is an essential aspect of performing an audit under generally accepted auditing standards. That understanding establishes a frame of reference within which the auditor plans the procedures and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the examination.

During the interim phase of the audit, our engagement team will perform a walkthrough of all significant accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, payroll, and related liabilities, and others. Our auditors will obtain the written policies and procedures, inquiring accounting personnel, and document the process in either a flowchart or narrative summary format. After gaining an understanding of the accounting and internal control systems, our auditor will make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

Western Riverside Council of Governments

The form and extent of this documentation are influenced by the size and complexity of the entity and the nature of its accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the broader our documentation will need to be.

Approach to be Taken in Determining Laws and Regulations that Will be Subject to Audit Test Work

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and related contracts—to ensure that we conduct audits under applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, and others.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most items will be tested as part of the Interim phase, we cannot determine which grants will be selected for the Single Audit until the year-end/fieldwork stage of the audit.

Our compliance audits of cash, investments, debt covenants, and other areas will be performed following the California Government Code, which has many provisions and regulations covering investments.

Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

To test compliance, we will follow the AICPA's Audit Sampling Considerations of Uniform Guidance Compliance Audits. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

Audit Firm's Expectations of the Role and Participation of WRCOG's Staff in the Audit Process

The engagement team will meet with the WRCOG's management during the initial planning stage to discuss audit schedules and review prior year audit findings (if any). We will deliver a list of all documents to be provided by the WRCOG's staff. Once such materials are agreed upon by the engagement team and WRCOG's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Our goal is to cause the least amount of interruptions to the WRCOG's daily operations; therefore, to the extent possible, we will use information in the form available from the WRCOG's records.

We believe client/engagement team communication is vital to perform results satisfactorily. With that sentiment in mind, we will hold regular meetings with the WRCOG's management to determine the status of the audit as well as any items which will require special attention. **Open and frequent communication is critical.**

Objectives of Our Services

Our primary objective for the proposed audit is to examine the WRCOG's financial statements and express our opinion on their fairness of the presentation, following generally accepted accounting principles. Other objectives that will benefit the WRCOG include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make WRCOG operations more efficient and reduce costs
- To perform the audit efficiently and effectively; disruption to office operations is kept to a minimum
- To provide continuing advisory services so the WRCOG can implement recommendations
- To meet these objectives at no additional cost to the WRCOG

The Engagement Team will perform the audit abiding by the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work. In other words, our client-tailored approach emphasizes careful planning, open communication, and proper assignment of responsibilities.

The Firm will supply portable computers to the on-site staff members.

Identification of Anticipated Potential Audit Problems

While we do not expect any problems with the audit, we will carefully investigate and monitor the following relevant accounting issues:

Investments:

- Compliance with GASB 31 and GASB 34
- Authorization and approval process for WRCOG investments
- Controls to assure WRCOG's compliance with investment limitations and types of specific investments
- Monitoring by the WRCOG of its investments

Financial Reporting:

- Compliance with current reporting and disclosure requirements issued by GASB
- Compliance with the various GASBs in effect
- Perform valuations of OPEB benefits to determine the liability for all benefits promised to active, retired, and inactive plan members as of each valuation date
- Compliance with Governmental Accounting Standards Board (GASB) Statements 74 and 75
- Compliance with infrastructure obligations and regulatory provisions

Internal Control Structure:

- WRCOG's internal control functions and compliance with proper internal control philosophies
- Computer-system processes and controls, and adequacy of the control environment

Special Audit Considerations for the Fiscal Years 2021/2022*

- Grant Issues (FEMA, CARES)
- In many cases, governments may not know until they submit for reimbursement how much money they will receive. In those cases, governments should not record revenue until they are awarded a specific amount
- Governments should not report expenditures on the SEFA until the grant is awarded
- CARES funding may be subject to single audit requirements
- Government programs allowing deferral of customer payments (deferral of TOT payments, utility payments, and other lease holidays to help the community)
- In governmental fund types, this may impact the government's ability to record revenue because of the "measurable" and "available" criteria
- In proprietary fund types, this may impact the allowance for doubtful accounts estimates
- Internal controls during COVID – audit impact on possible circumvention of internal controls for emergency purchases or when individuals were not available to sign/approve activities
- Investment losses and credit risk
- Pension and OPEB plans – the impact of investment losses
- Is there an increased risk of litigation?
- Audit response to analytical variances – Set expectations for decreases in sales tax, hotel tax, fee-based revenues such as recreation, library or other community-based services, passenger facility charges, building permits, layoffs/furloughs, expanded senior and low/income program costs
- Going concern evaluations
- Subsequent events footnote disclosures of COVID
- Intermediate changes in the internal controls as a result of a remote workforce

We cannot speculate at this time on the contents of the auditor's reports. However, we expect to be able to discuss the tentative content of the auditor's reports well in advance of the issuance of such reports.

**Not all examples may be applicable to the WRCOG.*

Detailed and Itemized Pricing

Certification

We are committed to the performance of a high-quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed at no additional cost to the Western Riverside Council of Governments.

Name of Firm: The Pun Group LLP – Certified Public Accountants and Business Advisors
Contact Name: Kenneth H. Pun, CPA, CGMA
Contact Email Address: ken.pun@pungroup.com

Authorization to Represent the Firm

I, the undersigned, certify I am duly authorized to represent The Pun Group LLP and am empowered to submit this bid. In addition, I certify I am authorized to contract with the Western Riverside Council of Governments on behalf of the Firm.



