



Moraga-Orinda Fire District

Board of Directors

AUDIT COMMITTEE MEETING

May 19, 2023 – 4:30 PM

CALL AND NOTICE OF A SPECIAL MEETING

MEETING LOCATION:
Sarge Littlehale Room
22 Orinda Way
Orinda, CA 94563

This meeting will be conducted in person only.

For In-person Attendees, face coverings are strongly encouraged and attendees are encouraged to be up-to-date on the COVID-19 vaccine. Social distance should be maintained when practical.

Written Public Comment can be provided via email at info@mofd.org.

- Emails received by **12pm** on the day of the meeting will be forwarded to the Board of Directors. Emails will be made a part of the public record and available to view by 1pm on the day of the meeting by following this link mofd.org/agendas
- Comments may also be submitted by e-mail during the meeting up until the closure of the public comment period on the relevant agenda item. These will be read into the record by staff at their normal cadence and will be limited to a maximum of 3 minutes.

1. OPENING CEREMONIES

- Call the Meeting to Order
- Roll Call

2. PUBLIC COMMENT – ITEMS NOT ON THE AGENDA

At the beginning of each regular District Board meeting, any member of the public may address the District Board concerning any item not on the Board's agenda but within the subject matter jurisdiction of the Board. Speakers will be limited to three (3) minutes unless otherwise specified by the Presiding Officer. The public will be given an opportunity to speak on each agenda item at the time it is called. The Board may discuss and/or take action regarding any or all of the items listed below. Once the public comment portion of any item on this agenda has been closed by the Board, no further comment from the public will be permitted unless authorized by the Board and if so authorized, said additional public comment shall be limited to the provision of information not previously provided to the Board or as otherwise limited by order of the Presiding Officer or the Board.

3. CONSENT AGENDA

3.1 Audit Committee Meeting Minutes - April 6, 2023

Staff Recommendation: Receive and File

Attachment: [04-06-23 AUDIT Committee Minutes Draft](#)

4. REGULAR AGENDA

4.1 [Review and Discuss Proposals Received for Audit Services Contract; Discuss Next Steps to Determine Recommendation for Selection of Audit Firm or Determine Recommendation for Selection of Audit Firm for the Fiscal Years Ending June 30, 2023 through 2025 with an Option to Extend Two Additional Years](#)

1) Discuss; 2) Deliberate; 3) Determine next steps to proceed with the selection of a firm of certified public accountants to perform audit services or determine a recommendation to make to the Board for audit firm selection

[Attachment A: Maze & Associates Proposal.pdf](#)

[Attachment B: Badawi & Associates Proposal.pdf](#)

[Attachment C: Harshwal & Company Proposal May 2023.pdf](#)

[Attachment D: Audit RFP Proposal Results May 2023.pdf](#)

5. ADJOURNMENT

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4501, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

Any disclosable public records related to an open session item on a Regular meeting agenda and distributed by the Moraga-Orinda Fire District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspections at 1280 Moraga Way, Moraga, during normal business hours, and available on our website at www.mofd.org/agendas.

I hereby certify that this agenda in its entirety was posted on May 18, 2023, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44, and 45 and electronically at www.mofd.org/agendas. Agenda provided to the Moraga Town Office (Hacienda) and Orinda City Hall.



Marcia Holbrook
District Secretary/Clerk



Moraga-Orinda Fire District
BOARD OF DIRECTORS
Audit Committee Minutes
 April 6, 2023
 (DRAFT – PENDING APPROVAL)

1. OPENING CEREMONIES

The Audit Committee convened in Open Session at 6:15 p.m. on April 6, 2023, at the Moraga-Orinda Fire District Administration Office, 1280 Moraga Way, Moraga, California 94556. The meeting was available to the public for in-person attendance only. Director Jex called the meeting to order and requested an attendance roll call.

Present were the following Directors and Staff:

Director Hasler	Dave Winnacker, Fire Chief	Mary Smith, Finance Manager <i>(attended telephonically)</i>
Director Jex	Gloriann Sasser, Admin. Services Director	Johnathan Holtzman, District Counsel <i>(attended VIA Zoom, arrived at 6:17)</i>

At 6:18 p.m. Steven Danziger was present at the meeting in the capacity of a member of the public and did not participate in the Audit Committee meeting.

2. PUBLIC COMMENT - ITEMS NOT ON THE AGENDA (audio 00:00:55)

There were no comments from members of the public.

3. CONSENT AGENDA

3.1 Audit Committee Meeting Minutes – March 15, 2023 (audio 00:01:20)

The minutes from March 15, 2023, Audit Committee meeting were approved as submitted, with Director Hasler making the motion and Director Jex seconding the motion. The motion passed unanimously by voice vote 2-0 (Ayes: Hasler and Jex; Noes: None). There were no comments from members of the public.

4. SPECIAL AGENDA

4.1 Review and Discuss Proposals Received for Audit Services Contract; Discuss Next Steps to Determine Recommendation for Selection of Audit Firm for the Fiscal Years Ending June 30, 2023 through 2025 with an Option to Extend Two Additional Years (audio 00:02:11).

Director Jex began by providing an overview of the Audit Committee's responsibilities and objectives. Initially, the Committee's primary focus was on five key areas related to the audit process: 1) oversight of the District's financial reporting and related internal controls; 2) review of filings and related reports issued as a result of audit activities or other financial reporting requirements; 3) risk management oversight; 4) oversight of the Independent Auditor and the Firm's performance in terms of engagement; and 5) ethics and compliance. Director Jex proposed adding a sixth key area: selecting the public accounting company that will serve as the District's external auditors. Fire Chief Winnacker clarified that the Committee's role, per board policy, is to "recommend" a public accounting firm to serve as the organization's external auditors. Director Jex agreed with the clarification.

Director Jex conducted research and sought guidance on choosing the right Auditor. Director Jex read into the record information from the Accru website on How to Choose the Right Auditor for Your Business, attached to these minutes. <https://www.accru.com/blog/how-to-choose-the-right-auditor-for-your-business>.

Director Jex presented his assessment of the proposals received. The names of the firms were undisclosed and given identifiers A, B, C, etc.

Firm	Partner Assignments	Partner Hours and Rates	Total Audit Hours	Separate Report Costs	Comments

A	5	7 Hours	228	\$4,000	<ul style="list-style-type: none"> No Partner participation in planning, control, evaluation, and testing, partner involvement Engagement planning. 2 hours of Fieldwork, 2 hours of Post-fieldwork, and 1 Hour on the final report
B	3	18 Hours (\$340/hour)	191	\$5,910	<ul style="list-style-type: none"> 3 hours on interim testing, with no hours on planning 5 hours of year-end testing 6 hours on report review, 4 hours on other reports, no time on two of them
C	1	37 Hours (\$150/hour)	367	\$6,825	<ul style="list-style-type: none"> 6 hours on planning 17 hours Fieldwork 11 hours on year-end work 3 hours on five reports
D	2	19 Hours (\$325/hour)	324	\$7,600	No details provided
E	3	12 Hours (\$350/hour)	236	\$7,000	<ul style="list-style-type: none"> The audit staff held certifications in Virginia, Utah, Washington, and Michigan. Not in California.
F	2	no detail provided	no detail provided	\$10,500	<ul style="list-style-type: none"> Located in Southern California No Fire District experience

Director Jex opposed the selection of Firm A due to insufficient planning and the issue of audit quality. Director Hasler agreed there would not be any insight from the partners and would not be good business partners. Director Jex stated Firm B was a questionable selection. The number of hours spent on the reports for firms A-C lacked insufficient time to provide comments and recommendations for changes, expansion, or other quality issues. Director Jex stated that the lowest bidder was not qualified and there would be quality and service issues. The low bid submitted had almost no partner participation and engagement.

Director Hasler expressed his uncertainty about the lowest bidder's qualifications listed in their proposal because the follow-up performed by Staff found they were no longer the Auditor for one of their references. Director Jex responded that Menlo Park was mentioned in three of the proposals. Fire Chief Winnacker clarified that Menlo Park uses MOFD's current Auditor for auditing services. The respondents may have provided unspecified financial or fiscal services to Menlo Park and other entities. The applications the respondents submitted were unclear about whether they were referring to audit services or other services.

Fire Chief Winnacker reviewed the procedures that the Committee is not obligated to select or recommend a respondent to the full Board; however, if the Committee choose to do so, it can only recommend the lowest bidder in accordance with the Purchasing Ordinance procedures. If the Committee feels that the lowest bidder is different from whom the Committee would like to recommend to the Board, he suggested not selecting any of the respondents.

Fire Chief Winnacker requested direction on what specific criteria the Committee would like to include as qualifications to bid to refine the specifications for a qualified response; and recommended posting a new RFP in advance of updating the Purchasing Ordinance and evaluating those bids based on the Purchasing Ordinance currently in effect. The Audit Committee would then convene another meeting to select respondents.

In addition, Fire Chief Winnacker requested the Committee work with Staff and Counsel on proposing an update to the existing Purchasing Ordinance that would include more permissive components of State law to allow for more discretion for selecting professional services for the future. Those recommendations would be brought back to the full Board for review and adoption.

Director Jex inquired about the timeline for changing the Purchasing Ordinance. In response, District Counsel Holtzman explained that the current Policy only references two sections of the code and disregards the third. However, this issue can be easily resolved, and noted that it

would be unreasonable for the District to select any Professional Services without conducting an evaluation and ensuring their quality.

Director Hasler asked if Staff needed to make a recommendation. Fire Chief Winnacker stated the Committee could decline to forward a recommendation to the full Board. If the Committee does not make a recommendation, the Committee can close the RFP. Administrative Services Director Sasser believed that was allowed. Director Hasler asked if the Staff would close this list, update the Policy and repost the RFP. District Counsel Holtzman confirmed and stated that Staff would respond to the bidders stating that the District has decided to decline to select anyone from this proposal and will be issuing a revised bidding investigation shortly. Director Jex motioned to approve that action. Director Hasler seconded the motion.

Fire Chief Winnacker requested that the Committee provide updated qualifications to be included in a new Request for Proposal (RFP). The new Purchasing Ordinance will provide more discretion in the selection process, but only to a certain degree, and suggested the Committee include specific qualifications in the RFP posting to inform responses. Staff will be able to filter potential respondents in advance, saving time for both the Committee and the respondents. The Committee will then be able to consider only those bidders who meet the specific qualifications, making the selection process more efficient. Director Jex has expressed concern about potentially losing three of the bidders due to deferring action, which may result in the loss of high-quality services they might be able to provide.

Fire Chief Winnacker stated that those who initially submitted a bid on the business would most likely continue to be interested in the business. A competitive cluster of three seems promising, and if there are shared traits among the individuals, these traits should be incorporated into the RFP qualifications description. This way, potential candidates are informed of the qualities that the organization is seeking.

Fire Chief Winnacker summarized the criteria Director Jex provided in "How to Choose the Right Auditor" to include: partner assignment, partner hours and rates, total hours and report costs, sufficient competent planning measured in partner hours, certification in California, sufficient partner time to review the reports, and relevant experience with Cities, Counties, Fire Districts, and relevant government programs.

Director Hasler mentioned that the absence of partner involvement is unacceptable and is an indicator of poor quality. Director Jex added that partner involvement adds value. The Committee agreed that current Fire District client experience is positive but not required. Auditor experience with Cities, Counties, and Special districts as current clients is required. The Committee discussed defining relevant government experience and the locality of the firms. Fire Chief Winnacker clarified that "local" experience meant within the nine Bay Area Counties, to which both Directors agreed.

Fire Chief Winnacker questioned the requirements for the geographic location of the Auditor's office. Director Jex mentioned that travel expenses are usually billed, but Director Hasler stated that if there are no expenses for travel, the location is less relevant. Fire Chief Winnacker cautioned against emphasizing the office's location too much, as it might increase the hourly rate. Director Hasler clarified that the office's location is not a selection criterion, but the out-of-pocket expenses would be considered. Director Jex believed that accessibility is probably a factor in the quality of participation. Fire Chief Winnacker mentioned that the previous audits were performed remotely, and it did not affect the quality of the audit process. Director Jex opposed the audit being performed remotely, stating that Auditor's observations and access to information are limited. Fire Chief Winnacker suggested that the RFP could include a requirement for an on-site audit. Director Jex stated that it should not change the cost but will affect the quality of the audit.

Administrative Services Director Sasser requested further clarification regarding the on-site requirement, because the previous RFP stated that it was at Auditor's discretion to conduct the audit remotely or on-site. Administrative Services Director Sasser asked whether the entire audit would be performed on-site. In response, Director Hasler stated that it is uncommon for

auditors to perform a complete audit on-site in today's era. Director Hasler also said that it would be difficult to impose such a requirement. Fire Chief Winnacker asked if there is a minimum percentage of work required to be done on-site. Director Hasler suggested, at a minimum, the kickoff and conclusion meetings should be conducted on-site. Director Jex agreed with this suggestion.

Fire Chief Winnacker reiterated the critical components included in the RFP, such as local relevant experience within the nine Bay Area Counties, specific to Cities, Counties, and Special Districts as current clients, and certifications in California. Administrative Services Director Sasser questioned the staff qualifications requirement. Director Hasler stated that it is uncommon to provide audit services in California without being licensed in the state, but not necessarily to be listed as a qualification. Director Hasler asked if the list of qualifications needed to be shorter, and Fire Chief Winnacker inquired if the three key bidders discussed earlier would have met these requirements. Both Directors answered yes, and Fire Chief Winnacker concluded that the list of qualifications discussed was appropriate for the RFP.

Director Hasler asked about the language that needed to be added to the Purchasing Ordinance. District Counsel Holtzman explained the current language indicates that the Purchasing Ordinance complies with Public Contract Code (PCC) §20812 (a)(c). However, section (c) of the code is designed for organizations with a million dollars or less and is a rigid process. Section (b), which would have provided flexibility in selecting respondents, must be added to the Purchasing Ordinance. Section (b) of the PPC is more liberal and would allow for Professional Services Contracts to be chosen based on factors beyond the lowest bidder.

Fire Chief Winnacker stated that District Counsel would work on updating the Purchasing Ordinance for the next regular agenda, and the Staff would create and publish a new RFP based on the criteria discussed. Director Hasler requested that the Staff inform the bidders that there was no selection and notify everyone that the RFP would be reposted. Director Hasler inquired whether the amendment to the Purchasing Ordinance was solely for Professional Services. District Counsel Holtzman stated that a comprehensive review was necessary before confirming any amendments.

There were no comments from members of the public.

4.2 Status of the June 30, 2022, Annual Comprehensive Financial Report and Audit (audio 00:33:00)

Administrative Services Director provided the report. Eide Bailly started audit fieldwork on March 29, 2023. It is unknown if they will have the ACFR report for the April meeting. Director Jex asked if the District received a waiver on the filing requirement. ASD Sasser answered the District had not received a formal waiver. Director Jex stated that normally the District would receive a formal waiver and could be out of compliance. Director Jex requested Staff to review and see if the District needs to obtain a formal waiver.

There were no comments from members of the public.

5. ADJOURNMENT

At 7:04 p.m. the Audit Committee called for the meeting adjournment.

Marcia Holbrook

Marcia Holbrook, District Secretary/District Clerk



How to choose the right auditor for your business

H O M E N E W S HOW TO CHOOSE THE RIGHT AUDITOR FOR YOUR BUSINESS

Choosing the right external auditor is an important decision. You'll work with your external auditors year after year and their insights are likely to be integral to your organisation's success. How do you choose the right auditor?



An external audit should deliver much more than business compliance. To really add value for your business, auditors must bring the right combination of qualifications, experience, technologies and approach to the task. Here are some capabilities that you should look for.

Criteria for choosing an auditor

1. Qualifications

When an audit is conducted for the purpose of meeting an external regulator's requirements, it's essential that the lead audit partner meets the conditions that the regulator requires. For example, if your audit is to comply with ASIC requirements, only a **registered company auditor (RCA)** can conduct your audit. To ensure your auditor is registered, you can check their details in the professional registers section of the ASIC website.

2. Industry experience

If your auditor has experience within your industry, it will typically translate into a more efficient audit and avoid generic questions being asked. It will also enable them to provide more relevant value-added services and translate their analysis into concrete actions that your business can take. Continuity of audit staff working on your organisation's audit will also enable a more efficient audit year-on-year.

3. Use of technology

If your auditor isn't using technology and data analytics to perform your audit, you're missing out on important insights into your business. Technology can digest entire data sets across large organisations, more quickly finding anomalies and freeing auditors to assess their findings, interpret the data, and focus on the business implications. This means you'll receive more proactive advice and future-focused action items to improve your business operations.

4. Quality assurance processes

Any auditor you choose should be able to demonstrate how they ensure their professional service quality – their compliance with relevant legislative requirements, auditing standards and reporting best practices. For example, are regular peer review procedures in place? Do the audit partners and staff attend regular technical training, professional development in-house and externally?

5. Reasonable fees

When choosing an auditor, the fee is often a key decision factor. However, ASIC has emphasised that it is important for business directors to ensure the audit fees are adequate and don't have the potential to adversely affect the quality of the audit. I have come across cases where financial reports are held out to be audited but the auditor was either not a registered auditor or the 'audit report' issued was not the correct report to meet regulatory requirements! You do get what you pay for.

6. Reputation of the audit firm

Testimonials, references or awards are a good indication of an audit firm's reputation in the industry. For example, the *Australian Financial Review Client Choice Awards* are voted by executive level clients of audit firms such as directors and senior management and reflect your peers' opinion of the services received. Accru is honoured to have received The [Australian Financial Review Client Choice Award for four consecutive years](#).