March 4, 2022

Kenneth H. Pun, CPA, CGMA | Managing Partner
The Pun Group LLP

Date

Total All-Inclusive Maximum Price

Our proposed fees ⁽¹⁾ for Financial Auditing Services for the fiscal years ending June 30, 2022, through 2024 with an option to extend for two additional years, are as follows:

	FY2021-22	FY2022-23	FY2023-24	FY2024-25 Optional	FY2025-26 Optional
Requested Services					
WRCOG Financial Audit and Related Reports	\$ 45,000	\$ 46,350	\$ 47,741	\$ 49,173	\$ 50,648
Single Audit - 1 Major Program (if needed)	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502
Total	\$ 49,000	\$ 50,470	\$ 51,984	\$ 53,544	\$ 55,150

(1) In needed, Single Audit fees for auditing a major program will be \$4,000 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss with the Western Riverside Council of Governments' Management before starting Single Audit work.

Western Riverside Council of Governments

Out of Pocket Expenses Included in the Total all-Inclusive Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will absorb expenses such as travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the Western Riverside Council of Governments. The Firm will also absorb these costs.

Rates for Additional Professional Services

Below are the Firm's hourly billing rates, delineated by staffing levels:

Hourly Billing Rates	
Partner(s)	\$ 275
Manager(s)	\$ 200
Senior Accountant(s)	\$ 150
Staff Accountant(s)	\$ 125
Clerical	\$ 75

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added in a written agreement prior to commencing audit work. The Firm and the WRCOG will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above-quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the Western Riverside Council of Governments, at the rates outlined in the Total All-Inclusive Maximum Price section, in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
Planning	10%
Interim	40%
Fieldwork	40%
Presentation and Acceptance of Reports	10%

Appendix A: References

The following are examples of some of the engagements with similar requirements as the Western Riverside Council of Governments' proposal. These clients can be used as references as well. Please feel free to contact these agencies to learn more about their experiences working with us.

Name of Public Agency	City of Desert Hot Springs
Contact Info	Mr. Geoffrey Buchheim, Finance Director gbuchheim@cityofdhs.org (760) 329-6411
Total Hours	700
Contract Price	\$75,000/year
Date of Services	2013 – Present
Scope of Work/Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, Single Audit, GANN Limit, Desert Hot Springs Successor Agency, Desert Hot Springs Financing Authority, Desert Hot Springs Health and Wellness Foundation, New Market Tax Credit Audit (Desert Hot Springs Health and Wellness Foundation), Annual State Controller's Reports, AUP/Transient Occupancy Tax, Utility User Tax, DHS Housing Audits.

Name of Public Agency	City of National City
Contact Info	Mr. Phillip Davis, Financial Analyst pdavis@nationalcityca.gov (619) 336-4246
Total Hours	600
Cost	\$70,000/year
Date of Services	2013 – Present
Scope of Work/Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Audit, GFOA Award, Single Audit, GANN Limit, HUD Single Audit/Morgan Towers, Financial and Compliance Reports – Kimball Towers, Annual State Controller's Report

Name of Public Agency	City of Stockton
Contact Info	Ms. Kerrie A. Biddle, Accounting Manager (209) 937-5435 kerrie.biddle@stocktonca.gov
Total Hours	3,000
Cost	\$260,000/year
Date of Services	2012 – Present
Scope of Work/Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report, GFOA Award, Single Audit, GANN Limit, Measure A, Measure W, Measure M, Entertainment Venues, Revenue and Expenditures related to Downtown Marina, Cannabis License Audits, Review of Major Revenues required by the Bankruptcy Agreement with Assured Guarantee.

Appendix B: Project Team Staffing

Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

Disciplinary Action

State regulatory bodies or professional organizations have taken no disciplinary action against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers, or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the Western Riverside Council of Governments.

Engagement Team Resumes

Resumes for key engagement team members are as follows:



Kenneth H. Pun
CPA, CGMA
Engagement/
Lead Partner



EMAIL

ken.pun@pungroup.com



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Kenneth H. Pun is the Managing Partner and an Assurance Partner at The Pun Group ^{LLP}, which he founded in 2012 after serving in senior-level positions for well-established national and regional firms. Under his leadership, The Pun Group has become one of the “*Top Accounting Firms*” in Orange County, according to the Orange County Business Journal. The Pun Group is also on the list of CalCPA Top 150 firms.

Prior to founding The Pun Group, Ken has served clients in a variety of industries, including small to very large state and local governmental agencies, insurance companies, not-for-profits, healthcare, technology, and manufacturing and distribution clients. His career in public accounting was spent primarily with the Regional firms and National firms.

Leveraging more than 21 years of public accounting experience, Ken has earned a reputation of being a trusted advisor to governmental and Healthcare organizations throughout California and neighboring states. Municipalities and public agencies engage him because of his premier level of client service, commitment, and innovative methods of increasing operational efficiencies and reducing costs.

Ken maintains his deep commitment to professional education through his work as an instructor for the California Education Foundation. He has authored training materials in governmental accounting and auditing, such as Financial Reporting for State and Local Governments, 2018 Government Auditing Standards, and Single Audit Fundamentals for California Education Foundation. He is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits. He advises clients on those topics at influential industry forums. Internally, Ken mentors audit teams by providing direction and technical guidance to ensure adherence to the firm’s quality controls.

EDUCATION

University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Member, CalCPA California Committee on Municipal Accounting
- Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, CSMFO Professional Standards Committee
- Speaker, CSMFO Conference (2014 and 2018)
- Instructor, CalCPA Education Foundation
- Technical Reviewer, CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits

RELEVANT EXPERIENCE

- South Bay Cities Council of Governments
- City of Palm Springs
- City of Lakewood
- City of Pomona
- San Elijo Joint Powers Authority
- City of Desert Hot Springs
- City of National City
- City of Redding
- City of Shafter

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Frances J. Kuo
CPA, CGMA
Technical/
Concurring Partner



EMAIL

frances.kuo@pungroup.cpa



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona

EXPERIENCE

Frances Kuo is a Partner in The Pun Group, LLP's Assurance division. Frances has over sixteen (16) years of accounting and auditing experience working with governmental agencies, not-for-profit entities, and employee benefit plans. Frances also has particular expertise in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance, formerly known as OMB Circular A-133 standards.

Frances has performed audits and other attestation services for several municipalities throughout California, including cities, counties, successor agencies to former redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts. She has assisted these clients in publishing their Annual Comprehensive Financial Reports in compliance with GASB Statement No. 34.

Frances is the in-house instructor who provides training, both theoretical and *on-the-job* training, to lower-level staff. She has developed training materials on the risk-based audit approach, GASB Statement No. 34 reporting, Single Audits, and employee benefit plan audit.

EDUCATION

University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

University of California, Riverside

B.A. Degree – Economics

LEADERSHIP & AFFILIATIONS

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

RELEVANT EXPERIENCE

- City of Cerritos
- City of Desert Hot Springs
- City of Glendora
- City of Pomona
- City of Culver City
- City of Coachella
- City of Gardena
- City of Industry
- City of Lakewood
- City of Cerritos

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



John F. Georger, Jr.
CPA, CIA, CGMA
Quality Control
Reviewer



EMAIL

jack.georger@pungroup.com



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona
Nevada

EXPERIENCE

Jack Georger is the Chief Quality Officer within The Pun Group ^{LLP}'s Assurance division. By leveraging more than forty (40) years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing, and nonprofit sectors, Mr. Georger brings in-depth knowledge and practical expertise to each engagement.

Jack coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits, and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Mr. Georger leads our Peer Review department providing peer review services to other firms under the practice monitoring program of the AICPA.

Mr. Georger is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours in accounting and auditing subjects. Jack has authored training material in governmental accounting and auditing for the AICPA. He is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB).

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive). He is a Certified Internal Auditor (CIA).

EDUCATION

George Mason University Fairfax, Virginia

B.S. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, New York Society of Certified Public Accountants (NYSSCPA)
- Chairman, NYSSCPA Government Accounting and Auditing Committee
- Member, NYSSCPA Auditing Standards Committee
- Member, NYSSCPA Sustainability Committee
- Member, NYSSCPA Not-for-Profit Committee
- Nevada Society of Certified Public Accountants (NSCPA)
- Member, Government Finance Officers Association (GFOA) – Reviewer
- Member, Institute of Internal Auditors

CONTINUING PROFESSIONAL EDUCATION

He has instructed over 300 hours of municipal accounting courses offered by the AICPA.

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Gary M. Caporicci
CPA, CGFM, CFF
GASB
Implementation
Specialist



EMAIL

gary.caporicci@pungroup.com



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. Also, he authors white papers for the California Committee on Municipal Accounting.

Before working with the Firm, Gary founded his accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Gary has held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

EDUCATION

Armstrong University

B.S. Degree – Accounting and Finance

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Author, and Instructor, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- Member, CalCPA Council
- Chair, California Committee on Municipal Accounting (CCMA)
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Governmental Accounting Standards Board (GASB)
- Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- National Reviewer and Speaker, Government Finance Officers Association
- Adjunct Professor, National University
- Past Member, Texas Governmental Accounting and Auditing Committee
- GFOA Certificate for Excellence in Financial Reporting – Reviewer

CONTINUING PROFESSIONAL EDUCATION

Author and instructor of various municipal accounting courses offered by the AICPA, CalCPA Education Foundation, and local universities, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Andrew Roth
CPA
Engagement
Director



EMAIL

andrew.roth@pungroup.com



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona

EXPERIENCE

Andrew Roth is a Director within The Pun Group ^{LLP}. He has more than twelve (12) years of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. His client portfolio consists of moderate to large municipalities (cities and counties), municipal transportation districts, water districts, municipal electric utilities, and non-profit organizations whose missions involve building communities. His governmental agency clients have federal grant expenditures that range from \$100 million to \$750 million annually.

In various engagements, Andrew has been responsible for leading the service delivery where he has actively contributed and managed the planning process, implementation of the audit work plan, supervision of multiple audit teams, provided yearly team updates on the changes in compliance testing requirements for the Single Audits, and preparation of all deliverables including the Annual Comprehensive Financial Reports, the Single Audit, Compliance Reports, Data Collection Forms, and City Council/Board presentations. He has also been a guest speaker on topics involving Federal grants such as Update to Yellow Book Standards, Compliance Auditing, and Updates to the Uniform Guidance Procurement Requirements.

EDUCATION

San Diego State University
B.A. Degree – Accounting



LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- City of Stockton
- City of San Bernardino
- City of Placerville
- City of Beaumont
- City of Lodi
- City of Clovis
- City of National City
- City of Shafter
- Imperial County Local Transportation Authority
- San Diego Metropolitan Transit System

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Mark Hu

CPA

Audit Supervisor



EMAIL

mark.hu@pungroup.com



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Mark Hu, CPA, is a Supervisor at The Pun Group ^{LLP} with more than eight years of experience in providing accounting and audit services, internal control and risk evaluation, and business consulting to privately held and public companies. Mr. Hu has worked with clients in a variety of industries, including large not-for-profits entities, insurance carriers, manufacturing and distribution, and government entities.