7. Ongoing support for decision-making and growth

A good auditor is also a business advisor in regular contact with you throughout the year to bring to your attention matters that are relevant to your business. Agile decision-making often demands real time data. This is where your auditor can help. Additionally, audit firms who are part of a global professional network can add value further down the track when you decide to expand your business internationally.

While external audits are a regulatory necessity for some entities (see below), a good external audit delivers more than business compliance and reporting results of past financial measures. Your auditor should be a business partner who is able to provide deep analysis, assurance and **future-focused** business advice. After all, there is a reason that a windshield is so much larger than a rear-view mirror!

Read our article [Can an audit actually benefit your business?](#) to find out more about the benefits.

Accru auditors naturally strive to excel in all the above areas and deliver audit outcomes which exceed clients' expectations. Please contact us if you would like to know more about how an audit could benefit your business.

By [Jean Zhang, Accru Felsers Sydney](#)

Entities who need an external audit to meet requirements for external regulators

Public companies Registered schemes

Large proprietary companies

Companies limited by guarantee

Small proprietary companies that are foreign-controlled

Australian financial services (AFS) licensees Larger charities

Larger co-operatives
Larger associations

Holder of authority to conduct a fundraising appeal

Self-managed super funds (SMSF).

A few exemptions can apply.

About the Author



Jean Zhang , Accru Felsers Sydney

Jean is known for excellent problem solving skills, clear logical thinking and an aptitude for numbers. Most importantly, she is truly dedicated to delivering high quality, accurate accounting advice.

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HOBART

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PERTH

SYDNEY



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Moraga-Orinda Fire District

TO: Board of Directors

FROM: Gloriann Sasser, Administrative Services Director

DATE: May 19, 2023

SUBJECT: **Item 4.1 Review and Discuss Proposals Received for Audit Services Contract; Discuss Next Steps to Determine Recommendation for Selection of Audit Firm or Determine Recommendation for Selection of Audit Firm for the Fiscal Years Ending June 30, 2023 through 2025 with an Option to Extend Two Additional Years**

BACKGROUND

In accordance with Government Code §26909, the District is required to contract with an independent certified public accounting firm to conduct an annual external audit of financial statements. The District's current auditor has informed staff they will not continue to provide audit services for MOFD in fiscal 2022/23. As a result, the District must engage a new independent certified public accounting firm to conduct the annual external audit of financial statements for the current fiscal year 2022/23. Per District Policy 11 Section III.F. it shall be the responsibility of the District Board to appoint standing committees or ad hoc committees to recruit and negotiate contracts with District Financial Auditors. This negotiated service contract requires the approval of the District Board.

Based on the cost of the contract (less than \$100,000), bids are required from a minimum of three vendors (informal bidding procedures.) Staff issued a request for proposals (RFP) and invited three audit firms to bid. The District received proposals from three firms (Attachments A, B and C.)

Section 4.2.1 of Ordinance 16-01 adopted by the Board of Directors in 2016 (<https://www.mofd.org/home/showpublisheddocument/1789/637612787779170000>) requires award of special services contracts to the lowest responsible bidder. Audit is specifically referenced as an example of special services. Section 1.2 of Ordinance 16-01 lists twelve specific areas which may be considered to determine what constitutes "responsible" for the purpose of selecting a contractor. The RFP stated proposals will be evaluated by the Audit Committee based on the following criteria:

- Audit experience of assigned staff within the last two years on audits of current audit clients of independent fire districts in the Bay Area and cities in the Bay Area (20%)
- Number of hours by the assigned Partner for each cost item (Audit, GANN Limit, Tax return, State Controller's Report and Fire flow tax calculations) (20%)
- References and relevant work performed for independent fire districts in the Bay Area and cities in the Bay Area (20%)
- Oral interview (20%)
- Cost (20%)

Representatives from each firm are scheduled to attend the Audit Committee meeting for the oral interview.

The cost of each firm is summarized in Attachment D.

Staff requests the Audit Committee determine next steps to proceed with the selection of a firm of certified public accountants to perform audit services or determine a recommendation to make to the Board for audit firm selection.

RECOMMENDATION

1) Discuss; 2) Deliberate; 3) Determine next steps to proceed with the selection of a firm of certified public accountants to perform audit services or determine a recommendation to make to the Board for audit firm selection

ATTACHMENT

[Attachment A: Maze & Associates Proposal.pdf](#)

[Attachment B: Badawi & Associates Proposal.pdf](#)

[Attachment C: Harshwal & Company Proposal May 2023.pdf](#)

[Attachment D: Audit RFP Proposal Results May 2023.pdf](#)

May 10, 2023

Moraga-Orinda Fire Protection District
Attn: Gloriann Sasser
1280 Moraga Way
Moraga, CA 94556
gsasser@mofd.org

Dear Ms. Sasser:

We are pleased to enclose an electronic copy of our Technical Proposal to provide Audit Services for the Moraga-Orinda Fire Protection District for the fiscal years ending June 30, 2023 through June 30, 2025, with the option to extend for two subsequent fiscal years.

Yours very truly,



Whitney Crockett, CPA
Audit Partner

WC:rd
enclosures

AUDIT SERVICES PROPOSAL 05.10.23

PREPARED FOR



Moraga-Orinda Fire Protection District
Attn: Gloriann Sasser
1280 Moraga Way
Moraga, CA 94556
gsasser@mofd.org

Whitney Crockett, CPA
3478 Buskirk Ave, Ste 215
Pleasant Hill, CA 94523
(925) 930-0902
(925) 930-0135 (fax)
whitneyc@mazeassociates.com



**MORAGA-ORINDA FIRE PROTECTION DISTRICT
AUDIT SERVICES PROPOSAL**

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**MORAGA-ORINDA FIRE PROTECTION DISTRICT
AUDIT SERVICES PROPOSAL**

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May 10, 2023

Moraga-Orinda Fire Protection District
Attn: Gloriann Sasser
1280 Moraga Way
Moraga, CA 94556
gsasser@mofd.org

Dear Ms. Sasser:

We appreciate this opportunity to submit our proposal to provide audit services to the Moraga-Orinda Fire Protection District (District) for the three fiscal years ending June 30, 2023, 2024, and 2025 with the option to extend for two subsequent fiscal years. We understand that we will audit the District's basic financial statements in accordance and in compliance with auditing 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 and the provisions of the Title 2 US Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. We will also assist the District with the preparation of the Annual Comprehensive Financial Report including the financial statements, schedules and accompanying notes. Furthermore, we will perform additional procedures and complete the other services as specified in the District's Request for Proposal, within the time periods established by the District.

We are certain we are the most qualified firm to be your independent accountants. Maze & Associates began operating over forty years ago. Since that time, we have rigorously employed our philosophy that "We are in Business to Help Our Clients Succeed!" Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our clients' staff. We have summarized our reasons below and explained them in depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time, we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancements. We frequently speak at CSMFO and CSDA events and webinars.
- **Municipal industry is our main business.** We know we have the necessary qualifications to perform your audit.
 - **Annually, we serve over 200 municipalities including cities, special districts, joint powers authorities, successor agencies, housing authorities and financing authorities in the greater San Francisco Bay Area.**
 - We currently have over forty City or Town clients ranging in size from small towns to large complex cities. We are proud to say that over forty of our clients publish award-winning Annual Comprehensive Financial Reports, the majority of which we have provided assistance in compiling reports.
 - **We conduct over three dozen Single Audits annually.**

- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.
- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California. All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **60 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year**. This means you do not train our staff!
- Our fee includes **one free day of training**. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74, 75, 84 and 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 96.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors**.

As with all our audits, we are committed to providing timely, quality audit services to the District. We are committed to meeting the District's deadlines as outlined in the RFP. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

Whitney Crockett, Vice President (whitneyc@mazeassociates.com), and David Alvey, Vice President Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, California, 94523, (925) 930-0902.

We look forward to the opportunity to work with the Moraga-Orinda Fire Protection District!

Yours very truly,



Whitney Crockett, CPA
WC:rd

Independence

As independent auditors, **our most valuable asset is our independence.** Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the West Bay Sanitary District as that term is defined by the General Accountability Office's *Government Auditing Standards*, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the District or any of its Board members or employees that would compromise our independence.

We will discuss in advance with the District any professional relationships being contemplated during the period of engagement that may present a potential conflict of interest. If the District and we believe any such relationship presents a conflict of interest, we will not enter into it.

License To Practice In California

We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education.** Even though not required, all non-certified audit staff receive the same level of training. We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. This is twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association and the California State Municipal Finance Officers Organization.

Reputation

We believe quality and an emphasis on doing our job right is far more important than being cheaper than our competitors. Despite the economic pressures faced by municipalities and the need to save money, there are other, more serious concerns to be weighed. For instance, the perceived or actual audit failures in the municipal audit sector. The City of Bell news, especially the State Controller's Office Report on that City's audit firm, raised serious questions about municipal audit quality. Whether this is justified or not isn't really the issue. What is at issue is the perception of poor quality in municipal audits. We received a number of inquiries and requests for proposal from that firm's clients who desired a change in auditors. A former client of ours, which rotated to them several years ago, called us and asked if we would propose on the City's work. They said that the council simply did not want to expend the energy to defend whether that firm was providing quality work.

Audit Quality

Never has audit quality been the focus of more attention than now. With names like Orange County, San Diego and Bell in the news, municipal audits can no longer be relegated to a consent item. Ensuring quality audits is a necessity. Our commitment to quality remains our top priority.

Capacity and Resources

We have consistently demonstrated the ability of our capacity and resources to meet the demands of our clients. We have never missed a reporting deadline for any of our clients.

Over the years we have made substantial additional investments in our people and our systems. We have continued our policy of at least doubling the required amount of Continuing Education we provide our people. We routinely provide an average of one hundred hours of Continuing Education each year—the State requirement is forty hours. We routinely ensure that at least eighty of those hours are specific to municipal audit and accounting—the State and government auditing standard requirements are twenty-four hours.

We have more than doubled the number of people on our staff over the past ten years, and most of these new people are professional audit staff members. More people and more continuity combine to mean that our people capacity and resources have more than doubled.

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. Eight years ago, our systems work was handled by an outside consultant. **Today, we have a full-time staff of three people who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.** Every person on our staff is now armed with a late model PC that communicates with all our other PCs, printers, servers, etc., via our own wireless network establish in each client's office at the start of each audit. Most of our work-papers are now prepared on these PCs as we continue to move toward paperless audit and paperless files.

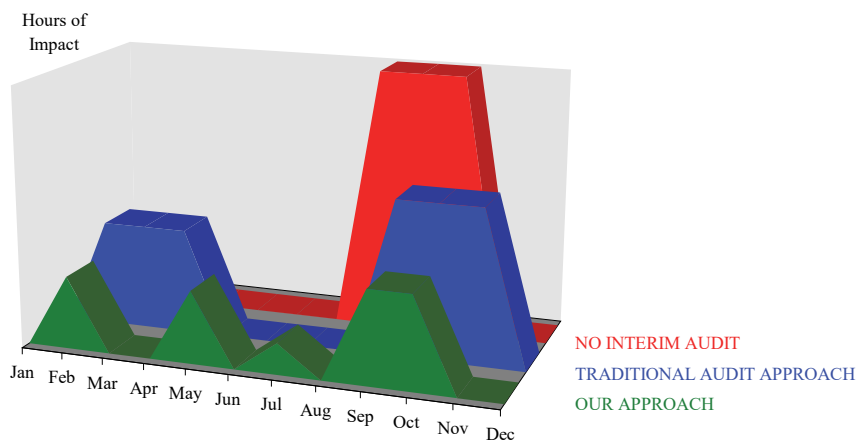
We have moved most of our clients from a manual input of their general ledger data to **a fully mechanized computer dump** of that data direct to our Excel-based financial statement formats. At the same time, we have added significant numbers of internal data controls to financial statement formats. This strategy has virtually eliminated input errors, increased efficiency, and allowed our clients to spend less time reviewing and approving the financial statements. Not only does our new direct dump produce fund-basis financial statements, it produces the Entity-wide financial statements. And these improvements have been made without a hiccup - we **consistently deliver final draft financial statements and reports to our clients the last day of our fieldwork in our client's offices.**

We are not relying on the capabilities or resources of any other firms in our proposal.

Audit Approach-Overview

Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance.

As you can see from the illustration below, our strategy significantly reduces our impact during the crucial year-end crunch.



We will plan the audit in detail and prepare an Audit Plan which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

We do not require special reports or reconciliations just for our audit. We have found that coordinating our team and our client’s staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on your staff.**

Specific Audit Strategy – Interim

Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work, we will send you a list of the items we need, so you will have time to prepare.

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Board minutes and other documents from your website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

Laws, Regulations and Compliance

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the Uniform Guidance and the OMB Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information into our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

Specific Audit Strategy – Analytical Procedures and Year End

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. Our Engagement Partner and Supervisor will meet with you on the first day of the year-end audit to review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

At the conclusion of our year-end work, our Engagement Partner and Supervisor, will review the District's financial statement drafts and provide feedback before it is provided to you. Once the final financial statements draft is ready, a second partner not involved with the audit will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as possible.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

Audit IT Systems, Security and Going Green

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. **We have a full-time IT staff who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.**

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. Years ago, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of the District's offices or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

We will also use some type of connection to the internet during our audit, but coordinate it with your IT Staff to ensure there are no breaches in security or protocols.

We have working experience with a broad range of accounting software and systems. We have reviewed and tested controls over these systems. We have used and tested reports produced by these systems. The newer systems allow on-line inquiry or query and custom report writing, and we use these functions whenever possible.

Local Expertise and Resources

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partner is frequently checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

System Controls, Transaction Cycle Processing Verification and Sample Sizes

With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-user rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the ***Client Tailored Risk Assessment*** section below. As part of our risk assessment process we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

Profiles, Access and Setup Controls

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed however, is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

Data Extraction

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our client's financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our client's systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

Assessing Risks – Interim Phase

Beginning with fiscal year 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

We have consistently employed a risk-based concept from our firm's inception. Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the past Triple Flip and Proposition 1A securitization.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain, and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

Fraud Considerations

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients' staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brain storming sessions with our overall risk assessment process discussed below.

Client Tailored Risk Assessment

Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures. Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

Client Participation in the Risk Assessment Process

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

We must also establish two-way communication with the Board and Audit Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Board meeting or meet with representatives of the Board.

Assessing Risks – Final Phase

Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known, and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed, it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

Communication and Coordination

We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

The Accounting Issues Memorandum concept was originated by one of our staff over two decades ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Board and Audit Committee.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports, if possible, as part of our fieldwork dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely.

Internal Quality Assurance System

Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. Our very high Partner to staff ratio of one to six is double that of traditional firms. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. This is performed by a second partner that is not involved with the audit.

Use of Electronic Resources

As much as possible, we like to use electronic versions of documents. We find that this makes the audit not only efficient, but ecofriendly. We also set up OneDrive accounts in which files can be transferred regardless of their size.

Confirmations

As requested in the RFP, we confirm that we typically use bank confirmations to vouch cash and investments. From time to time, these confirmations can be difficult to obtain and we can use alternative procedures such as review of the monthly bank statements.

Client Training and Professional Development

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. Our audit fee includes providing training and assistance with the implementation of applicable new GASB statements, at no additional charge. Depending upon the complexity of the GASB Statement requiring implementation, the assistance could take the form of free access to web-based training, one-on-one or group training, suggested footnote disclosure templates and/or Excel spreadsheet templates.

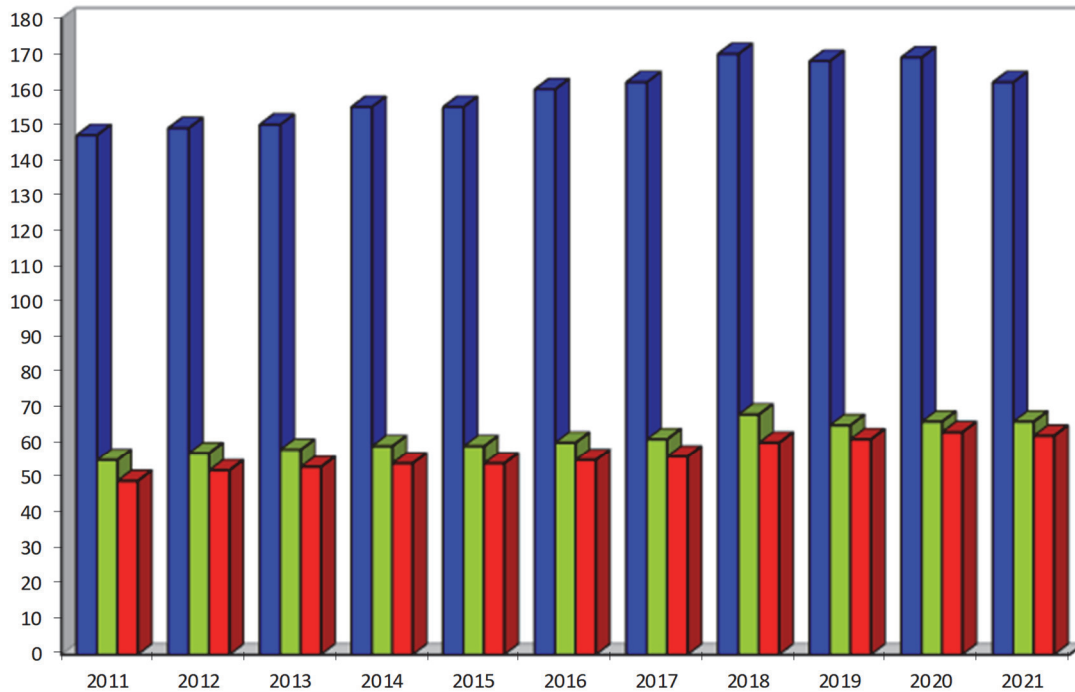
We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve-month period. Much of their staff had assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the Cities of Richmond, Livermore, El Cerrito and Belmont we provided grants management training to several departments as a means of solving coordination weaknesses.

In 2016, we launched Maze Live – this is a full day of training which is free to our clients and qualifies for continuing education credit. Past classes included topics such as year two of GASB 68, GASB update, Implementation of GASB Statements 74, 75 and 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future classes will focus on similar topics.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Experience

Our practice includes over fifty city and town clients and more than fifty special districts, including over forty city and special district ACFR award winners—more award winners than any other Northern California accounting firm or international firm branch office. Included in those totals are six award-winning Special District ACFRs. Eighty percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. Our growth can be seen in the graph below, which shows the growth in the number of our total **municipal entity** clients in **blue**, **City** audit clients in **green** and **ACFR** award winners in **red**.



Every one of the above ACFRs won awards from GFOA and/or CSMFO.

As you can see from the client list in the Firm Qualifications and Experience – City and Town Clients Section and Special District/ Other Section below we have a winning combination that has resulted in **strong client loyalty and retention**. Several clients who left have returned after seeing the difference between our firm and our competitors. **Others have remained our clients after completing a full-blown proposal** process, most recently Cities of San Rafael, Santa Clara, Contra Costa Water District, LAVTA, and Novato Sanitary District.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients

The table below summarizes our most recent experience with audits of cities and towns, **all of whom are current clients**. We are responsible for all phases of the work on these clients. **All of this work represents recurring annual audit and related work; all this work and that presented in the table was completed on or before the deadline from the first year listed for each client.** Please also see the References Section for names and current phone numbers for contacts on work quality and performance.

CITY AND TOWN EXPERIENCE

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Population > 100,000					
Concord	Audits of City financial statements, Successor Agency, Healthcare District, Financing Authority, Single Audit	2019 - Present	✓ Yes	✓ Yes	✓ Yes
Daly City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures, JPAs audits	1992 - Present	✓ Yes	✓ Yes	✓ Yes
Elk Grove	Audit of City financial statements and Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes
Hayward	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, Financing Corporation Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Santa Clara	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Silicon Valley Power Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Population < 100,000					
Alameda	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2018 - Present	✓ Yes	✓ Yes	✓ Yes
Atherton	Audit of Basic Financial Statements, Single Audit	2009 - Present	*	*	✓ Yes
Belmont	Audit of City financial statements, Successor Agency, Single Audit, Transportation Measures	1998 - Present	✓ Yes	✓ Yes	✓ Yes
Belvedere	Audit of City financial statements	2018 - Present	✓ Yes	✓ Yes	*
Brentwood	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
Brisbane	Audit of City financial statements, Successor Agency	2011 - Present	*	*	*
Burlingame	Audit of City financial statements, Single Audit, Transportation Development Act Audit,	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Davis	Audit of City financial statements, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Emeryville	Audit of City financial statements, Transportation Measures, Housing Compliance, Childcare Audit	2021 - Present	✓ Yes	✓ Yes	*

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients (Continued)

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Fairfax	Audit of Basic Financial Statements	2009 - Present	*	*	*
Half Moon Bay	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos	Audit of City financial statements, Single Audit, Transportation Measure	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos Hills	Audit of City financial statements, Single Audit, Transportation Development Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Manteca	Audit of City financial statements, Successor Agency, Single Audit, Financing Authority Audit	1986 - Present	✓ Yes	✓ Yes	✓ Yes
Martinez	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2001 - Present	✓ Yes	✓ Yes	✓ Yes
Milpitas	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Corporation Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
Moraga	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Morgan Hill	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Oakley	Audit of City financial statements, Successor Agency, Single Audit	2000 - Present	✓ Yes	✓ Yes	✓ Yes
Orinda	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pacifica	Audit of City financial statements, Single Audit, Transportation Development Act Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pittsburg	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Retirement Plan Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Portola Valley	Audit of Basic Financial Statements and Transportation Measure	2005 - Present	*	*	*
Redwood City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Audit of Port of Redwood City, Audits of Joint Power Authorities	2019 - Present	✓ Yes	✓ Yes	✓ Yes
San Leandro	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2011 - Present	✓ Yes	✓ Yes	✓ Yes
San Pablo	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
San Rafael	Audit of City financial statements, Successor Agency, Single Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients (Continued)

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
South San Francisco	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2004 - Present	✓ Yes	✓ Yes	✓ Yes
Sutter Creek	Audit of Basic Financial Statements, Single Audit	2015 - Present	*	*	✓ Yes
Turlock	Audit of Basic Financial Statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Authority Audit, Abandoned Vehicle Abatement Program	2013 - Present	*	*	✓ Yes
Watsonville	Audit of the City financial statements, Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

Significant Special District Audit Engagements

The chart below shows our most recent experience with District and Authority audits. We are or were responsible for all phases of work for these entities and all of the following listed clients are **current clients**:

Special Districts and Authority Clients	1st Year	Compliance Requirements	Single Audit/ Special Report
PUBLIC SAFETY			
Belmont - San Carlos Fire Protection District	1998		X
East Contra Costa Fire Protection District	2011		
Lathrop Manteca Fire Protection District	2022		
Marin Emergency Radio Authority	2022		
Novato Fire Protection District	2013		
Kentfield Fire Protection District	2009		X
Pajaro Valley Fire Protection District	2017		
Santa Clara County Central Fire Protection District	2017		
San Mateo Pre-Hospital Emergency Svcs. Providers Group	2000	X	X
RECREATION AND OTHER			
Belvedere-Tiburon Library Agency	2018		
Contra Costa Mosquito and Vector Control District	2008		
Marin-Sonoma Mosquito and Vector Control District	2013		
Silicon Valley Animal Control Authority	2001		
San Mateo County Harbor District	2016		
West Contra Costa Integrated Waste Management Authority	2019		
RISK MANAGEMENT			
California Joint Powers Risk Management Authority	1993		
CIRA	2013		
Small Cities Organized Risk Effort (SCORE)	2009		

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Significant Special District Audit Engagements (Continued)

Alameda County Transportation Commission	2019	X	X
Livermore/Amador Valley Transportation Authority	1994	X	X
Measure J Traffic Congestion Relief Agency (TRAFFIX)	2012		
Peninsula Traffic Congestion Relief Alliance	2001	X	X
San Francisco Bay Area Water Emergency Transit Auth.	1997	X	X
Transbay Joint Powers Authority	2020		
West CAT	2022		X
West Contra Costa Transportation Advisory Committee	1995	X	
UTILITY			
Alameda Municipal Power	2020	X	
Bethel Island Municipal Improvement District	2007		
Castle Rock County Water District	2020		
Central California Irrigation District	2017		
Central Contra Costa Sanitary District	2013		
Contra Costa Water District	2002		X
Dublin San Ramon Services District	1999	X	X
El Dorado Irrigation District	2007	X	X
Gorgetown Divide Public Utility District	2022		
Graton Community Services District	2022		
Los Vaqueros Reservoir Joint Powers Authority	2023		
Livermore-Amador Valley Water Management Agency	1987		X
Marin Municipal Water District	2020		
Mendocino County Resource Conservation District	2022		
Novato Sanitary District	2013		X
Rio Linda/Elverta Community Water District	2021		
Sacramento Suburban Water District	2020		
San Mateo County Resource Conservation District	2019		
San Rafael Sanitation District	2021		
Sacramento Suburban Water District	2020		
Silicon Valley Power	2012		

As you can see from the client lists above, we have a winning combination that has resulted in **strong client loyalty and retention. Several clients who left have returned after seeing the difference between our firm and our competitors. Others have gone through a full proposal process and retained us.**

Professional Activities

We are active members of the Government Finance Officers Association and the California Society of Municipal Finance Officers as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are also a member of the Association of California Water Agencies (ACWA). We are frequent speakers at various organizations.

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We also attend the CSMFO Annual Conference, at which our Partners and IT Director have been speakers. We have also attended the League of California Cities' annual Financial Management Seminars.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Amy Meyer, Partner, and Katherine Yuen, Partner, serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. David Alvey, Partner, serves on the Accounting Procedures and Assurance Services Committee of CalCPA and the Professional Standards Committee of CSMFO. Amy Meyer and David Alvey are ACFR reviewers for the ACFR Award Program of the Government Finance Officers Association.

David Alvey, Partner, presented at the 2023 CSMFO Conference in Sacramento.

Staff Training

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

We accomplish this task by reserving two weeks each year solely for staff training. Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience. **Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.**

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

A listing of our continuing education courses provided to all our staff, both certified and non-certified, over the past three years is as follows:

Area/Course	2020		2021		2022	
	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.
Auditing and Accounting Management						
Municipal Audit - Practice Analysis and Review		☞		☞		☞
Managing Municipal Audits - Audit Supervisors		☞		☞		☞
Control Testing	☞	☞	☞	☞	☞	☞
GAAP Updates						
Cash, Debt, and Capital Asset Auditing Updates	☞	☞	☞	☞	☞	☞
GASB/FASB Update	☞	☞	☞		☞	
GASB 74/75	☞		☞	☞	☞	☞
GASB 68	☞		☞	☞	☞	☞
Journal Entry Testing	☞		☞		☞	
Compliance Audits						
Transportation Audits - TDA, STIP and Measures A, B, C		☞		☞		☞
RDA Compliance/Successor Agency Audit	☞		☞		☞	
Single Audit Compliance	☞		☞	☞	☞	☞
Auditing Standards						
Audit Standards Update			☞		☞	
New SASs, Risk Assessment and Impacts on Approach				☞		☞
Assessing Internal Control Risks/ Sample Sizes	☞		☞		☞	
Updating our Audit Approach				☞		☞
Yellow Book Update		☞		☞		☞
IT/Paperless/Other						
Team Building: Building and Maintaining Effective and Successful Teams			☞		☞	
CCH Paperless Audit Software/ Trial Balance Function				☞		☞
IT Information Systems Review Updates	☞	☞	☞		☞	
Professional Writing	☞		☞		☞	

Qualifications and Continuity

Our people accumulate over 1,500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year’s entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience. Changes to the engagement partner, manager, or supervisory staff will be made only after written permission from the District.

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client’s closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Prompt Service and Delivery of Reports

We have always focused on reducing financial statement turn-around time and we have never missed a deadline. We are committed to adhere to the District's schedule and budget for the services outlined in the RFP. That schedule is as follows:

- Detailed Audit Plan/Audit Committee Conference – Late June/Early July 2023
- Interim Fieldwork/Entrance Conference – July or August 2023
- Final Fieldwork/Entrance Conference – September 2023
- Draft Reports to the Board/Auditors Meet with Audit Committee – October 2023
- Final Reports to Board of Directors – by November 15, 2023

REFERENCES

Below are three similar engagements with current audit clients. Maze and Associate completed all the work and we did not subcontract to another auditing firm.

Novato Fire Protection District – A client since 2013

Address – 5 Rowland Way, Novato, CA 94945

Engagement Partner – David Alvey

Principal Contact – Joe Valenti, Finance Director (415) 878-2620

Work Scope & Reports

Annual Comprehensive Financial Report

Memorandum on Internal Control and Required Communications

Town of Moraga – A client since 2012

329 Rheem Boulevard, Moraga, CA 94556

Engagement Partner – Vikki Rodriguez

Principal Contact – Annie To, Administrative Services Director, (925) 888-7032

Work Scope and Reports:

Annual Comprehensive Financial Report

Memorandum on Internal Control and Required Communications

Single Audit Report

Proposition 111 Agreed Upon Procedures Report

Transportation Development Act Audit

City of Orinda – A client since 2015

Engagement Partner – David Alvey

Principal Contact – Nancy Zhang, Senior Accountant (925) 253-4223

Work Scope & Reports

Annual Comprehensive Financial Report

Memorandum on Internal Control and Required Communications

KEY PERSONNEL

Audit Team

We are proposing to assign Whitney Crockett, CPA as Engagement Partner, David Alvey, CPA as Alternate/Technical Review Partner, and Gustavo Arevalo as the Supervisor. We have selected this team based on their extensive municipal experience.

We understand that engagement partners and other supervisory staff may be changed only with the express written permission.

We will balance out our resources with our Senior Associates and Associates to form fully leveraged teams. All of our audit staff are experienced with audits of Basic Financial Statements, enterprise operations, retirement plans, capital assets and infrastructure, long term debt, including swaps and related compliance and continuing disclosures, and all other aspects of municipal accounting and financial reporting.

No sub-proposers will be utilized.

Resumes of Staff Assigned to Your Audit



WHITNEY L. CROCKETT, CPA, Engagement Partner – graduated from Washington State University with a Bachelors of Arts in Business Administration in Accounting in May 2011 and received a Masters of Accounting Degree in August 2012. She is a Certified Public Accountant in the State of California and a member of CalCPA. Whitney is a frequent speaker at our annual training and recently taught a class of over 100 attendees on GASB updates at the annual MazeLive training event. **Whitney has received over 240 hours of continuing education** in the past three years and has participated in the following audit clients, **all of whom are current audit clients of Maze and Associates.**

Cities/Towns:

City of Alameda
Town of Atherton
City of Brisbane
City of Concord
City of Daly City
Town of Fairfax
City of Hayward
City of Elk Grove
City of Manteca
City of Martinez
City of Pittsburg

City of Milpitas
Town of Moraga
City of Oakley
City of Pacifica
City of Santa Clara
City of San Pablo
City of San Rafael
City of Watsonville
Town of Woodside
City of Emeryville

Whitney Crockett, (Continued)

Special Districts/Other:

Contra Costa Water District
 Dublin San Ramon Services District
 El Dorado Irrigation District
 Marin/Sonoma Mosquito and Vector Control District
 Livermore-Amador Valley Water Management Agency
 Peninsula Traffic Congestion Relief Alliance
 San Mateo Pre-Hospital Emergency Services Group
 Sunol Smart Carpool Lane Joint Powers Authority
 West Contra Costa Transportation Advisory Committee
 Contra Costa Mosquito and Vector Control District

Livermore Amador Valley Transit Authority
 Alameda Municipal Power
 Alameda County Transportation Commission
 Transbay Joint Powers Authority
 Novato Fire Protection District
 TRAFFIX
 San Rafael Sanitation District
 Novato Sanitary District



DAVID ALVEY, CPA, Alternate Partner – graduated from St Mary’s College, Moraga with a Bachelor of Science Degree in Accounting and a Minor in Business Administration. David has received **500 hours of continuing education in the past five years**. David has experience as an internal auditor at California Savings Bank in Oakland, CA. He is a Certified Public Accountant in the State of California. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. David is also a member of the Association of Certified Fraud Examiners. He is also a member of the CalCPA Accounting Procedures and Assurance Services Committee and the CSMFO Professional Standards Committee. He is a frequent

speaker at our annual training and recently taught a class of over 100 attendees on Fraud and GASB updates at the annual MazeLive client training event. He has published articles with California Special District Association’s newspaper. His relevant experience includes the following, **all of whom are current audit clients of Maze and Associates.**

Alameda County Transportation Commission
 Alameda Municipal Power
 Bethel Island Municipal Improvement District
 Castle Rock County Water District
 Central California Irrigation District
 Central Contra Costa Sanitary District
 Contra Costa Water District
 Transbay JPA
 East Contra Costa Habitat Conservancy
 DSRSD/EBMUD Recycled Water Authority
 Dublin San Ramon Services District
 El Dorado Irrigation District
 City of Hayward
 Kentfield Fire Protection District
 Livermore Amador Valley
 Transportation Authority

Marin Municipal Water District
 City of Martinez
 Novato Fire Protection District
 Novato Sanitary District
 City of Orinda
 Pajaro Valley Fire Protection District
 City of Pittsburg
 Sacramento Suburban Water District
 City of Los Altos
 Town of Los Altos Hills
 San Francisco Water Emergency
 Transportation Authority
 City of San Leandro
 Lathrop Manteca Fire Protection District
 San Mateo Harbor District
 Santa Clara County Central Fire
 Protection District

KEY PERSONNEL (Continued)



Gustavo Arevalo, Supervisor graduated from the California State University, Chico in 2018 with a Bachelor of Science in Business Administration with an Option in Accounting. Gustavo **has received 240 hours of continuing education** since joining our firm in September 2018. His relevant experience includes the following, **all of whom are current audit clients of Maze and Associates.**

Alameda County Transportation Commission
Alameda Municipal Power
Central Contra Costa Sanitation District
City of Brentwood
City of Brisbane
City of Burlingame
City of Concord
City of Davis
City of Elk Grove
City of Emeryville
City of Half Moon Bay
City of Manteca
City of Martinez
City of Pacifica
City of Pittsburg

City of San Rafael
City of Santa Clara
City of Sutter Creek
City of Tracy
City of Turlock
City of Walnut Creek
City of Watsonville
Dublin San Ramon Services District
El Dorado Irrigation District
Sacramento Suburban Water District
San Mateo County Resource Conservation District
San Pablo Economic Development Corp.
Town of San Anselmo
Novato Fire Protection District

Honoring Our Commitments

The concepts that we must meet deadlines and stay within budgets are integrated into everything we do. So much of our work is performed for our municipal clients that we instinctively understand that our clients' deadlines must be met and we must flourish within the constraints of agreed-upon fees. We have a long track record of meeting our deadlines and staying within negotiated fees. Please ask our other clients for their views on the subject and their experience with us.