Mark has been responsible for managing, planning, and performing financial and regulatory external and internal audits and for developing and conducting internal control procedures and risk assessment evaluations. He has evaluated key processes within companies to determine areas of operating inefficiencies or potential internal control weaknesses and developed findings into recommended courses of action and into report comments and recommendations for resolution.

Mr. Hu has provided accounting support services to local not-for-profit and governments, including financial statement analysis and preparation.

EDUCATION

Hofstra University, New York

M.S. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- Alameda County Water District
- City of Redding
- City of Ridgecrest
- City of Culver City
- City of Lynwood
- City of Douglas, AZ
- City of Rohnert Park
- City of South Gate
- City of Placerville
- City of Stockton

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

Appendix C: Company Overview

Legal name and address of the Firm.

The Pun Group, LLP

Corporate Office:
200 E. Sandpointe Ave., Suite 600
Santa Ana, CA 92707
Tel: (949) 777-8800 | Fax: (949) 777-8850

Firm Registration:

California State Board of Accountancy Number – PAR 7601
Federal Identification Number – 46-4016990

License to Practice in California.

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits.

Independence.

The Pun Group ^{LLP} requires all employees to adhere to strict independence standards concerning the Firm's clients. These independence standards exceed, in many instances, the rules promulgated by the American Institute of Certified Public Accountants (AICPA). The Pun Group ^{LLP} certifies that it is independent of the Western Riverside Council of Governments. The Firm meets independence requirements defined by the United States Government Accountability Office's (US GAO's) Government Auditing Standards and the American Institute of Certified Public Accountants (AICPA). Based on that, we have not identified an instance that constitutes a conflict of interest relative to performing the services requested by the WRCOG.

Number of Years in Business.

Nine years.

Legal form of the company (partnership, corporation).

Limited Liability Partnership. The Firm is not an owned subsidiary of a "parent company."

Name, title, address, email address, and telephone number of the person to contact concerning the proposal and authorized to contractually bind the organization.

Kenneth H. Pun, CPA, CGMA
Managing Partner
Email: ken.pun@pungroup.com
200 E. Sandpointe Ave., Suite 600
Santa Ana, CA 92707
Phone: (949) 777-8801 | Fax: (949) 777-8850

Let's Get to Work!

Benefits of Choosing The Pun Group LLP

The Pun Group LLP is recognized for its professionalism, integrity, and providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to give the Western Riverside Council of Governments solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the engagement team members, the overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the Western Riverside Council of Governments and providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for allowing us to submit our qualifications to provide you with Financial Auditing Services. Please direct inquiries to:

Kenneth H. Pun, CPA, CGMA
Managing Partner
Email: ken.pun@pungroup.com
Phone: (949) 777-8801 | Fax: (949) 777-8850

Sincerely,

A handwritten signature in black ink that reads "The Pun Group, LLP". The script is fluid and cursive, with the letters "The" and "Group" being more legible than "Pun".

The Pun Group LLP
Certified Public Accountants and Business Advisors

Sample Certificate of Insurance



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
3/1/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Wood Gutmann & Bogart 15901 Red Hill Ave., Suite 100 Tustin CA 92780		CONTACT NAME: Sarah Caballero PHONE (A/C, No, Ext): 714-824-8300 FAX (A/C, No): 714-573-1770 E-MAIL: scaballero@wgbib.com ADDRESS:	
INSURED The Pun Group, LLP 200 East Sandpointe Avenue, Suite 600 Santa Ana CA 92707		INSURER(S) AFFORDING COVERAGE INSURER A: Great Divide Insurance Company INSURER B: Travelers Property Casualty INSURER C: Valley Forge Insurance Co. INSURER D: National Fire Ins Co. INSURER E: INSURER F:	
PUN&M-1		NAIC # 25674 20508	

COVERAGES

CERTIFICATE NUMBER: 80570923

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ \$0 deductible GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:	Y	7013134445	3/1/2022	3/1/2023	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMPIOP AGG \$ 4,000,000 \$
D	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS		7013117845	3/1/2022	3/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	UMBRELLA LIAB EXCESS LIAB ☐ OCCUR ☐ CLAIMS-MADE ☐ DED ☐ RETENTION \$		7013136468	3/1/2022	3/1/2023	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	7013134493 7013136289	3/1/2022 3/1/2022	3/1/2023 3/1/2023	☒ PER STATUTE ☐ OTH-ER No Deductible E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	E&O Retro 12/29/11		CAB20235902	3/1/2022	3/1/2023	3,000,000 agg 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Great Divide Insurance Company AM Best Rating A+ XV

Certificate holder(s) is/are named as additional insured per attached endorsements subject to the terms & conditions of the policy:
 General Liability Additional Insured & Waiver of Subrogation # SB146932G
 General Liability Primary & Contributory #CNA80103XX
 Umbrella Policy follows form for General Liability, Auto Liability and Employers Liability
 Auto Primary and Non-Contributory & Waiver of Subrogation #CA00011013
 Auto Designated Insured #IL 02 70 07 20
 See Attached...