Engagement partners, supervisory staff and specialists may be changed if those personnel leave the firm, or are promoted. These personnel may also be changed for other reasons only with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.

Personnel Policies

We are an equal opportunity employer. Our staff includes both sexes, which are represented in every staff classification including Principal. Our hiring, management and personnel decisions are based solely on an individual's skills and knowledge. As a result, our staff is very representative of the State's population as a whole.

We are registered with the State as a small or minority, and woman- owned business enterprise.

KEY PERSONNEL (Continued)

Segmented Time

Based on the review of the draft of the June 30, 2021 basic financial statements (most recent available), we have estimated our time as follows:

Proposed Engagement Segments and Budget

Audit Activities	Budgeted Hours					Total
	Engagement Partner	Alternate Partner	Supervisor	Associates	Office	
General Procedures/Planning/Confirm/Checklists	1.00		2.00			3.00
SAS #99 Fraud Assessment	0.50		0.50			1.00
Minutes-resolutions			2.00			2.00
Report	4.00	1.00	24.00	8.00	8.00	45.00
Supervision/review	4.00		32.00			36.00
Conferences & meetings	2.00		2.00			4.00
Management letter	1.00		1.00		1.00	3.00
Analytical review	1.00					1.00
Internal Control Environment / Info Systems Review/JEs				32.00		32.00
Cash & Investments				16.00		16.00
Revenue/Receivables				16.00		16.00
Capital Assets				16.00		16.00
Accounts Payable				24.00		24.00
Long Term Debt				16.00		16.00
Payroll/Accrued liabilities				8.00		8.00
Pension (GASB 68)				16.00		16.00
OPEB (GASB 75)				16.00		16.00
Commitments			1.00			1.00
GANN AUP	1.00			2.00	1.00	4.00
SCO				24.00		24.00
Public Facilities Financing Corporation Tax Return	2.00			16.00		18.00
Fire Flow Tax AUP	1.00		2.00	24.00		27.00
GRAND TOTAL	17.50	1.00	66.50	234.00	10.00	329.00

PEER REVIEW REPORT

External Quality Control Review/Peer Review

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2021; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of several governmental and non-profit audit engagements, including three Special Districts. A copy of our most recent peer review opinion is located at the end of this section.

Our municipal audit reports are subject to annual reviews by various branches of the Office of the State Controller. City/Town audit reports and Single Audit Act reports receive scrutiny. Of course, all of our clients' Annual Comprehensive Financial Reports are also reviewed by GFOA for award consideration; every report submitted has won an award from GFOA.

Peer Review Letter



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

February 9, 2021

To Maze & Associates Accountancy Corporation 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 Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 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.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

Peer Review Letter (Continued)

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 Maze & Associates Accountancy Corporation in effect for the year ended May 31, 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*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

SIZE OF FIRM

Firm Profile

We are a professional services corporation located in Pleasant Hill, California. We presently have a total of approximately 55 employees, including seven shareholders, three Directors, six Managers, ten Supervisors and many more Audit Associates and Tax/Office Staff. Sixteen (16) of our professional staff are California Certified Public Accountants and two additional staff are in the process of completing their applications for licensure. Thirty-six of our professional staff comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

The majority of our clients are cities, special districts, or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several special districts similar to the District in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms.

We have focused on municipalities since our inception in 1986. We are active in GFOA, CSMFO, CSDA, CalCPA and CMTA, and our Partners have been speakers at many GFOA, CSMFO, CSDA and CMTA functions.

We are in business to help our clients succeed. We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you abreast of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you as well as our fraud and audit planning discussions with Board members, so areas that concern you can be addressed as a normal part of the audit at no extra cost.

Federal or State Desk Reviews

We have not been subject to any desk reviews or field reviews by any Federal Agencies or State Agencies during the past five years.

LITIGATION

We have not been sued over poor work quality, nor have we paid any such claims out of court in the past five years, and there are no current and we are not aware of any potential lawsuits. In addition, we have not received any disciplinary action taken or pending action against us during the past five years with state regulatory bodies or professional organizations.

AUDIT SERVICES COST PROPOSAL 05.10.23

PREPARED FOR



Moraga-Orinda Fire Protection District
Attn: Gloriann Sasser
1280 Moraga Way
Moraga, CA 94556
gsasser@mofd.org

Whitney Crockett, CPA
3478 Buskirk Ave, Ste 215
Pleasant Hill, CA 94523
(925) 930-0902
(925) 930-0135 (fax)
whitneyc@mazeassociates.com



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COST PROPOSAL

Maze & Associates Certification

Whitney Crockett and David Alvey are authorized to submit this proposal and negotiate and sign a contract with the Moraga-Orinda Fire Protection District. Our offer is firm and irrevocable for 90 days.

What Our Price Includes

Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at **no additional cost**:

- 1) Year-round support and telephone consultation on pertinent issues affecting the District,
- 2) Copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
- 3) **Free full day of training** at our annual MazeLive event,
- 4) Active Partner involvement in your work **every year**,
- 5) Our typed interim Accounting Issues Memorandum,
- 6) Overviews and summaries of upcoming pronouncements and regulation affecting the audited financial statements.
- 7) Direct dump of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats.

Fees and Billings

Progress billings will be made on the pro-rated audit work completed during the course of the engagement. Our fees are firm fixed prices. In determining our fees, we understand that the District's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the District and District personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

COST PROPOSAL (Continued)

Total All-Inclusive Maximum Price

MORAGA-ORINDA FIRE PROTECTION DISTRICT
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30:

	Hours (2)	Hourly Rates (3)	2023	2024 (4)	2025 (4)	Optional 2026 (4)	Optional 2027 (4)	Total
Annual Comprehensive Financial Report (ACFR) & Management Letter on Internal Control:								
Partner	15	\$325	\$4,700	\$4,900	\$5,100	\$5,400	\$5,700	\$25,800
Supervisor	65	125	8,100	8,500	8,900	9,300	9,800	44,600
Associates	168	90	15,100	15,900	16,700	17,500	18,400	83,600
Office	9	80	700	700	700	700	700	3,500
ACFR & Management Letter on Internal Control:	256		28,600	30,000	31,400	32,900	34,600	157,500
Out-of-pocket expenses (1)			0	0	0	0	0	0
Additional Reports and Services:								
Agreed-Upon Procedures Applied to Appropriations Limit (GANN)			600	600	600	600	600	3,000
State Controller's Special Districts' Financial Transactions Report			2,200	2,300	2,400	2,500	2,600	12,000
Preparation of Annual Tax Returns for the Public Facilities Financing Corporation			2,100	2,200	2,300	2,400	2,500	11,500
Fire Flow Tax Calculation Agreed Upon Procedures			2,700	2,800	2,900	3,000	3,200	14,600
Total all-inclusive maximum price:			\$36,200	\$37,900	\$39,600	\$41,400	\$43,500	\$198,600

NOTES:

- (1) Out-of-pocket expenses are included in our standard hourly rate.
- (2) Estimated hours are expected to remain constant.
- (3) The hourly rates can be used for any additional work the District may request that would be outside the scope of the audit engagement.
- (4) Our policy is to attempt to keep our clients fees constant after inflation. The current CPI for San Francisco Bay Area Services Sector of the U.S. Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland Area is 4.4%. Therefore, fees for years subsequent to 2023 will be adjusted by the actual CPI, up to a maximum of 5%.

Moraga-Orinda Fire Protection District

TECHNICAL PROPOSAL

***For Professional Auditing Services for
the Moraga-Orinda Fire Protection District
For fiscal years ending June 30, 2023 through 2025,
with the option of extending the contract for each of
the two (2) subsequent fiscal years.***

May 18, 2023

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



Moraga-Orinda Fire Protection District

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May 18, 2023

Ms. Gloriann Sasser
Administrative Services Director
Moraga-Orinda Fire Protection District
1280 Moraga Way
Moraga, CA 94556

Dear Ms. Sasser:

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 Moraga-Orinda Fire Protection District (the "District") for the fiscal years ending June 30, 2023, through 2025, 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 District 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 as part of our engagement:

- GANN Limit Agreed-upon Procedures
- State Controller's Report
- Annual Tax Returns for Public Facilities Financing Corporation
- Fire Flow Tax Calculations

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 District.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the District 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:

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

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 District, we understand the District's operational environment, and pledge to you our complete commitment to providing a quality product that meets the District's requirements.

The approach to the audit has been designed to meet the audit requirements of the District with the least disruption to the District's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of District operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and District 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 District. Our past experience provides us with a thorough understanding of the needs and requirements of the District, 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 Moraga-Orinda Fire Protection District 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 District's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to District which shows the minimum requirements identified by District have been met.

License to Practice in California

The Firm and all key professional staff assigned to District'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.

Conflict of Interest

The Firm has no conflicts of interest in connection with providing the services described in this proposal. The Firm does not have any financial, business, or other professional relationships with the District or any member of District staff.

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 District.

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 District, 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 District'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 District's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of District operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and District 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 District Management to discuss the audit approach, identify specific needs of District Management, and familiarize themselves with District 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 District 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 District on providing a list of those tasks that we will target to complete during interim and work with the District on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the District 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 District 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 District's operational needs. Additionally, this situation provides the District with an auditing firm that has depth in capabilities to address any financial issue the District may need assistance with, and the quality audit approach that you expect.

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

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 District 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 District processes, and benefiting the District with his broad municipal experience. We have found that this effort benefits the District and the Firm through developing a thorough knowledge of the District's practices and issues and establishing a close working relationship with the District'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
- Redevelopment Agencies
- Financing Authorities
- Housing Authorities
- Special Districts
- Water Districts
- Waste Management Authorities and Operations
- Pension Plans
- Child Care Operations
- Joint Power Authorities
- Investment Activities
- Landfills
- Enterprise Funds
- Airports
- Transportation Operations
- 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
- Compliance audits
- Tax advice
- Development of financial and accounting policies and procedures
- Investment review and compliance evaluation
- Operational reviews
- Technical guidance on existing and upcoming accounting issues
- Training seminars
- Pension/profit-sharing plans
- Performance audits
- Business consulting

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

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.

Flowcharting Documentation

As part of our risk assessment procedures, we prepare flowcharts for documenting our understanding of the District's significant accounting and financial processes. Flowcharts are updated annually for any changes in the District's processes and copies can be provided upon request for the District's internal use. Flowcharted processes may include:

- Financial Reporting, Closing, and Manual Journal Entries
- Cash Receipts, Billing, and Accounts Receivable/Revenues
- Cash Disbursements, Purchasing, and Accounts Payable/Expenditures
- Payroll and Human Resources

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

Berkeley, 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, 2022. 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

4120 Concoors, Suite 100, Ontario, CA 91764
 909.948.9990 / 800.644.0696 / FAX 909.948.9633
 gyl@gylcpa.com
 www.gylcpa.com

CPAmerica
 Member  Crowe Global

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, 2022, 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
June 14, 2022

GYL

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

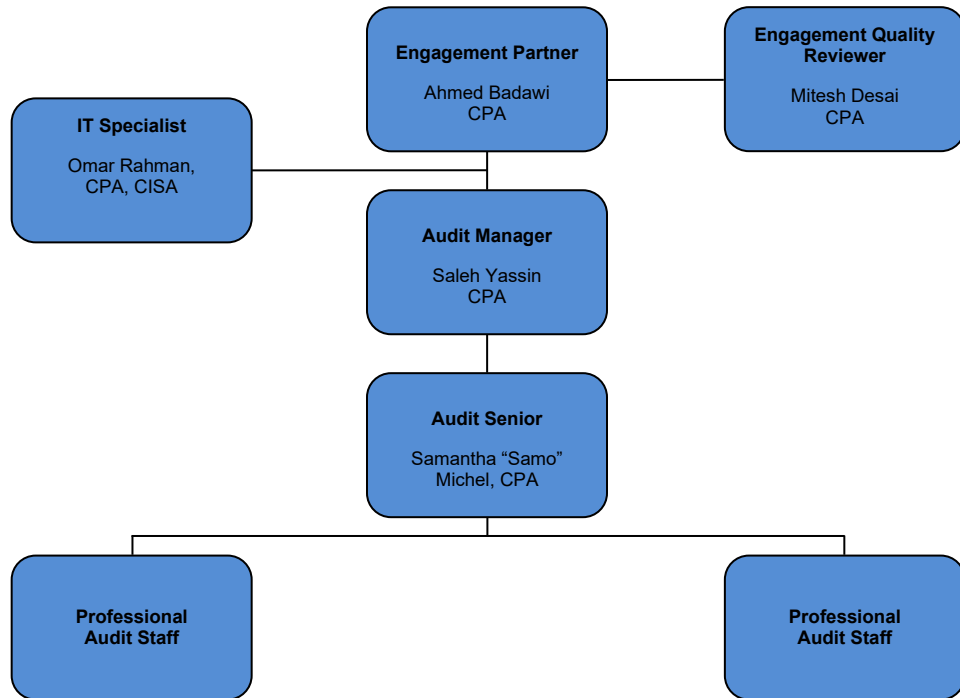
There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.

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 seven 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 District 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 Saleh Yassin, CPA. Mr. Yassin’s background includes ten years of accounting and auditing experience. He 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. Mr. Yassin will be the Audit Manager of this engagement.

The third member of the Engagement Team will be Samantha “Samo” Michel, CPA. Ms. Michel’s background includes five 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. Ms. Michel will be the Audit Senior of this engagement.

The fourth member of the Engagement Team will be Omar Rahman, CPA, CISA. Mr. Rahman has over 10 years of experience in the field of Information Technology (IT) audit and risk management at the senior and executive management level. He has worked extensively with government agencies, private organizations, and public companies, providing external and internal audit services in support of financial statement audits. Mr. Rahman will serve as the I.T. Specialist of this engagement.

The fifth member of the Engagement Team will be Mitesh Desai, CPA. Mr. Desai's background includes sixteen 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 is responsible for conducting in-house trainings for staff auditors and is credentialed with the Advanced Single Audit Certificate offered by the AICPA. He will serve as the Engagement Quality Reviewer.

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 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 District.

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 District 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 Partner

Length of Career

- Over 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:						
Amador County Transportation Commission	X	X				X
Aptos/La Selva Fire Protection District	X					
Central County Fire District	X					
Coastside Fire Protection District	X					X
Marin Wildfire Prevention Authority	X					
Ross Valley Fire Department	X					
San Ramon Valley Fire Protection District	X					X
Southern Marin Fire Protection District	X					
Alameda County Water District	X				X	X
Castro Valley Sanitary District	X				X	
Contra Costa County Child Care	X					X
Cosumnes Community Services District	X					X
East Bay Regional Park District	X	X				X
Elk Grove Water District	X				X	
Marin Municipal Water District	X					X
Metropolitan Transportation Commission						X
San Gabriel Valley Council of Governments	X					X
Sanitary District No. 5	X				X	
Solano County Water Agency	X					
South Bayside System Authority	X					X
Stanislaus County Childcare	X					X
West County Wastewater District	X					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

Saleh Yassin, Certified Public Accountant – Professional Audit Manager

Length of Career

- Ten 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 audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	TDA Audit	SCO Report	Enterprise Fund	Other
Special Districts and Other:						
Central County Fire District	X					
Marin Wildfire Prevention Authority	X					
San Ramon Valley Fire Protection District	X					X
Southern Marin Fire Protection District	X			X		
Zayante Fire Protection District	X					
Hayward Area Recreation and Park District	X	X		X		
Housing Endowment and Regional Trust	X					
Newark Betterment Corporation	X					
Regional Government Services Authority	X					
San Mateo Mosquito District	X			X		
San Ramon Valley Fire Protection District	X	X		X		X
Solano County Water Agency	X					
Sutter Animal Services Authority	X					
Sutter Butte Flood Control Agency	X					
Cities:						
Albany	X				X	X
Antioch	X				X	X
Azusa	X				X	X
Berkeley	X	X	X		X	X
El Cerrito	X	X				
East Palo Alto	X				X	
Larkspur	X				X	X
Newark	X				X	X
Oakdale	X				X	X
Petaluma	X	X	X	X	X	
Pinole	X			X	X	X
San Luis Obispo	X				X	
San Mateo	X				X	
Sebastopol	X				X	
Solvang	X				X	
Vacaville	X	X			X	X
Wasco	X	X		X	X	
Yuba City	X			X	X	X

Education

- BA Degree in Accounting from University of Asmara, Eritrea

Professional Activities

- Member, American Institute of Certified Public Accountants
- Member of the Association of Chartered Certified 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

Samantha “Samo” Michel, Certified Public Accountant – Professional Assurance Senior

Length of Career

- Five years of experience in municipal auditing
- Three seasons of experience in personal tax preparation
- Certified Public Accountant for the State of California

Professional Experience

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

	Services Provided					
	Financial Audit	Single Audit	TDA Audit	SCO Report	Enterprise Fund	Other
Special Districts and Other:						
Central County Fire District	x					x
San Mateo Consolidated Fire District	x					
Amador County Transportation Commission	x					
Amador Transit	x					x
Elk Grove Water District	x				x	
Hayward Area Recreation District	x			x		
Port of San Luis Harbor	x					
StopWaste	x			x		
Cities/Towns:						
Antioch	x	x			x	
Barstow	x					
Berkeley	x	x	x		x	
Buena Park	x					
Crescent City	x	x			x	
East Palo Alto	x			x		
El Cerrito	x					
Folsom	x	x			x	
Guadalupe	x	x			x	
Los Gatos	x	x		x		
Millbrae	x					x
Menlo Park	x					x
Petaluma	x					x
Pismo Beach	x		x	x		x
Richmond	x	x			x	
San Bruno	x			x		x
San Luis Obispo	x	x	x		x	
San Mateo	x	x			x	x
Union City	x					
Vacaville	x					x
Waterford	x					
Yuba City	x					
Counties:						
Contra Costa County						x

Education

- BS, University of Washington, Seattle, WA
- Accounting, Foothill College, Los Altos Hills, CA

Professional Activities

- Member, California Society of Certified Public Accountants
- Member, Forensic Services Section, California Society of Certified Public Accountants

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

Mitesh Desai, Certified Public Accountant – Engagement Quality Reviewer

Length of Career

- Sixteen 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	Enterprise Fund	Other
Special Districts and Other:						
Central Fire District of Santa Cruz County	X					
Central County Fire District	X					
Coastside Fire Protection District	X					X
Alameda County Water District	X				X	X
Castro Valley Sanitary District	X				X	
Contra Costa County Child Care	X					X
Cosumnes Community Services District	X					X
East Bay Regional Park District	X	X				X
Elk Grove Water District	X				X	
Marin Municipal Water District	X					X
Metropolitan Transportation Commission						X
Monterey Bay Unified Air Pollution	X					
Sanitary District No. 5	X				X	
South Bayside System Authority	X					X
Stanislaus County Childcare	X					X
West County Wastewater District	X					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
San Mateo	X	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
County of Lassen	X	X			X	X
Non-profits:						
California Rural Legal Assistance	X	X				X
Alameda County Medical Center	X	X				X
Family HealthCare Network	X					X
Golden Valley Health Centers	X					X
Southwest Community Health Centers	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

**Omar Rahman, Certified Public Accountant, Certified Information System Auditor
– Information Technology Specialist**Length of Career

- Over ten years of experience auditing information technology (IT) processes and controls
- Certified Public Accountant for the State of California
- Certified Information System Auditor

Areas of Expertise

- IT risk consulting and audit services for governmental entities, private/public companies, nonprofits, and professional service organizations
- External and internal IT audit services in support of financial statement audits
- Technical guidance/support on IT risks and controls in relation to SOX 404a and SOX 404b compliance, NIST 800-53/171a, Cyber Security Framework, HIPAA Technical Safeguards, CCPA/GDPR compliance, COBIT 2019 Framework
- Managed entire life cycle of IT internal and external audit engagements from planning research, audit program development, fieldwork and reporting
- Assess risks related to IT processes/assets and corresponding applications/tools
- IT control testing over business automated controls, general IT controls, and cyber security controls as well as IT substantive testing over information systems.

Presentations

- November 2017 - Institute of Internal Auditors - General IT Controls for Internal Audit
- December 2018 - Institute of Internal Auditors - SDLC Process and Audit/Risk Considerations
- February 2019 - IT Audit for Business Process Professionals
- May 2019 - IT Internal Audit Emerging Technologies: Data Analytics
- September 2019 - Information Systems Audit and Control Association

Education

- B.S. Degree in Economics, University of California, Los Angeles, CA.

Professional Activities

- Certified Public Accountant - California
- Certified Public Accountant - Ohio
- Certified Information System Auditor

Similar Engagements with Other Governmental Entities

The table below lists all special district engagements:

Special District	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	Single Audit	Enterprise Funds
San Ramon Valley Fire Protection District	2021	285	Ahmed Badawi	Ms. Davina Hatfield Chief Financial Officer (925)838-6668 dhatfield@srvfire.ca.gov	Yes	Yes		
Ross Valley Fire Department	2021	190	Ahmed Badawi	Jeff Zuba Finance & Admin. Services Director (262)989-2208 jzuba@townofsananselmo.org	No	N/A		
Southern Marin Fire Protection District	2020	160	Ahmed Badawi	Alyssa Schiffmann Finance Manager (415)388-8182 aschiffmann@smfd.org	No	N/A		
Central County Fire Department	2012	150	Mitesh Desai	Jan Cooke Finance Director (650)375-7408 jcooke@hillsborough.net	Yes	Yes		
Central Fire Protection District of Santa Cruz County	2018	150	Mitesh Desai	Nancy Dannhauser Finance Director (831)479-6842 nancyd@centralfpd.com	No	N/A		
Santa Cruz Regional 9 - 1 - 1	2016	150	Mitesh Desai	Dennis Kidd General Manager (831)471-1038 dennis.kidd@scr911.org	No	N/A		
Zayante Fire Protection District	2017	150	Mitesh Desai	John Stipes Fire Chief (831) 335-5100 chief2401@cwncast.net	No	N/A		
Marin Wildfire Prevention Authority	2021	106	Ahmed Badawi	Ms. Alyssa Schiffmann Finance Manager, SMFPD (415)952-5859 finance@marinwildfire.org	No	N/A		
San Gabriel Valley Council of Governments	2021	618	Ahmed Badawi	Rey Alimoren, Director of Finance (626) 962-9292 ralimoren@squvcog.org	No	N/A	X	X
County of Contra Costa Community Services Bureau Child Development Program	2013	450	Mitesh Desai	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	Patrick Lee Finance Manager / Treasurer (916)685-3556 plee@egwd.org	Yes	Yes		X
Hayward Area Recreation and Park District	2017	350	Mitesh Desai	Anne Maze Administrative Services Director (510)881-6707 maza@haywardrec.org	No	N/A		
Amador County Transportation Commission	2019	260	Ahmed Badawi	John Gedney Executive Director (209)267-2282 john@actc-amador.org	No	N/A		
Solano County Water Agency	2020	243	Ahmed Badawi	Roland Sanford General Manager (707) 455-1103 rsanford@scwa2.com	No	N/A		
San Mateo Mosquito and Vector Control District	2018	228	Ahmed Badawi	Richard Arrow Finance Director (650)344-8592 rarrow@smcmvcd.org	Yes	Yes		
Resource Conservation District of Santa Cruz County	2017	150	Mitesh Desai	Sharon Corkrean Director of Finance scorkrean@rcdsantacruz.org	No	N/A	X	

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	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
** Richmond	2020	3,160	Ahmed Badawi	Delmy Cuellar Finance Manager (510)620-6790 Delmy_Cuellar@ci.richmond.ca.us	X		X	X	X		X	X	X	X	X
** Berkeley	2008	1,505	Mitesh Desai	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	Armen Harkalyan Executive Director of Finance (909)395-2019 aharkalyan@ontarioca.gov	X	X	X	X		X	X	X	X	X	
* Union City	2006	850	Mitesh Desai	Jackie Acosta Finance Director (510)675-5345 jackiea@unioncity.org	X	X	X	X	X			X		X	
** Folsom	2019	807	Ahmed Badawi	Stacey Tamagni Finance Director (916)461-6712 stamagni@folsom.ca.us	X	X	X	X		X	X			X	
* Petaluma	2019	691	Ahmed Badawi	Corey Garberolio Finance Director (707)778-4357 cgarbero@cityofpetaluma.org	X	X	X	X	X	X	X	X			
* San Luis Obispo	2019	638	Ahmed Badawi	Emily Jackson Finance Director (805)781-7125 ejackson@slacity.org	X	X		X	X	X	X				
* Antioch	2005	586	Mitesh Desai	Dawn Merchant Finance Director (925)779-6135 dmerchant@ci.antioch.ca.us	X	X	X	X	X	X	X			X	
Lafayette	2020	586	Ahmed Badawi	Jennifer Wakeman Assis. Administrative Services Director (925)299-3213 JWakeman@lovelafayette.org	X	X	X					X		X	
** Dublin	2018	546	Ahmed Badawi	Lisa Hisatomi Director of Finance & Admin. Services (925)833-6640 Lisa.Hisatomi@dublin.ca.gov	X	X		X	X			X			
Azusa	2017	540	Ahmed Badawi	Talika Johnson Administrative Services Director (626)812-5202 tjohnson@AzusaCa.Gov	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	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
Millbrae	2015	524	Mitesh Desai	Mike Sung Finance Director (650)259-2433 msung@ci.millbrae.ca.us	X	X	X	X		X	X			X	
Glendora	2022	487	Ahmed Badawi	Kyle Johnson Assistant Finance Director (626)914-8245 kjohnson@cityofglendora.org	X	X	X	X		X		X	X	X	
San Bruno	2022	486	Ahmed Badawi	Bobby Magee Interim Finance Director (650)616-7054 bmagee@sanbruno.ca.gov	X	X		X	X	X	X	X		X	
* Yuba City	2017	450	Mitesh Desai	Spencer Morrison Finance Director (530)822-4615 smorrison@yubacity.net	X	X	X	X		X	X	X		X	
Wasco	2021	428	Ahmed Badawi	Isarel Perez-Hernandez Finance Director (661)758-7230 isperez@cityofwasco.org	X		X	X	X	X	X	X			
Pismo Beach	2022	389	Ahmed Badawi	Nadia Feeser Administrative Services Director (805)773-7010 nfeeser@posmobeach.org	X	X	X	X		X	X	X		X	
Larkspur	2019	382	Ahmed Badawi	Cathy Orme Administrative Services Director (415)927-5019 Finance@cityoflarkspur.org				X					X	X	
Atwater	2021	380	Ahmed Badawi	Delilah Youmara Finance Director (209)357-6347 dyoumara@atwater.org			X	X		X	X	X	X		
Lemon Grove	2022	377	Ahmed Badawi	Joseph Ware Finance Director (619)825-3803 Jware@lemongrove.ca.gov	X		X	X				X			
Waterford	2018	311	Ahmed Badawi	Tina Envia Finance Manager (209)874-2328 Ext: 104 tenvia@cityofwaterford.org			X			X	X			X	
Solvang	2019	308	Ahmed Badawi	Brad Vidro Interim City Manager (805)688-5575 ext 204 bradv@cityofsolvang.com	X	X				X	X	X			
Oakdale	2016	306	Mitesh Desai	Albert Avila Finance Director (209)845-3584 aavila@ci.oakdale.ca.us			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	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
Guadalupe	2017	303	Mitesh Desai	Janice Davis Finance Director (805)356-3895 Jdavis@ci.guadalupe.ca.us			X	X		X	X			X	
Sebastopol	2017	275	Mitesh Desai	Ana Kwong Finance Director (707)824-4879 akwong@cityofsebastopol.org	X	X	X			X	X	X		X	
Cotati	2020	265	Ahmed Badawi	Angela Courter Director of Administrative Services (707)665-4236 acourter@cotaticity.org	X	X				X	X			X	
Crescent City	2014	227	Mitesh Desai	Linda Leaver Finance Director (707)464-7483 x224 lleaver@crescentcity.org			X	X		X	X		X	X	
Scotts Valley	2019	202	Ahmed Badawi	Selina Andrews Finance Manager (831)440-5614 sandrews@scottsvally.org	X	X	X						X	X	

Understanding of Services to be Provided

The District desires an audit of the financial records for the District 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, 2023 through 2025, 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
 - GANN Limit Agreed-upon Procedures
 - State Controller's Report
 - Annual Tax Returns for Public Facilities Financing Corporation
 - Fire Flow Tax Calculations
- Provide special assistance to the District 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 District 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 District'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 District 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 District 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 District:

- 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 District, to perform the audit of the District's financial records in a timely manner with minimal disruptions to office operations, and to meet the District'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) Provisions of the Single Audit Act and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). (if required)
- 4) Requirements issued by the California State Controller's office
- 5) 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 District 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 District. 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 District and understanding and experience with the District'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 District'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 District 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 District'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 District 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

Our information Technology Specialists will evaluate the IT operating control environment.

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

11. Work Plans:

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

12. Adjusting Journal Entries:

We will discuss and explain proposed audit adjusting entries with the District'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 District's general ledger system.

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

Based on preliminary inquiries made with management and District 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 District for day to day operations and reporting, as well as any reports that are system generated to limit the need for additional District staff hours.

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

- Trial Balance
- Annual Comprehensive Financial Report/BFS Account Roll Up Schedule
- Budget to Actual Reports
- Bank Reconciliations
- Listing of manually prepared journal entries posted
- Summary of Investments held by the District
- Capital Asset Schedules
- Long Term Debt Schedules
- Debt amortization schedules & Calculations of deferred amounts
- Calculations of any debt covenants amounts or percentages
- Schedule of 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 & Supporting Schedules
- Supporting schedules for the District'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 District 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 District 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 District 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 District, accepted by us, or rejected by us
- Access templates and documents from us that require completion
- Have multiple District staff get involved and assist in the audit process
- Participate in a dialog with us for questions and notes

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 District 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 District'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 District's operations
- Audit is always performed in accordance with audit standards especially the risk assessment standards
- Maximizing audit efficiency having less District 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 District).
- 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 District staff in gathering documents necessary for the audit; so we plan on providing the District 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 District staff time needs, as the audit team is able to run reports and obtain information independently.

Audit Schedule

2023 Period	Audit Tasks
July	<p data-bbox="586 310 966 342">- Planning and Administration</p> <ul style="list-style-type: none"> <li data-bbox="586 373 1372 405">▶ Review and obtain copies of key work papers of prior audit firm <li data-bbox="586 405 1502 468">▶ Entrance conference with District Management to discuss audit approach, timing, assistance, and issues <li data-bbox="586 468 1502 552">▶ Review and evaluate the District's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements <li data-bbox="586 552 1502 615">▶ Prepare overall memo to District confirming audit procedures, timing, and assistance <li data-bbox="586 615 1502 699">▶ Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by District staff, and provide it to District Management <li data-bbox="586 699 1502 762">▶ Send the Organizer to the District that will include all request items considered to be necessary for the audit
July - August	<p data-bbox="586 804 941 835">- Internal Control Evaluation</p> <ul style="list-style-type: none"> <li data-bbox="586 867 998 898">▶ Meeting with General Manager <li data-bbox="586 898 1063 930">▶ Attending Board of District meetings. <li data-bbox="586 930 1063 961">▶ Meeting with off-site locations (if any) <li data-bbox="586 961 1161 993">▶ Meeting with key Finance Division personnel <li data-bbox="586 993 1502 1077">▶ Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation <ul style="list-style-type: none"> <li data-bbox="634 1077 950 1108">○ General ledger system <li data-bbox="634 1108 885 1140">○ Budgeting system <li data-bbox="634 1140 1502 1203">○ Revenue, accounts receivable, and cash collections Purchasing, expenditures, accounts payable, and cash disbursements <li data-bbox="634 1203 771 1234">○ Payroll <li data-bbox="634 1234 1015 1266">○ Federal Financial Assistance <li data-bbox="634 1266 852 1297">○ Other systems <li data-bbox="586 1297 868 1329">▶ Identify control risks <li data-bbox="586 1329 1015 1360">▶ Evaluate IT control environment <li data-bbox="586 1360 1502 1560">▶ Perform testing of the internal control system and evaluate the effectiveness of the District'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 District policies <li data-bbox="586 1560 1096 1591">▶ Conduct fraud assessment procedures <li data-bbox="586 1591 1193 1623">▶ Assess degree of risk for material misstatement <li data-bbox="586 1623 1502 1686">▶ Provide to the District's management a memo concerning management letter points and identify issues, if any <li data-bbox="586 1686 1209 1717">▶ Interim exit conference with District Management

2023 Period	Audit Tasks
July - August	<p>- Other Tasks</p> <ul style="list-style-type: none"> ▶ Review minutes of Board meetings and other key committees. ▶ Perform preliminary substantive procedures, which would include tests of: <ul style="list-style-type: none"> ○ 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 District staff and prepare of all appropriate confirmation requests including: <ul style="list-style-type: none"> ○ Bank accounts ○ Investment pool accounts ○ Accounts receivable ○ Federal grants ○ Revenue from governmental agencies ○ Bond and other debts ○ Pension plan ○ Attorney letters ○ Others, as required
December	<p>- Final Fieldwork</p> <ul style="list-style-type: none"> ▶ Entrance conference with District 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 District staff ▶ Perform review of subsequent events by discussions with District Management and update all minutes of District Board and key committees ▶ Exit conference with District Management
January 2024	<p>- Audit Reports</p> <ul style="list-style-type: none"> ▶ Complete preliminary drafts of financial statements ▶ Prepare other reports as required ▶ Provide drafts of reports to District Management for review ▶ Presentation to Board of Directors and Finance Committee ▶ Provide revised final drafts of all required reports to the District for approval ▶ Final Audit Reports and Financial Statements delivered ▶ State Controller's Report delivered and submitted

Note: Due to the timing of the District's request for proposal, the above is the proposed audit schedule for the fiscal year 2023 audit only. The audit schedule for subsequent years will be adjusted to better meet the timeline desired by the District in accordance with the request for proposal.