CERTIFICATE HOLDER PROOF OF INSURANCE	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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ACORD 25 (2014/01)

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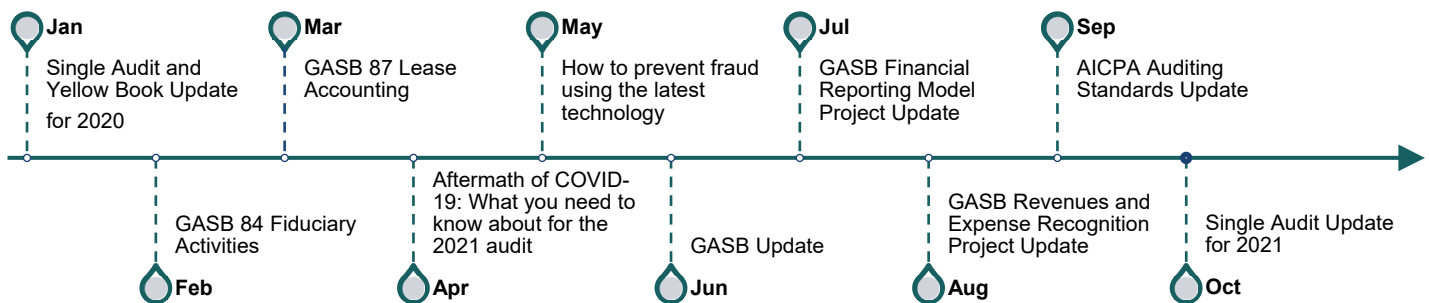
Available Training

Client Training Webinars

We pride ourselves in leading the governmental auditing profession nationwide and statewide. Members of our team have been assigned to the AICPA and State Government Accounting and Audit committees. Our membership with these two levels of government keeps us current, and such involvement helps our Firm with the constant changes in accounting and auditing standards, laws and regulations, and compliance provisions, which have created an unprecedented complexity in public accounting for state and local governments.

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. Since last year, by implementing “Webinars,” we’re expanding our horizons and offering our clients 15 hours of Continuing Professional Education (CPE). These sessions are **free of charge** and part of the service package provided to our clients.

Our 2021 *Virtual Governmental Accounting Webinars* presented the following topics:



So far in 2022, we have presented the following topics:

- February 2nd: Pun Group and LeaseQuery: An Introduction to GASB 87

Additional topics and dates for the 2022 *Virtual Government Accounting Webinars* will be released in March 2022.

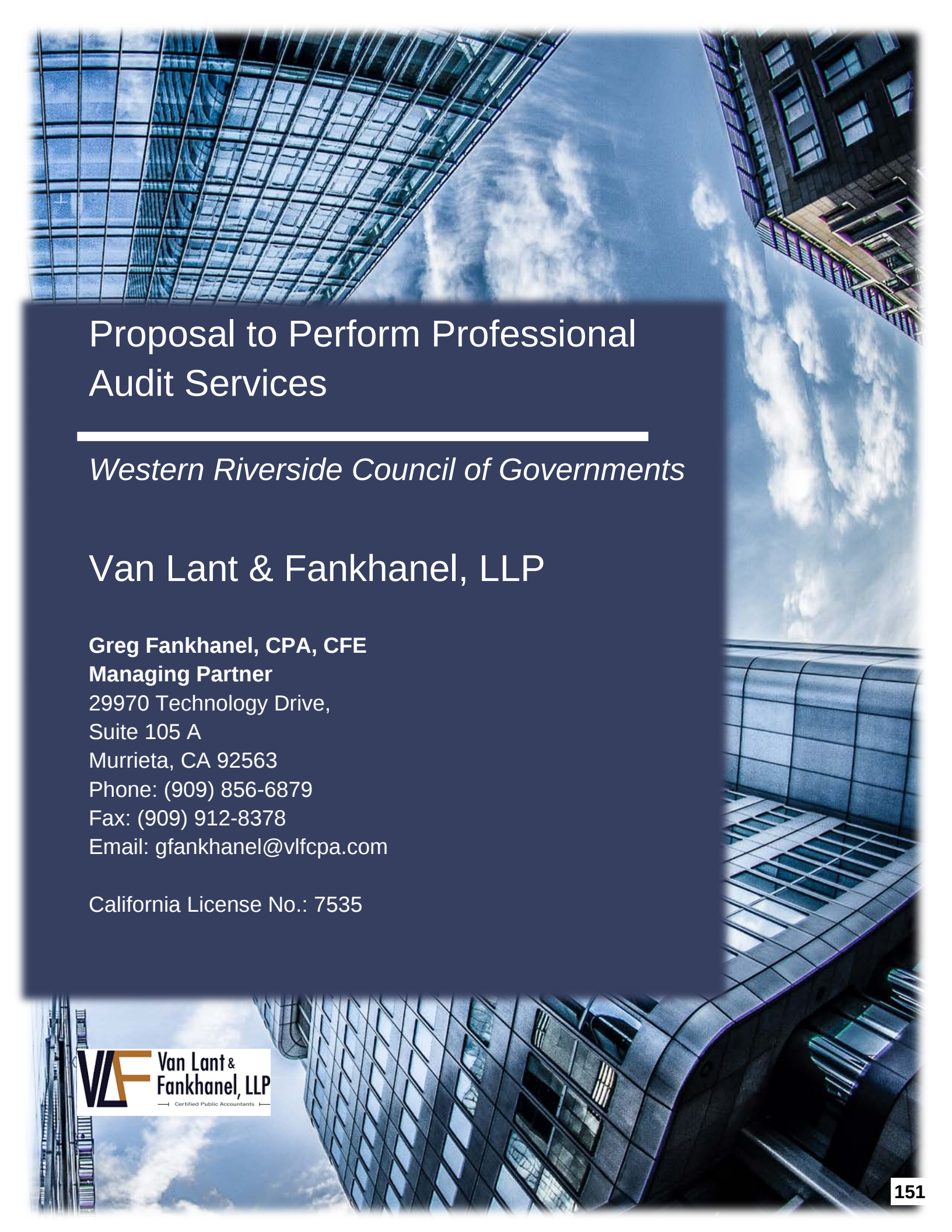


ORANGE COUNTY ■ SAN DIEGO ■ BAY AREA ■ LAS VEGAS ■ PHOENIX

www.pungroup.com

Attachment

RFP 22-02 Financial Auditing
Services Technical Proposal
Van Lant and Fankhanel



Proposal to Perform Professional Audit Services

Western Riverside Council of Governments

Van Lant & Fankhanel, LLP

Greg Fankhanel, CPA, CFE

Managing Partner

29970 Technology Drive,

Suite 105 A

Murrieta, CA 92563

Phone: (909) 856-6879

Fax: (909) 912-8378

Email: gfankhanel@vlfcpa.com

California License No.: 7535



A. Title Page

RFP No. 22-02

Proposal to Perform Audit Services for the
Western Riverside
Council of Governments