Estimated Hours by Audit Phase

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	6	16	10	5	37
Audit Manager	5	26	29	4	64
Audit Senior	12	42	45	6	105
Professional Audit Staff	-	67	62	8	137
IT Specialist	-	4	-	-	4
Administrative Assistant	4	7	-	7	18
Total	27	162	146	30	365

Discussion of Relevant Accounting Issues

Identification of Anticipated Potential Audit Problems

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

- Financial Reporting:
 - Review and evaluate that the District's Annual Comprehensive Financial Report are in compliance with current reporting and disclosures requirements issued by the GASB and GFOA
 - Review the Annual Comprehensive Financial Report 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 District'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:

2023

- Statement 91 – Conduit Debt
- Statement 94 – Public-private Partnerships
- Statement 96 – Subscription-Based Information Technology Arrangements
- Statement 99 – Omnibus 2022

2024

- Statement 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

2025

- Statement 101 – Compensated Absences

**Comprehensive
Cost Bid**

Schedule of Professional Fee

Service	2023 Hours	2023	2024	2025	2026 Optional Year	2027 Optional Year
Financial Statements Audit	293	\$ 27,200	\$ 27,765	\$ 28,490	\$ 29,120	\$ 30,120
GANN Limit Agreed-upon Procedures	6	590	640	680	720	755
State Controller's Report	21	1,950	2,125	2,255	2,390	2,415
Annual Tax Returns for Public Facilities Financing Corporation	21	1,950	2,125	2,255	2,390	2,415
Fire Flow Tax Calculations	24	2,260	2,305	2,345	2,485	2,520
Total	365	\$ 33,950	\$ 34,960	\$ 36,025	\$ 37,105	\$ 38,225

Position	2023		2024		2025		2026 Optional Year		2027 Optional Year	
	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates
Partner	37	\$150	34	\$155	33	\$160	32	\$165	36	\$165
Audit Manager	64	120	60	125	59	130	57	135	59	140
Audit Senior	105	85	97	95	93	105	91	115	88	120
Professional Audit Staff	137	75	134	85	131	90	127	95	113	105
IT Specialists	4	110	4	120	4	120	4	120	4	120
Administrative Assistant	18	60	17	65	16	65	16	70	16	70
Total Hours	365		346		336		327		316	
Total Cost	\$	33,950	\$	34,960	\$	36,025	\$	37,105	\$	38,225

Note: The above is an all-inclusive maximum price, including services, out-of-pocket expenses, meals, lodging, transportation, printing, and other costs.

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 District after completion of each phase of the audit and bill the District 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 District. The District 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	<u>100%</u>

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

- Rendering the highest standard of service
- Developing a long-term working relationship dedicated to meeting the needs of the District
- Assisting the District 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 District and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the District 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 References

- 1) Southern Marin Fire Protection District
 - Scope of Work: Annual Financial Report, SAS114, SAS115
 - Engagement Partner: Ahmed Badawi (2020 – Present)
 - Address: 28 Libertyship Way, Suite 2800, Sausalito, CA 94965
 - Principal Contact:
Ms. Alyssa Schiffmann
Finance Manager
(415) 388-8182
aschiffmann@smfd.org
- 2) Central County Fire Department
 - Scope of Work: Annual Comprehensive Financial Report
 - Engagement Partner: Ahmed Badawi (2012 – 2019), Mitesh Desai (2020 - Present)
 - Address: 1600 Floribunda Avenue, Hillsborough, CA 94010
 - Principal Contact:
Jan Cooke
Finance Director
(650)375-7408
jcooke@hillsborough.net
- 3) San Ramon Valley Fire Protection District
 - Scope of Work: Annual Comprehensive Financial Report
 - Engagement Partner: Ahmed Badawi (2021 – Present)
 - Address: 1500 Bollinger Canyon Road, San Ramon, CA 94583
 - Principal Contact:
Ms. Davina Hatfield
Chief Financial Officer
(925)838-6668
dhatfield@srvfire.ca.gov
- 4) Zayante Fire Protection District
 - Scope of Work: Annual Financial Report, Measure F1
 - Engagement Partner: Ahmed Badawi (2017 – 2019), Mitesh Desai (2020 - Present)
 - Address: 7700 East Zayante Road, Felton, CA 95018
 - Principal Contact:
John Stipes
Fire Chief
(831) 335-5100
chief2401@cwncast.net
- 5) Ross Valley Fire Department
 - Scope of Work: Annual Financial Report
 - Engagement Partner: Ahmed Badawi (2021 – Present)
 - Address: 777 San Anselmo Ave, San Anselmo, CA 94960
 - Principal Contact:
Jeff Zuba
Finance & Admin. Services Director
(262)989-2208
jzuba@townofsananselmo.org



Moraga-Orinda Fire Protection District
Proposal to Provide Auditing Services
for the Fiscal Years ending June 30, 2023 through June 30, 2025
with an Option to Extend for Two (2) Additional Years

Submitted by:



333 Hegenberger Road, Suite 328
Oakland, CA 94621
Phone: (510) 452-5051 Fax: (510) 452-3432

May 05, 2023

Contact Person

Managing Partner: Sanwar Harshwal, CPA

Cell Phone: (858) 784-1622

Federal Employer ID Number: 27-0741376

Email: sanwar@harshwal.com Website: www.harshwal.com

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May 05, 2023

Moraga-Orinda Fire Protection District
ATTN: Gloriann Sasser, Administrative Services Director
1280 Moraga Way,
Moraga, CA 94556

Dear Gloriann Sasser and Evaluation Committee Members,

The partners and staff at Harshwal & Company, LLP are pleased to present our proposal to provide Auditing services. Our firm has experienced continuous growth and success as we meet and exceed client expectations. Our overall goal is to provide responsive, innovative services of the highest quality to our clients.

We understand that Moraga-Orinda Fire Protection District (referred to later in this proposal as the "District") requires a timely auditing service; we are committed to meeting all terms, conditions and requirements as addressed in the request for proposal. With our experience and knowledge, we fully understand the audit requirements, as well as your expectations.

We believe our firm is the best qualified to perform this engagement because we add value to the audit by providing specialized resources and technical proficiency. Our expertise in governmental auditing and accounting combined with our vast access to resources empowers us to solve challenges encountered during the audit. Our highly trained engagement team will maintain a knowledgeable, yet, non-intrusive, approach to the audit and this way; deliver an audit of exceptional quality requiring few disruptions in the conduct of the District's on-going operations.

Understanding of the Work to be Done

We understand that you require us to conduct the audit of the financial statements of the District for the fiscal years ending June 30, 2023, through June 30, 2025, with an option to extend for two (2) subsequent years, in accordance with generally accepted auditing standards, the standards set forth for financial and compliance audits in the U.S. General Accounting Office's (GAO) Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, the provisions of the Single Audit Act of 1984, as amended in 1996, U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.

Ability to Perform the Work within Provided Time Frame

Harshwal & Company, LLP is benchmarked for providing the work within the time frame requested. Our team is committed to completing the audit on time, as they are fully equipped with contemporary technology, which will add value to the successful and timely delivery of the audit. We are responsive and solution oriented, providing quick responses on matters that require immediate attention, hence enhancing the quality of our audit. We focus on staff continuity, which enables us to develop and maintain an in-depth understanding of your operations, management style, and operating practices, which ultimately allows us to offer you experienced resources, value-added services, specialization, and overall better personal service, which again unequivocally results in a timely submission of the audit report.

Why Harshwal & Company, LLP

- Extensive Partner involvement on each engagement
- Presence of a Manager and/or CPA always on site during fieldwork
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Client Confidentiality and Security

- At Harshwal & Company, LLP, we are committed to safeguarding client information. Maintaining trust is one of the core values of our firm. Since your privacy is a priority to us, we will not share nonpublic information about you with third parties without your consent.
- In order to facilitate a highly secure method for exchanging electronic files between our firm and our clients, we have implemented a secure, trackable method for sharing large files via a hosted website called *Suralink*.
- All laptops of our audit and tax professionals are encrypted to protect our clients' information.

Our Managing Partner, Mr. Sanwar Harshwal, is authorized to represent the firm and he is the authorized person to contractually obligate the firm, to negotiate the contract on behalf of the firm and to be contacted for clarifications. He can be reached at 11405 W. Bernardo Ct., Suite A, San Diego CA 92127; Phone No. (858) 784-1622, Fax No. (858) 964-3754 or via an email at sanwar@harshwal.com.

Harshwal & Company, LLP is a small business enterprise, we are SBA 8(a) certified, a GSA vendor and a 100% minority owned CPA firm.

We thank you in anticipation that you will provide us with a chance to serve your esteemed organization with our value added services.

Sincerely,

Harshwal & Company, LLP
Certified Public Accountants



Sanwar Harshwal, CPA, CIA, CISA, CFE
Managing Partner



TECHNICAL PROPOSAL

FIRM'S QUALIFICATIONS AND EXPERIENCE

Harshwal & Company, LLP was founded twelve years ago and is a locally established firm of CPAs, offering auditing, accounting, management consulting, IT services, and other specialized services to various clients, which consist of special districts, state and local governments, school districts, housing authorities, not-for-profit organizations, and tribes and tribal governments throughout the United States. Our commitment to our clients has enabled the firm's continuous growth and success in developing and maintaining strong professional relationships. Our engagement team also has extensive experience in auditing and reviewing financial statements receiving GFOA and CSMFO awards.

The members of the firm have accumulated over four decades of experience in public auditing and accounting, primarily with international certified public auditing firms while employed in high-level supervisory positions. Individually, the partners and management staff are recognized in their respective areas for leadership roles, which they take part in promoting the high ideals of the auditing profession and for producing the highest quality services.

Our Oakland Office will provide audit services to Moraga-Orinda Fire Protection District. The address and phone numbers for each of our three offices are listed below:

Oakland, CA Office	333 Hegenberger Road, Suite 328 Oakland, CA 94621	Phone: (510) 452-5051 Fax: (510) 452-3432
San Diego, CA Office	11405 W. Bernardo Ct., Suite A, San Diego, CA 92127	Phone: (858) 939-0017 Fax: (858) 964-3754
Albuquerque, NM Office	6565 Americas Pkwy, Suite 800 Albuquerque, NM 87110	Phone: (505) 814-1201 Fax: (505) 395-7581

Services Provided by the Firm

Harshwal & Company, LLP is a full-service professional firm providing comprehensive services commonly associated with larger firms. The firm is divided into the following departments and provides the following services:

- **Audit Department:** Provides audit services to commercial, governmental and non-profit organizations with a special emphasis on compliance audit in education, health, and housing industries.
- **Accounting Department:** Provides consulting services in setting up businesses and establishing accounting systems, books, and records; assistance in maintaining business records; and preparing financial statements.
- **Tax Department:** Provides a wide range of tax preparation, tax planning, and consulting for corporations, partnership, and individuals.
- **Management Advisory Services:** Our technical knowledge, training, and business experience enable us to provide a broad range of management advisory services, which includes the following:





Proposal to Provide Auditing Services

- Designing and assisting in the installation of accounting systems to fit the requirements of a particular business.
- Analyze existing accounting systems and recommend ways to improve controls and efficiency.
- Assessment, installation, and modification of computer hardware and software systems.
- Consulting in management information systems.
- Providing consultation about the use of management information systems for planning and control and the application of accounting and other controls. Harshwal & Company, LLP continues our efforts in investing in our IT system to further enhance our security and promote audit efficiency.

Equal Opportunity Employer

Harshwal & Company, LLP is an equal employment opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality. We prohibit discrimination of qualified persons based on race, religion, color, sex, age, national origin, disability, sexual orientation, military status, or any other characteristic protected by applicable federal, state, or local law.

Conflict of Interest Statement

Harshwal & Company, LLP does not have any past or current business or other relationship with the District. We also hereby agree that no member, officer, or employee of the District, no member of the local governing body of the locality in which the District is located and no other public official who exercises any function or responsibilities with respect to the District, during the tenure or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof.

Independence

We are independent of Moraga-Orinda Fire Protection District as defined by generally accepted auditing standards issued by the *U.S. General Accounting Office's Government Auditing Standards*. Before accepting any new engagement, we conduct a thorough check to ensure that there are no conflicts of interest or independence issues. This procedure is in compliance with the independence requirements of all regulatory agencies and, specifically, in compliance with the Standard for Audit of Governmental Organizations, Programs, and Activity Functions, as published by the U.S. General Accounting Office (GAO).

If selected as your audit firm, we will maintain and monitor our independence as well as reassess our independence with respect to your organization on an annual basis. We will continue to evaluate our independence as your external auditors and will give the District written notice of any professional relationships involving the District and its component unit, if entered into, during the period of the audit contract.






Proposal to Provide Auditing Services

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 U.S. GAO’s Government Auditing Standards to perform the proposed audits.



STATE OF CALIFORNIA
dca
DEPARTMENT OF CONSUMER AFFAIRS

CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP

REGISTRATION PAR 7299
RECEIPT NO. 12492026

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

VALID UNTIL OCTOBER 31, 2023

HARSHWAL & COMPANY LLP
16870 W BERNARDO DRIVE
STE 250
SAN DIEGO CA 92127

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

09/07/21
09/07/21

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

WABPAR 04/12/17

Insurance Requirements

We will maintain such insurance coverage during the period of engagement. Harshwal & Company, LLP maintains the following insurance:

- 1) Professional liability for \$2,000,000 per claim and \$4,000,000 aggregate. The carrier is CAMICO Mutual Insurance Company.
- 2) Commercial general liability and property damage for \$2,000,000 per occurrence and \$4,000,000 aggregate. The carrier is CAMICO Mutual Insurance Company .
- 3) Automobile liability for \$2,000,000. The carrier is CAMICO Mutual Insurance Company .
- 4) Workers’ compensation (statutory amounts and limits) insurance carrier is Hartford. The limit of the liability is \$1,000,000.

➤ A certificate of insurance is attached below.





AUDIT APPROACH AND EXPERIENCE

Scope of Work:

At Harshwal & Company, LLP, our professionals have extensive experience performing audits of special districts and our team has a broad understanding of the work environment that is necessary to conduct an audit of the financial statements of the District. We understand that you require us to perform an audit of the financial statements of the District for the fiscal years ending June 30, 2023, through June 30, 2025, with an option to extend for two (2) subsequent years. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

- We will perform an audit of the financial statement of the District in accordance with generally accepted auditing standards, the standards set forth for financial and compliance audits in the U.S. General Accounting Office's (GAO) Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, the provisions of the Single Audit Act of 1984, as amended in 1996, U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- We will express an opinion as to whether the District presents fairly, in all material respects, the financial position of the governmental activities and each major fund of the District and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.
- We will attend public Audit Committee and Board meetings as necessary to discuss annual financial statements and related audit information.
- We will prepare the ACFR and will review the ACFR in relation to the awards checklist to ensure compliance with the award programs.

Reports to be Issued:

- Annual Comprehensive Financial Report (ACFR): The ACFR and the preparation of the financial statements, schedules, and accompanying notes are to be prepared by the audit firm for inclusion in the ACFR.
- Agreed Upon Procedures Applied to Appropriation Limit (Gann).
- Other Auditor Communications or Other Governing Standards as required including reports on internal control.
- State Controller's Special Districts' Financial Transactions Report.
- In the required reports on auditor communications, we will communicate any deficiencies, material weakness or significant deficiencies in internal control found during audit.
- We will immediately provide a written report of all irregularities and illegal act of which we become aware of to the following: Fire Chief and Administrative Services Director.





Proposal to Provide Auditing Services

Additional Services to perform:

- We will prepare annual tax returns for the Public Facilities Financing Corporation.
- We will calculate the fire flow tax for every parcel in the District for submittal to Contra Costa County for inclusion on the tax roll (14,000 parcels).

Understanding of the Project to be Performed:

The two most critical components of the audit are (1) to have continuity and consistency among the auditors involved and (2) to have the entire audit team, from partners to staff, understand and be aware of the technical requirements for the engagement. Therefore, careful audit planning is emphasized along with written instructions, and a comprehensive workshop is carried out for the staff engaged. We have ascertained that this effort not only serves to state the line of organization and responsibility from the commencement but also serves to discuss the areas of concern and applicable audit techniques to be adopted in the examinations proposed to be conducted.

Our plan will involve a comprehensive entrance meeting with the District's audit committee and management. During this phase, we hope to establish the timetable for the examination and identify dates for future meetings to report on our progress in the examination. Shortly thereafter, the partners and an audit manager will meet with the District Administrative Services Director and Finance Manager to be able to obtain a more detailed outline of the District's financial systems and processes. This will help us to determine the extent and concentration of our audit effort, obtain knowledge and an understanding of the legal and reporting requirements by obtaining pertinent statutes, regulations, charter provisions, bond coverage and other requirements.

The meeting will serve as a guideline to prepare and outline our audit-planning memorandum and the audit plan. Upon completion of the audit plan, we will meet with the District Officials to go over our plan. During the meeting, we hope to share our understanding of the audit approach and fine-tune the dates of commencement, the assistance available to us, the assistance the District may need from us and the introduction of the audit team seniors to the District Officials. In the next step, a conference will be initiated by the audit team to be assigned. The conference will serve as a platform to share our audit plan and programs, discuss areas of concern, identify audit teams and dates, and address any and all pertinent questions from our staff.





Specific Audit Approach

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide the level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and an audit manager. As high-level involvement is vital to a quality audit, the partner and manager's time will account for approximately 30% of the total hours spent on the engagement. Our team's approach is to be efficient, yet non-intrusive. We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning — Interim Phase

Our audit planning process includes a risk assessment of the District and a review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met in a timely manner. In addition, we will provide a list and samples of schedules specifically tailored to the Moraga-Orinda Fire Protection District to aid the District's staff in preparing schedules and providing audit documentation.

Risk Assessment — Interim Phase

As part of our extensive planning phase, the engagement team will discuss with management issues surrounding the applicable industry, the District's internal and external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control testing.

Control Testing — Interim Phase

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- Disbursements
- Receipts
- Payroll
- Financial reporting
- Journal entry process
- Federal and state programs
- IT and general computer controls

Based on our understanding of the District's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

Laws and Regulations

We will review the laws and regulations covering the District's grants and major programs as part of any Single Audit testing if applicable. Based upon our inquiries with the District staff and review of any District's municipal code, etc., we will determine the relevant laws and regulations that will be subject to additional test work.





Proposal to Provide Auditing Services

Substantive Procedures — Year End Phase

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- Tests of account details — Detail transaction testing to source documentation
- Analytical procedures — Ratio analysis, variance analysis, trend analysis
- Use of data analysis software — Review of large volumes of data to detect anomalies
- Unpredictability tests — Varying timing and extent of tests
- Review of management's estimates — To determine the reasonableness
- Review of subsequent events and contingencies — For proper adjustment and footnote disclosure

Preparation of Audit Report and Review — Year-end Phase and Wrap-up Phase

Audit work papers are reviewed throughout the audit by an audit manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner. Upon approval, we will issue drafts of all reports based on the District's predetermined schedule as indicated in the Request for Proposal. This will allow adequate time for the review and distribution of reports.

Audit Sizes and Statistical Sampling Techniques

Audit sampling provides the auditor with an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical-sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive, and compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas, which have a higher risk of misstatement due to fraud.

Drawing Audit Samples (for tests of compliance)

Auditor judgment will be used in selecting our audit samples for tests of compliance work. The majority of the testing of compliance will be centered around the single audit testing of the direct and material elements for the major programs.

Technological Advantages

We utilize the latest technology, including virtual servers, smart devices, and online libraries, to provide us with the most up-to-date information to better serve our clients. Our online client portal **Suralink**, allows us to send and receive information to and from our clients faster and more securely. As portals are encrypted and use password protection to ensure that data can only be viewed by the appropriate client, we are dedicated to protecting the District's confidential information. Furthermore, we streamline our audit process and organize support documents through the use of the paperless audit program - CaseWare Working Papers.





Proposal to Provide Auditing Services

By effectively reviewing large volumes of data through these programs, we can develop a better understanding and gain a broader view of the Moraga-Orinda Fire Protection District. These technologies enable us to increase both the scope of our engagement and the reliability of our audit opinion more efficiently, as a larger amount of information can be processed, analyzed, and interpreted in a shorter time frame.

Working Paper Retention

We will retain audit working papers and reports for a minimum of seven (7) years unless we are notified in writing by the District of the need to change the retention period. In addition, we will respond to reasonable inquiries of the District and successor auditors, and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance.

We will be make working papers available, upon request, to the following parties or their designee:

- District
- U.S. Government Accountability Office
- Parties designated by the Federal or State governments or by the District as part of an audit quality review process
- Auditors or entities of which the District is a subrecipient of grants
- State of California, Office of the State Controller

Management Letter

Communication with management is crucial since it is essential to hear your concerns and comprehend the financial records to have a complete and thorough understanding of business operations. Management confirmation is required on all information contained within the financial statements to ensure that they are true and accurate and that all information has been properly disclosed. We will review all significant audit findings with the District as the work proceeds and once on complete of our audit procedures.

It is standard practice for our firm to produce a management letter in conjunction with each engagement. The audit process provides an opportunity to assess performance and trends, identify opportunities to improve internal controls and/or accounting efficiency and, spot emerging needs or opportunities. By reporting these conditions and opening them up for discussion, the management letter can play an important role in maintaining the future financial health of the organization. Should we become aware of any irregularities, illegal acts, or indications of illegal acts, we will make an immediate verbal and written report of such findings to the District's Council. The report will be discussed with the members responsible for the financial statements before submitting it to the Board Members.

Exit Conference

We will participate in an exit conference with the Administrative Services Director and Finance Manager to discuss observations and findings. We will meet with the Audit Committee two times per year (at the beginning of the audit and prior to the presentation to the Board.) During the course of the engagement, we will meet with and provide periodic status reports to the Administrative Services Director and Finance Manager on a regular basis. We will be available to meet with the District staff as needed, to provide consultation on various accounting and auditing matters.





Proposed Timeline for Fieldwork and Final Reporting:

Harshwal & Company, LLP is prepared to meet the deadlines required.

Milestones	FY 2023
Audit Committee meet with auditors to discuss scope of audit	Late June/Early July 2023
Interim field work	July or August 2023
District submits to auditors the final trial balance	Early September 2023
Final field work	September 2023
Draft reports to Board	October 2023
Auditors meet with Audit Committee	October 2023
Final reports to Board of Directors	November 15, 2023 or before
Tax Return	November 15, 2023 or before

- *The timeline is reasonable given the totality of work involved and our managers being highly qualified and trained. We will follow the same system to get work done throughout the five years requested.*
- *This timeline is dependent on the availability of your personnel and is subject to the anticipated closing of your accounting records.*
- *A similar schedule will be developed for audits of subsequent fiscal years.*





FIRM'S AUDIT QUALIFICATIONS

Harshwal & Company, LLP has performed numerous audits of state and local governments, school districts, housing authorities, not-for-profit organizations, and tribes and tribal governments etc, that are subject to financial, compliance, and single audits. The following is a list of clients.

State and Local Governments

- County of Del Norte
- City of San Mateo
- Town of Apple Valley
- City of Sanger
- City of Oakland
- City of East Palo Alto
- City of Crescent City
- City of Vallejo
- County of Santa Clara
- Cibola County
- Sierra County
- First 5 Santa Cruz County
- First 5 Inyo County
- First 5 Alameda County
- First 5 Marin Children & Families Commission
- First 5 Monterey County
- First 5 San Bernardino
- Town of Edgewood
- Town of Springer
- Town of Mesilla
- Town of Cochiti Lake

Housing Entities

- Housing Authority of the County of San Mateo
- Santa Clara Pueblo Housing Authority
- Housing Authority of County of San Mateo
- Santa Clara Pueblo Housing Authority
- Greyhills Academy High School
- Housing Authority of the City of Port Hueneme
- Eastern Regional Housing Authority
- White Mountain Apache Housing Authority
- Housing Authority of the City of Benicia
- Housing Authority of the County of Alameda
- City of Eureka Housing Authority
- County of Humboldt Housing Authority
- Housing Authority of the County of Alameda
- Sisseton Wahpeton Housing Authority
- Pueblo of San Felipe Housing Authority
- Housing Authority of the County of Butte
- Housing Authority of the City of Richmond

Private Entities

- Tots Of Love Child Development Center, LLC
- The Good Earth Organics, Inc.
- The Child Day Schools, LLC
- Optimize Infrastructure, LLC
- Newport Holdings, L.P.
- Eureka Housing Associates, LP
- Nelson Trucking Partners, LLC
- TerraVerde Energy, LLC
- Juana Care Facility, LLC
- Solace Supportive Living, Inc.
- Thomas Jee & Associates, Inc.
- Vvd Partners, LLC
- RADAR Creative





COUNTIES

Santa Cruz County

- Single Audit
- Mental Health - Short Doyle Program

Del Norte County

- Del Norte County
- Del Norte County Solid Waste Management Authority

Santa Clara County

- Single Audit (Sub Contractor)
- County of Santa Clara JTPA Program
- Mental Health Short Doyle Program
- Sheriff's Department – Inmate Welfare Fund

County of Alameda

- Alameda County Housing and Community
- Community Based Organization Audits
- Development and Lead Poisoning Prevention
- Alameda County Public Works Department
- Alameda County Housing and Community Development - Bond Audit
- Alameda County Social Services - Food Stamp
- Oakland-Alameda County Coliseum Authority
- Alameda County Health Care Services Agency
- Alameda County Auditor-Controller's Agency
- City of Oakland, Office of Public Works
- Alameda County Fire Department
- Alameda County Transportation Authority

County of San Mateo

- JTPA Program
- Menlo Park Fire Protection District
- Department of Community Services

Solano County

- City of Vallejo (Sub Contractor)
- Local Transportation Fund
- Mental Health - Short Doyal Program

Contra Costa County

- Public Works Department
- Emergency Medical Services





Tribes and Tribal Entities

- Omaha Tribe of Nebraska
- Hoopa Valley Tribe
- Big Sandy Rancheria
- Robinson Rancheria Band of Pomo Indians
- KTNN Native Broadcast Enterprise
- K'ima: w Medical Center
- Village of Shungopavi
- Kykotsmovi Village
- California Tribal T.A.N.F Partnership
- La Jolla Band of Luiseño Indians
- Kickapoo Tribe of Oklahoma
- Timbisha Shoshone Tribe
- Sac and Fox Nation
- Pauma Band of Luiseno Mission Indians
- Kickapoo Tribal Health Center of the Kickapoo Tribe of Oklahoma
- Kashia Band of Pomo Indians of the Stewarts Point Rancheria
- Yuwehloo Pahki Community
- San Luis Rey Indian Water Authority
- Sipaulovi Village
- Village of Sichomovi
- Cloverdale pomo band of Indians

Non-Profit Organizations

- New Bridge Foundation
- San Francisco Community Clinic Consortium
- Hopi Credit Association
- Ruckus Society
- San Francisco BayKeeper
- Chinese for Affirmative Action
- Community Clinic Consortium
- Manzanita Charter School
- San Diego Civic Youth Ballet
- Greater Farallones Association
- Santa Clara Teacher Housing Foundation
- Mother Lode Job Training
- Eden United Church of Christ
- Health and Human Resource Education Center
- California Hispanic Chambers of Commerce
- California Municipal Utilities Association
- San Diego Organizing Project
- Family Paths, Inc.
- Consolidated Tribal Health Project Inc.
- South County Community Health Center, Inc.
- A&I Transport Inc.
- Access Reproductive Justice
- Alameda County Deputy Sheriffs Activities League
- Santa Cruz County Parents Association
- American Nonsmokers' Rights Foundation
- Allen Temple Baptist Church
- Baker's Palace
- Maisha Meds, Inc.
- Native American Health Center, Inc.
- United Way of Santa Cruz County
- ICON Community Development Corporation
- Oakland Metropolitan Chamber of Commerce
- Gluon Solutions, Inc.
- Youth Together, Inc.
- TerraVerde Energy
- Luxesphere Holdings, Inc. and Subsidiaries
- FOOD FIRST/Institute for Food & Development
- RFHC Bay Pulgas Landowner, Inc.
- Institute for Molecular Medicine
- Key Educational Group
- Oakland Community Organizations, Inc.
- Mnc 1240 Valencia Inc.
- American Federation Of State, County & Municipal Employees Local 2428
- Anti Terror Project, Inc.
- Artequity Community





- A & I Express Inc.
- California College of Communications, Inc.
- Center For Third World Organizing
- Center for Youth Development through Law
- Consolidated Tribal Health Project, Inc.
- Countywide Alcohol and Drug Services, Inc.
- Crowden Music Center
- Digital Democracy
- East Oakland Switchboard
- Family Bridges Inc.
- Gallup Inter-Tribal Indian Ceremonial Association, Inc.
- Hopi Credit Associations
- IIT Kanpur
- IIT Bombay Heritage Foundation
- IIT Madras Foundation
- Mary Magdalene Community Services
- New Mexico Cancer Care Alliance
- Pacific Center for Human Growth
- Rwanda School Project
- Solano Coalition for Better Health
- The Estria Foundation
- Tohatchi Area of Opportunity & Services, Inc.
- Women's Daytime Drop-In Center
- St. James Infirmary
- Redwood Region Economic Development Commission
- Veterans Accession House
- San Carlos Apache Relending Enterprise
- Life Long Medical Care
- Family Resource Center of the Redwoods
- Transcendance Youth Arts Project
- North East Medical Services
- Over 60/CEI, Inc.
- Indian Health Center of Santa Clara Valley
- Bay Area Center for Law and The Deaf
- Bay Area Community Services
- Bay Area Lupus Foundation
- San Diego Civic Youth Ballet
- The Center for Empowered Politics
- Tolani Lake Enterprises
- California Hispanic Chambers Of Commerce Foundation
- Carbon Offsets to Alleviate Property
- Centro Latino de San Francisco
- Community Health Partnership, Inc.
- Court Appointed Special Adocates Program, Inc.
- DayBreak Adult Care Centers
- Dominican Sisters Vision of Hope
- Eden Area Foundation
- Faith in Action Bay area
- Grand Lodge of California
- Heffernan Foundation
- Hiawatha Harris M.D, Inc.
- Just Cities Institutes
- Lakeshore Avenue Baptist Church
- Mission Language & Vocational School
- North County Lifeline Inc.
- Our Common Ground Inc.
- Pawnee Nation College
- Redwoods Rural Health Center
- Sikh Gurdwara San Jose
- Sustainable Economies Law Center
- Sustainable Sciences Institute
- V- Day
- Vascular Cures and Pacific Vascular Research Institute
- El Centro de Libertad/The Freedom Center
- Preserving Alameda County Housing, Inc.
- Downtown Action Team
- Lincoln Child Center
- PICO National Network
- PICO Action Fund
- Family Service of San Leandro
- Bay Area Young Positives
- California Anchor Residence Group Home
- Healthy Black Families
- Jessica Broitman Foundation
- Urgent Action Fund
- Kickapoo Head Start Inc.





Educational Entities

- Pleasant Valley School District
- Lamont School District
- EL Segundo Unified School District
- Nazlini Community School
- Sacramento Valley Charter School
- First Mesa Day School
- La Honda-Pescadero Unified School District
- Ravenswood City School District
- Napa Valley Unified School District
- Fairfield-Suisun Unified School District
- Benicia Unified School District
- Belmont-Redwood Shores School District
- Richland School District
- Conejo Valley Unified School District
- Azusa Unified School District
- Spark* SF Public Schools
- Pinon Community School, Inc.
- San Mateo - Foster City School District
- Brisbane School District
- Jefferson School District
- San Bruno Park School District
- Jefferson Union High School District

Single Audit Experience

Harshwal & Company, LLP works with numerous organizations that receive extensive governmental funding and are subject to auditing under Uniform Grant Guidance, formerly known as OMB Circular A-133 guidelines. 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 approach truly reflects the federal government intent by concentrating on the following three steps:



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 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
- U.S. Department of the Interior
- Department of Energy





CURRENT CLIENTS

- Aromas Tri-County Fire Protection District
- Carmel Highlands Fire Protection District
- Coast Side Fire Protection District
- Cresecent Fire protection District
- Cypress Fire Protection District
- Fort Dick Fire Protection District
- Rodeo Hercules Fire Protection District
- Saratoga Fire Protection District
- Smith River Fire Protection District
- South Monterey County Fire Protection District
- Alameda County Law Library
- Artesia Cemetery District
- Bardsdale Cemetery District
- Big Rock Community Service District
- Border Coast Regional Airport Authority
- Buena Park Library District
- Burbank Sanitary District
- Central Basin Municipal Water District
- County of Del Norte
- Cupertino Sanitary District
- Del Norte Library District
- Del Norte Local Transportation Commission
- Del Norte Solid Waste Management Authority
- EL Rancho Cemetery District
- Gasquet Community Services District
- Goshen Community Service District
- Guadalupe Coyote Resource Conservation District
- Humboldt Bay Harbor Recreation District
- Lions Gate Community Service District
- Loma Prieta Resource Conservation District
- Mission Oak Park and Recreation District
- Paradise Recreation and Park District
- Perris Valley Cemetery District
- Plumas County Community Development Commission
- Redwood Empire Dispatch Communications Authority
- San Dieguito River Park Joint Powers Authority
- Santa Clara County Vector Control
- Sunrise Recreation and Park District
- Valley of the Moon Water District
- West Contra Costa Integrated Waste Management Authority





REFERENCES

The best indicator of our ability is our success in meeting the needs of our current and past clients. We encourage you to contact these references to inquire about the quality of our services, their overall satisfaction, the effectiveness of our accounting and auditing approach, the abilities of our professionals, and the timeliness and overall value of our services. We would be happy to provide additional references upon request, if you would like.

1. Rodeo Hercules Fire Protection District

- **Scope of Work:** Audit and preparation of the Basic Financial Statements and ACFR presentation.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Getachew Demeku-Ousman
Address: 1680 Refugio Valley Road, Hercules, CA 94547
Phone Number: (510) 799-4561
E-Mail: gdemeku@gmail.com

2. Coast Side Fire Protection District

- **Scope of Work:** Financial Statement audit and ACFR prepared in conformance with GAAP requirements.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Ginny Petras, Administrative Officer
Address: 1191 Main Street, Half Moon Bay, CA 94019
Phone Number: (650) 726-5213
E-Mail: Ginny.Petras@fire.ca.gov

3. Saratoga Fire Protection District

- **Scope of Work:** Audit of the Basic Financial Statements and tax services
- **Date of Services:** Fiscal years ended June 30, 2018 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Trina Whitley, Business Manager
Address: 14380 Saratoga Avenue Saratoga, CA 95070
Phone Number: (408) 867-9001
E-Mail: twhitley@saratogafire.org





RODEO-HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 FAX: (510) 799-0395

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

I am pleased to offer an enthusiastic recommendation for retention of Harshwal & Company, LLP (HCLLP).

Rodeo Hercules Fire Protection District has been engaged with HCLLP to perform a Financial Statement Audit throughout the tenure. I have found the HCLLP team to be knowledgeable, professional, and easy to work with. They are always responsive and solution-oriented.