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

Signature: 

Phone No.: (909) 856-6879

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

March 4, 2022

B. TABLE OF CONTENTS

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March 4, 2022

Andrew Ruiz, Chief Financial Officer
Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501

Dear Mr. Ruiz,

Van Lant & Fankhanel, LLP (VLF) is pleased to submit our proposal to perform professional audit services for the Western Riverside Council of Governments (WRCOG). We hope this proposal conveys our strong desire and qualifications to fulfill your requirements. We understand this proposal is to audit WRCOG's financial statements for three fiscal years beginning with the fiscal year ending June 30, 2022, with the option to extend for two subsequent years.

VLF is the best choice to provide annual audit services to the Western Riverside Council of Governments for the following significant reasons:

- We have extensive experience auditing California Cities and special districts that are similar to the WRCOG.
- 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 WRCOG'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 governments in strengthening internal controls, and establishing effective policies and procedures.

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.

Van Lant & Fankhanel, LLP

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

There is no pending litigation against our firm. VLF has never gone through bankruptcy or insolvency proceedings. There have been no disciplinary or regulatory actions taken against our firm, or the partners. The firm has had no negative federal or state reviews, and we are not aware of any potential conflicts of interest relating to WRCOG's audit.

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 WRCOG. Greg Fankhanel is authorized to represent VLF, empowered to submit this proposal, and authorized to sign a contract with WRCOG. This proposal remains valid for a period of 90 days. 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



D. Firm Capabilities

Van Lant & Fankhanel, LLP (VLF) is a local firm of Certified Public Accountants specializing in local government accounting and financial reporting. Our firm is established as a CA limited liability partnership. Although VLF was established in 2013, the Partners were previously providing audit services to local governments at another CPA firm. Greg Fankhanel, Partner was an audit partner at the previous CPA firm for 12 years.

VLF currently serves several 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.

VLF only takes on new clients when we determine we can continue to provide our high level of service to each client. For similar special districts we currently audit, we have a proven track record of quick turn-around times, from fieldwork to issuance of final reports. Many of our clients submit for the GFOA financial statement award program. Greg Fankhanel has been a reviewer for the GFOA ACFR award program for many years.

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 WRCOG. 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.

The engagement team members for WRCOG 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 CSCP, GFOA, and the AICPA. Both Mr. Fankhanel and Mr. Van Lant have been instructors for an in-house continuing education program for several years.

We are an equal employment opportunity employer.

Participation in External Quality Control Review Program

As required by Government Auditing Standards, our firm must have a peer review once every three

Auditing Services Proposal



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 as apart of **Appendix C**.

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.

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 Western Riverside Council of Governments 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 WRCOG with written notice of any professional relationships entered into during the period of our engagement that may impair our independence, if necessary.

We have had no professional relationships with WRCOG for the past five years.

Current Municipal Audit Clients

WRCOG understandably desires that its auditors have proven experience, in-depth knowledge and technical expertise in dealing with the unique issues facing governmental entities. Below is a list of current municipal audit clients for which we currently provide audit services, including several special districts:

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

*GFOA ACFR award program participant



E. Approach and Understanding of the Scope of Work Plan

Scope of Work

The scope of the audits will be to perform the audits in accordance with generally accepted auditing standards; the A.I.C.P.A. industry audit guide, Audits of State and Local Governmental Units, as amended; the Government Finance Officers Publication, Governmental Accounting, Auditing and Financial Reporting, as amended; the standards for financial audits contained in the U.S. General Accounting Office publication Government Auditing Standards, the Single Audit Act, as amended, and the Office of Management and Budget Uniform Guidance, as applicable to the issuance of the reports listed in the RFP.

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.

We anticipate performing preliminary audit fieldwork prior to, or around year-end, and completing the year-end fieldwork as soon as WRCOG's records are ready for audit. Our estimated audit timeline would include having fieldwork completed by October of each year, with final reports issued by November.

WRCOG and its auditors are continually faced with requirements to implement new accounting pronouncements from GASB. The VLF 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 WRCOG 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.



Audit Approach

Proposed Segmentation

The following is a proposed segmentation of the engagement, including the level of staff and proposed date involved for each segment.

Description	Level of Staff	Estimated Dates	Estimated Hours
Preaudit planning, detailed request list provided	Partner	June	2
Preliminary audit fieldwork (risk assessment, evaluating internal controls, etc.)	Partners, Supervisor, Senior	June	80
Auditors mail confirmation letters provided by WRCOG, as applicable	Seniors	July	1
Year-end audit procedures performed	Partners, Supervisor, Senior	October	110
Exit/progress meetings with management	Partners	October	2
Auditors provide draft financial statements and related reports for review	Partners, Supervisor, Senior	November	20
Final reviews, completion of audit reports	Partners, Supervisor, Senior	November	15
		Total Hours:	230

Our proposed segmentation of the engagement is further explained 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 WRCOG's staff. We will provide a customized request list or "PBC list" to District 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 agencies in California. Therefore, we tailor our approach with the focus of being the least disruptive as possible to WRCOG's staff. To achieve this, as part of the planning phase, the engagement team will review District budgets, organizational charts, year-to-date accounting records, applicable accounting policies and procedures, prior year financial statements, WRCOG's website, and minutes of Board meetings to gain a thorough understanding of WRCOG'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 WRCOG’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 District staff. Each of these approaches requires inquiry and observation of District personnel and operations. We will also utilize WRCOG’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 District 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 District 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 District assets, improving the effectiveness of District 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 WRCOG’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 District 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 ACFR 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 District staff for review. Our goal is to provide “print ready” reports when District staff receives the first draft. This ensures District staff will not have to spend time correcting our mistakes. We have a proven track record of meeting deadlines and being flexible to meet WRCOG’s needs as they may change throughout the engagement.

District Staff Assistance

Assistance expected from District staff will include preparing confirmation letters, as applicable, and answering procedural questions along with other questions regarding WRCOG’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 the billing function.

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 WRCOG’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 District 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 WRCOG's Internal Controls

We will obtain an understanding of the design and implementation of WRCOG's internal controls by performing procedures as required by SAS 109. This involves documenting our understanding of the internal controls over the areas of cash, investments, revenues and receivables, 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.

In the event that any irregularity in records indicates WRCOG may have suffered or will suffer a monetary loss, we will report such loss to the appropriate District personnel immediately upon discovery in the form of a written report. Responses to District 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.

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 WRCOG's operations, personnel, and policies. However, because of our audit team's extensive experience, we anticipate the first year will result in a highly efficient and effective audit for WRCOG.

Identification of Anticipated 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 WRCOG'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 WRCOG.

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 WRCOG 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.



Hourly Billing Rates for Staff

The proposed hourly billing rates for staff for services not directly identified in the scope of work is listed below:

Position	Hourly Rate
Partner	\$ 205
Manager	165
Senior Accountant	135
Staff Accountant	110
Clerical	N/A

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 WRCOG in its efforts to achieve excellence in financial reporting and provide excellent service to the customers of WRCOG.

Your District 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.



F. Detailed and Itemized Pricing

We are pleased to present this audit cost proposal. We have provided you with a significant amount of information about our firm, our service approach to auditing and the individuals who will serve you. We are committed to provide the highest level of service to the Western Riverside Council of Governments at a reasonable cost. Our proposed audit fees are presented as follows:

Total Not-to-Exceed Audit Fees

Service	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Audit of WRCOG Financial Statements	\$ 26,500	\$ 26,500	\$ 27,250	\$ 27,250	\$ 28,000
Audit of RCHCA Financial Statements	13,000	13,000	13,400	13,400	13,850
Single Audit (if necessary)	3,250	3,250	3,350	3,350	3,450
Total Maximum Audit Fees	\$ 42,750	\$ 42,750	\$ 44,000	\$ 44,000	\$ 45,300

This proposal is based on the current audit scope, and is made with the assumption that WRCOG's books and records will be in a reasonably balanced condition and reconciled at the start of the audit and that the representations made to us during this proposal process will remain effective throughout our engagement. The above fees are based on the assumption that a Single Audit will not be required, in accordance with the Uniform Guidance, as amended. Detail for the above fees is included on the following page.

APPENDIX A



Appendix A: References

1) City of Upland (includes Water and Sewer Funds)

Londa Helms, Finance Officer
460 North Euclid Avenue
Upland, California 91786
(909) 931-4100, Email: lhelms@ci.upland.ca.us

Engagement Partner: Brett Van Lant
Total Hours: 340

The City of Upland is a full-service City in San Bernardino County. The City's operations include general government administration, public safety, engineering and public works, water and sewer services. We performed the audit of the City's financial statements for the past four fiscal years, including Single Audit. We have assisted the City with the implementation of various GASB Pronouncements, and with the submission of the ACFR to the GFOA financial statements award program.

2) Riverside County Flood Control and Water Conservation District

Darrylenn Prudholme-Brockington,
Assistant Finance Director
1995 Market St.
Riverside, California 92501
(951) 955-8357; Email: dsprudho@rivco.org

Engagement Partner: Brett Van Lant
Total Hours: 185

The Riverside County Flood Control and Water Conservation District was established in 1945 to provide flood control regulation, planning and maintenance throughout the County of Riverside. We have conducted the annual audit for the District for the years ended June 30, 2020 and 2021. Our services included assistance with the in submitting an ACFR for the GFOA award for excellence in financial reporting.

3) City of Hemet

Lorena Rocha, Finance Director
445 E. Florida Ave.
Hemet, California 92543
(951) 765-2331; Email: lrocha@hemetca.gov