My personal belief is that HCLLP offers a unique perspective and approach to auditing, in that they take the time to fully understand the individual nuances of similar but distinct reporting entities. This enables them to generate a meaningful client dialogue about the accuracy of their work, and more importantly the completeness of the financial reporting that they oversee. I believe that HCLLP is especially cost competitive with their peers, due to the time efficiencies generated by their investment in computerized and electronic work papers.

Please do not hesitate to call upon me directly at (510) 799-4561 for additional information regarding HCLLP.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Craig".

Fire Chief Bryan Craig
Rodeo Hercules Fire Protection District





COASTSIDE FIRE PROTECTION DISTRICT

1191 MAIN ST. HALF MOON BAY, CA 94019
TELEPHONE (650) 726-5213 FAX (650) 726-0132

May 5, 2021

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

I am pleased to offer an enthusiastic recommendation for the retention of Harshwal & Company, LLP (HCLLP).

I have worked with the HCLLP team over the past three years, specifically with Garima Pathak, to perform financial statement audits for the Coastside Fire Protection District. I have found the HCLLP team to be diligent, supportive, proficient, and very easy to work with. HCLLP has always completed its contractual obligations on time and within our allocated budget and has remained cost competitive with their peers. Garima is very "hands-on" during field work activities and has provided invaluable guidance, supervision, and mentoring to our office.

HCLLP offers a unique perspective and approach to auditing, in that they have taken the time to fully understand the individual nuances of our agency. This has enabled us to maintain an open and instructive dialogue and more importantly they generate a thorough, professional, and accurate final product.

Please do not hesitate to call upon me directly at (831) 254-1759 for additional information regarding HCLLP.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. Petras".

Ginny Petras
Administrative Officer II
Coast Side Fire Protection District





KEY PERSONNEL ASSIGNED TO THE ENGAGEMENT

Key Personnel Assigned to Audit Team

Name of Team Member	Role	Experience
Sanwar Harshwal, CPA, CIA, CISA, CFE	Managing Partner	38+ Years
Phyl Warnock, CPA	Independent Reviewer	24+ Years
Samson Reda, CPA	Audit Manager	8+ Years
Albert Hwu, CPA	Senior Auditor	8+ Years
Michael Sparling, CPA	Senior Auditor	16+ Years
Poonam Sharma, CPA	Staff Auditor	5+ Years

Number of Hours by Position:

Our estimated hours for FY 2023:	
Description - Team Composition	Est. Hours
Partner	14
Independent Reviewer	16
Managers	22
Senior Auditors	61
Staff Auditors	119
Clerical Staff	8
Total	240

STAFF QUALIFICATIONS AND EXPERIENCE

The expertise and experience of Harshwal & Company, LLP's principals and personnel are at the core of the firm's excellence in performing audits of special districts. Harshwal & Company, LLP has experience providing exceptional client service and high-quality audit services through comprehensive knowledge and understanding of governmental accounting standards.

Staff Continuity over the Term of the Agreement

We focus on our team members as well as our clients. Our turnover is significantly lower than other national and regional service firms. This staff continuity enables us to develop and maintain an in-depth understanding of your operations, management style and operating practices, which ultimately allows us to offer you experienced resources, value-added services, industry specialization, and overall better personal service. This commitment to people also resides at our executive level where you will find a refreshingly greater hands-on approach compared to other service providers. Our culture stresses the importance of executive presence throughout projects and engagements.





AUDIT TEAM RESPONSIBILITIES

<u>Name/Position</u>	<u>Responsibility</u>
Sanwar Harshwal, CPA Managing Partner	<p>Sanwar Harshwal will be the managing partner in charge of administration, reviews, planning of the audit, approval of the audit scope and work, and review of work and liaison with the District. He is responsible for conducting the fieldwork, coordination of the audit plan, and ensuring that the plan formulated has been effectively followed and managed. He will coordinate with the manager and supervisor for proper fieldwork progress. He will also manage and organize the audit team's effort and ensure the various audit components are performed efficiently.</p> <p>He also has the responsibility for meeting with the District's management to keep them informed regarding the progress of the audit. The responsibility also extends to ensure smooth interaction of the firm with the District. He will supervise the conduct of the engagement, and assumes full responsibility for the work performed.</p>
Phyl Warnock, CPA Independent Reviewer	<p>Phyl R. Warnock is responsible for reviewing staff work papers, prepare findings and recommendations, document internal controls, designing test procedures and ensuring compliance with auditing standards. He has extensive experience and will also be managing the staffing assignment for the engagement to meet deadlines.</p>
Samson Reda, CPA Audit Manager	<p>Samson Reda, will be the audit manager for the engagement and is in charge of the fieldwork. He will be responsible for preparation and maintenance of various work-papers required for audit report preparation.</p>
Albert Hwu, CPA Senior Auditor	<p>Albert Hwu is a senior auditor in the firm's audit group providing auditing services to governmental organizations. Mr. Hwu will serve as the on-site lead auditor and will be in the field on a daily basis. He will assist in directing the staff and specialize in the timely completion of the audit.</p>
Michael Sparling, CPA Senior Auditor	<p>Michael Sparling is a senior auditor in the firm and has extensive knowledge of governmental accounting and auditing standards. He will be assisting the audit team in planning and compliance.</p>
Poonam Sharma, CPA Staff Auditor	<p>Poonam Sharma will be responsible for coordinating the efforts of our staff throughout fieldwork and managing on-site audit procedures. She will be available to answer any of your technical questions.</p>

Most of our assigned key personnel are licensed to practice as a Certified Public Accountant. In addition to the key personnel listed, additional staff will be assigned from our pool of highly qualified professionals.





AUDIT TEAM RESUMES

SANWAR HARSHWAL, CPA **Managing Partner**

Sanwar Harshwal is the managing partner of Harshwal & Company, LLP. He is a globetrotter and a trained technical speaker on auditing and global accounting standards, IT and internal controls, on fraud prevention, and on examinations and internal audits. With over 38+ years of experience with governmental auditing engagements, Mr. Harshwal is also a leading expert on emerging accounting challenges for special districts. Mr. Harshwal has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of School Districts.

During the last 5 years, Mr. Harshwal has provided over 400 hours of training to several professionals on GASB, GAS, Uniform Guidance, FASB, SAAS, GAGAS, Pension Plan audits, COSO, COBIT, internal audits, fraud prevention and examination and tribal governmental governance issues. In addition to having significant experience in audits, strategic assessments of accounting functions, and internal control structures, Mr. Harshwal has extensive experience in evaluating complex accounting and finance issues. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- B.S. Business Accounting
- Bachelor of Law

Certification:

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Certified Public Accountant - State of Arizona (CPA)
- Certified Public Accountant - State of Washington (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India
- Certified Information System Auditor (CISA)
- Certified Fraud Examiner (CFE)
- ORACLE Financial Consultant (Oracle Business Suite)
- Chartered Global Management Accountant (CGMA)
- Certified Risk Management Assurance (CRMA)
- Certified Construction Auditor (CCA)

Professional Membership

- Member of AICPA
- Member of California CPA Society of Certified Public Accountants
- Member of Information Systems Audit and Control Association, USA
- Member of Association of Certified Fraud Examiners, USA
- Member of Institute of Certified Internal Auditors
- Member of National Association of Construction Auditors
- Member of NM CPA Society





Proposal to Provide Auditing Services

PHYL WARNOCK, CPA **Independent Reviewer**

Phyl Warnock is an independent reviewer and have over 24+ year's experience in performing financial audits, reviewing staff work papers, writing financial statements, preparing findings and recommendations, documenting internal controls and redesigning test procedures. Phyl has performed financial audits of special districts, non-profit organizations, municipalities and has working knowledge of GAAP used during audits & financial statement preparations. He will be responsible for reviewing the work papers and final audit reports.

Education:

- Masters of Business Administration
- Bachelors of Science in Accounting

Certification:

- Certified Public Accountant - State of Utah (CPA)

SAMSON REDA, CPA **Audit Manager**

Samson Reda is an audit manager at Harshwal & Company, LLP and has six years of experience in auditing and providing accounting services to special districts, state and local governments, school districts, housing authorities, not-for-profit organizations, and tribes and tribal governments.

He is an expert in data analysis and reconciliation and his experience includes auditing, the recording and analysis of account transactions; establishing accounting records; reconciliation of cash balances; implementation of accounting controls; and statistical reports. He also conducts sampling, testing and is well experienced in performing audits in accordance with attestation standards established by the AICPA. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools. He will assist in directing the staff and specialize in the timely completion of the audit.

Education:

- BA in Accounting

Certification;

- Certified Public Accountant - State of Virginia (CPA)

ALBERT HWU, CPA **Senior Auditor**

Albert Hwu is a senior auditor and has been employed with Harshwal & Company for eight years. He has been engaged with several audits and accounting engagements of special districts, state and local governments, school districts, housing authorities, not-for-profit organizations, and tribes and tribal governments. Mr. Hwu is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. Albert has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular (Uniform Guidance).





Proposal to Provide Auditing Services

He performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- Bachelors of Science in Accounting

Certification:

- Certified Public Accountant - State of Washington (CPA)

Professional Membership

- Member of AICPA

MICHAEL SPARLING, CPA

Senior Auditor

Michael Sparling is a senior auditor with the firm having over 16+ years of experience. He has in-depth knowledge of US GAAP principles and has worked on financial and compliance engagements under the OMB Circular (Uniform Guidance) for various special districts, county, township and city governments, and tribal government. He is an expert in cashflow analysis and supervises 401K audits. He has proficient knowledge of using ProSystem FX/Knowledge Coach (CCH) and other industry tools.

Education:

- Bachelors of Science in Accounting

Certification:

- Certified Public Accountant - State of Michigan (CPA)

Professional Membership

- Member of AICPA
- Member of MICPA

POONAM SHARMA, CPA Passed

Staff Auditor

Poonam Sharma is serving the firm as an auditor. She has been engaged with several audits and accounting engagements of tribes and tribal governments, not-for-profit organizations, educational entities, state and local governments, and housing authorities. Poonam is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. She prepares and adjusts work papers from the client's trial balance, executes day-to-day activities of audit engagements for multiple clients, and interacts with client personnel. She performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.





Proposal to Provide Auditing Services

Education:

- Master of Business Administration in Accounting

Continuing Professional Education

The following table details CPE hours for each key member of the proposed audit team:

Audit Team Member	Governmental CPE	Non-Governmental CPE
Sanwar Harshwal, CPA, CFE, CISA, CFE License No. 5393	140	124
Phyl Warnock, CPA	25	42
Samson Reda, CPA	80	56
Albert Hwu, CPA	108	55
Michael Sparling, CPA	24	17
Poonam Sharma, CPA Passed	83	40





Firm's Most Recent External Quality Control

Harshwal & Company, LLP is a member of the Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (the AICPA) and the Center for Audit Quality, an affiliate of the AICPA. One of the requirements of membership in these groups is to have our systems of quality control reviewed by another CPA firm once every three years. Our most recent peer review was completed in 2020, and we received a passing peer review rating.

- **A copy of our most recent peer review report is attached below.**





www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

November 25, 2020

To Harshwal & Company 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 Harshwal & Company LLP (the firm) in effect for the year ended May 31, 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.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs





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 audits of employee benefit plans.

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Harshwal & Company LLP in effect for the year ended May 31, 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*. Harshwal & Company LLP has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.





1710 Gilbreth Road
Burlingame, CA 94010
(650) 522-3094
Fax: (650) 522-3080
peerreview@calcpa.org

March 01, 2021

Sanwar Harshwal
Harshwal & Company LLP
16870 W. Bernardo Dr, STE 250
San Diego, CA 92127

Dear Sanwar Harshwal:

It is my pleasure to notify you that on February 25, 2021, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

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

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Program
The Peer Review Program Team
peerreview@calcpa.org
650-522-3094

cc: Constance Coughlan

Firm Number: 900005526362

Review Number: 578635





SIZE OF FIRM

Audit Team	Manpower
Managing Partner	01
Independent Reviewer	01
Additional Partners	01
Audit Manager	02
Operations Manager	01
CPAs and Senior Staff	08
Additional Staff	08
Total	22

LITIGATION OR DISCIPLINARY ACTION

Harshwal & Company, LLP’s emphasis on quality has rewarded the firm with an excellent track record regarding claims related to professional services. Harshwal & Company, LLP has an impressive history, free of litigation, penalties and debt, and we have no sanctions or restrictions imposed by professional organizations, regulatory authorities or other government institutions. Harshwal & Company, LLP has never been debarred, suspended, or otherwise excluded from or ineligible for participation in government contracts, subcontracts, loans, grants and other assistance program, under Executive Order 12549, "Debarment and Suspension" and 2 CFR § 180; 2 CFR § 180.155; 2 CFR § 180.500.





COST PROPOSAL

Total All Inclusive Price

Our fees are generally lower than other competing firms since we keep our overhead low; we follow a scientific audit approach and we make extensive use of emerging technologies that allow us to conduct audits efficiently. Our policy is to provide you with exceptional service that meets and exceeds professional auditing standards at a competitive cost.

Summarized below are the professional fees for the District's auditing services for the FY ending June 30, 2023, through June 30, 2025, with an option to extend for two (2) additional years:

Audit Area - Description	No. of Hours by Partner	FY 2023	FY 2024	FY 2025
<i>Professional fees:</i>				
Audit.....	8	\$ 30,000.00	\$ 31,500.00	\$ 33,075.00
GANN Limit.....	1	1,000.00	1,050.00	1,100.00
Tax Return.....	2	1,400.00	1,470.00	1,545.00
State Controller's Report.....	1	2,100.00	2,205.00	2,315.00
Fire Flow Tax Calculation.....	2	3,500.00	3,675.00	3,860.00
<i>Total out-of-pocket expenses</i>		Included	Included	Included
<i>Total All Inclusive Fees</i>		\$ 38,000.00	\$ 39,900.00	\$ 41,895.00

➤ *Fees for subsequent two (2) additional years will include an annual inflationary adjustment of 5%.*

Rates by Partner, Manager and Staff:

Our estimated hours for FY 2023:			
Description - Team Composition	Est. Hours	Hourly Rates	Fees
Partner	14	\$350	\$ 4,900.00
Independent Reviewer	16	250	4,000.00
Managers	22	225	4,950.00
Senior Auditors	61	150	9,150.00
Staff Auditors	119	120	14,280.00
Clerical Staff	8	90	720.00
<i>Total</i>	240		\$ 38,000.00

Rates for Additional Professional Services

We will perform additional work only if set forth in an addendum to the contract between the District and our firm. Our fees for the additional services, if required, will be based on the actual time spent by professional or administrative personnel at quoted hourly rates, specified above. Our standard hourly rates vary according to the degree of responsibility involved, and the experience level of the personnel assigned.





Proposal to Provide Auditing Services

Manner of Payment

Progress billings will be sent on the basis of actual audit work completed during the course of the engagement. Interim billings do not cover a period of less than a calendar month. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

Benefits of Choosing Harshwal & Company, LLP

Harshwal & Company, LLP is recognized for its professionalism, integrity, and for providing clients with effective resolutions for their unique 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. Harshwal & Company, LLP's main objective is always to provide the District with 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. We trust that this proposal has given you the information you need 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 District and providing you with the excellent level of service that you expect and deserve.

Inherent in our service is the on-going support, education, and advice to our clients. The comprehensive service includes:

- Email updates on all new and pertinent developments.
- A careful review of the effects of these new developments (if any), on your particular circumstances. If necessary, we will advise you on any changes needed in accounting procedures.
- We will meet with the Finance Department head at the beginning of the audit to advise on matters of particular interest. We will provide "best practices" for effective daily operations that will also provide information necessary for the financial statements.
- Throughout the audit, we will advise your accounting personnel on best practices for maximum efficiency in each major operational area.

We have provided you a fee estimate based on the following assumptions:

- The accounting records will be in balance and supported by appropriate documentation;
- The District's staff will provide the supporting schedules for all asset and liability accounts;
- The District staff will provide general assistance, such as locating documents, typing confirmation requests, and coordinating meetings.

"Keeping in touch with" is the hallmark of our service. You will receive phone calls, emails, and information through the Harshwal & Company, LLP portal on a consistent and regular basis.



**Moraga Orinda Fire Protection District
Audit Services Proposal Cost Results**

<u>Name of Firm</u>	<u>Location</u>	<u>Similar Clients/ References</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>Subtotal</u>	<u>Optional 2025-26</u>	<u>Optional 2026-27</u>	<u>Optional Subtotal</u>	<u>Total</u>
Badawi & Associates	Berkeley, CA	San Ramon Valley Fire Protection District, Central County Fire Protection District, Southern Marin Fire Protection District, City of Lafayette, Walnut Creek	\$33,950	\$34,960	\$36,025	\$104,935	\$37,105	\$38,225	\$75,330	\$180,265
Maze & Associates	Pleasant Hill, CA	Novato Fire Protection District, Santa Clara County Central Fire Protection District, Town of Moraga, City of Orinda, Contra Costa Water District	\$36,200	\$37,900	\$39,600	\$113,700	\$41,400	\$43,500	\$84,900	\$198,600
Harshwal & Company LLP	Oakland, CA	Rodeo-Hercules Fire District, Saratoga Fire Protection District, Coastside Fire Protection District, Buena Park Library District	\$38,000	\$39,900	\$41,895	\$119,795	\$43,990	\$46,189	\$90,179	\$209,974