Engagement Partner: Brett Van Lant
Total Hours: 365

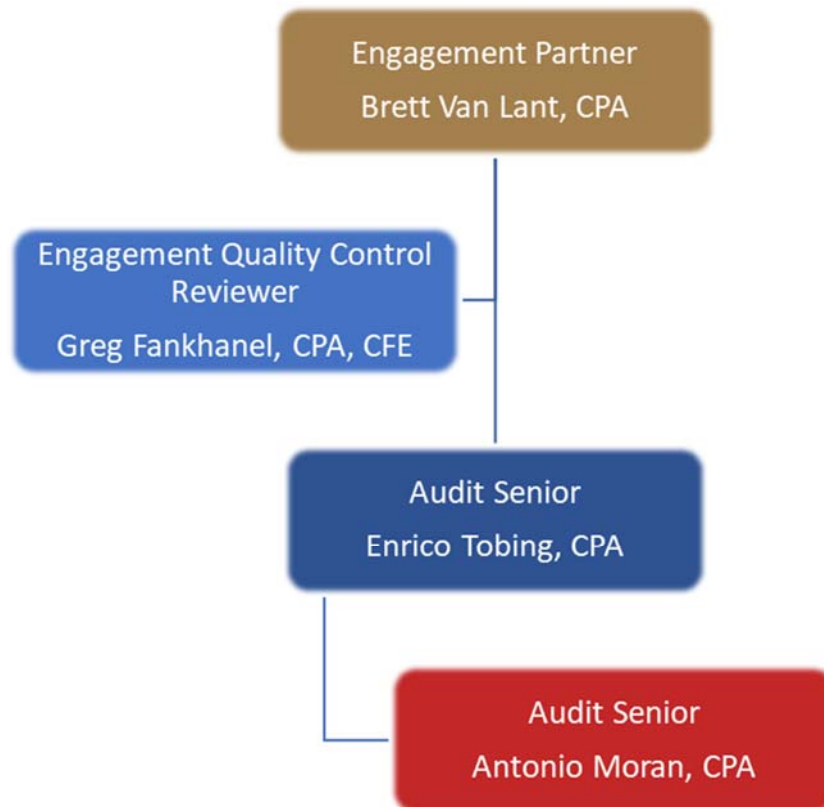
The City of Hemet is a full-service City in Riverside County. The City's operations include general government administration, public safety, engineering and public works, and water services. We performed the audit of the City's financial statements beginning in fiscal year 2021, including Single Audit. We have assisted the City with the implementation of various GASB Pronouncements, and with the submission of the ACFR to the GFOA financial statements award program.

APPENDIX B



Appendix B: Project Team Staffing

The proposed Engagement Team selected to serve WRCOG have extensive experience and a proven record of providing excellent and timely audit services to similar special districts in California.



We will provide continuity of audit staff from year to year, which is in the best interest of WRCOG 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 WRCOG. We agree WRCOG 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 15 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 WRCOG throughout the engagement.

*Greg W. Fankhanel, CPA, CFE
Engagement Quality Control Reviewer*

Mr. Fankhanel is the managing Partner of VLF and has 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.

*Enrico Tobing, CPA
Supervisor*

Mr. Tobing is a Senior Auditor with VLF and has over 7 years of experience auditing local governments. He will work closely with Mr. Fankhanel during the audit fieldwork and report preparation for WRCOG. 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 and has over 5 years of experience auditing local governments. He will work closely with Mr. Fankhanel and Mr. Tobing throughout the audit fieldwork. Mr. Moran has two 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 another CPA firm 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 Corona
- City of Delano
- City of Healdsburg
- City of Hemet
- City of Highland
- City of Hidden Hills
- City of King City
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Santee
- City of South El Monte
- 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 QC Reviewer

Greg W. Fankhanel is the Managing Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Fankhanel spent 24 years with another CPA firm, 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

- Town of Apple Valley
- City of Delano
- City of Healdsburg
- City of Hidden Hills
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Maywood
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Santa Paula
- City of Susanville
- City of Tehachapi
- City of Ukiah
- City of Upland
- City of Yucaipa
- Town of Windsor
- City of Winters
- East Valley Water District
- Running Springs Water District
- Riverside County Flood Control and Water Conservation 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 Auditor

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

- Town of Apple Valley
- City of Delano
- City of Hidden Hills
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Maywood
- City of Montclair
- City of San Fernando
- City of Santa Paula
- City of Susanville
- 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
- Riverside County Flood Control and Water Conservation 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

APPENDIX C



Appendix C: Company Overview

The official name of our firm is Van Lant & Fankhanel, LLP. Other information is as follows:

Address: 29970 Technology Drive, Suite 105 A
Phone Number: (909) 856-6879
Fax Number: (909) 912-8378
California License No.: PAR 7535
FEIN: 46-1814856

Primary Key Contacts:

Greg Fankhanel, Partner, CPA, CFE

Phone Number: (909) 856-6879

Email: gfankhanel@vlfcpa.com

Address and Fax Number are the same as above

Brett Van Lant, Partner, CPA

Phone Number: (951) 283-4848

Email: bvanlant@vlfcpa.com

Address and Fax Number are the same as above

Greg Fankhanel is authorized to represent VLF, empowered to submit this proposal, and authorized to sign a contract with WRCOG.

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 & Hendry, Inc.

July 14, 2020



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Fiscal Year 2022/2023 Budget Development
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740
Date: April 13, 2022

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to discuss and receive direction on the Fiscal Year (FY) 2022/2023 Agency budget process.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

Budget documents are often the life blood of public agencies. They document the organization's constrained aspirations and serve as the primary policy statement of the governing elected officials.

They also provide members of the public with an opportunity to learn about, evaluate, and provide opinions about how public resources are allocated.

Historically, the budgets of cities and counties accomplish these goals with robust documents providing both financial and contextual narrative information. Budgets for Councils of Governments, on the other hand, are sometimes less descriptive and focus almost exclusively on spending amounts. While the latter option has met our needs in the past, there may be value in adapting our budget document to more clearly reflect priorities, explain our function, and share our achievements.

As professionals who spend a significant amount of time working with public budgets, this committee has valuable insights.

This agenda item is intended to provide an opportunity for committee members to share their thoughts or concerns about how the WRCOG budget document could be improved to best meet the needs of our member agencies and members of the public. No specific action is required, however, coming prepared to share your thoughts would be helpful to the process.

Prior Action(s):

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

None.