



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

MARCH 25, 2022

# CITY OF YORBA LINDA

TECHNICAL PROPOSAL  
PROFESSIONAL AUDITING SERVICES  
FOR THE FISCAL YEARS ENDING  
JUNE 30, 2022 THROUGH JUNE 30, 2024  
(WITH THE OPTION OF TWO SUBSEQUENT YEARS)

CONTACT PERSONS:

TERRY SHEA, CPA  
terry@ramscpa.net

SCOTT W. MANNO, CPA, CGMA  
smanno@ramscpa.net  
909.889.0871

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

LICENSE #2596  
FEIN 95-2662063

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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### Attachment A: Recent Government Clients Served



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

March 25, 2022

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

#### PARTNERS

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradford A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Brenda L. Odle, CPA, MST (Partner Emeritus)

#### MANAGERS / STAFF

Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Thao Le, CPA, MBA  
Julia Rodriguez Fuentes, CPA, MSA

#### MEMBERS

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants



Proud Member of  
**AlliottGlobalAlliance™**

City of Yorba Linda  
Dianna Honeywell, Finance Director/City Treasurer  
4845 Casa Loma Avenue  
Yorba Linda, CA 92886

Dear Evaluation Committee:

I am pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for a proposal regarding professional auditing services. As a recognized industry leader and innovator, our goal for the past 73 years has been to provide honest, objective and high-quality results to all our clients, including governmental organizations such as yours. Our success in these efforts is witnessed by the continued organic growth of our firm and our list of long-term clients, some we have served for over 20 years.

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

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

- Utilizes *Teammate Analytics*, a suite of more than 150 Computer Aided Audit Tools (CAATs). This software empowers our audit teams with the ability to perform powerful, meaningful data analysis which builds upon our other robust, substantive audit procedures. This value-added service also helps to identify specific transactions or amounts which may be indicative of fraud.
- Performs an intelligent, risk-based audit (using our CAAT) which enables us to focus on key audit areas allowing us to become more efficient resulting in a higher quality audit at a reasonable fee.
- Currently provides auditing services to over 50 governmental agencies and not-for-profit organizations, including over 25 cities, most of which have enterprise activities and over 30 special districts.
- Developed a comprehensive remote working environment for our audits. All our staff currently have the tools for working remotely in an effective and efficient manner allowing us to still provide a quality audit. Our ultimate goal is to continue to meet your needs, but in a safe environment.
- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service with high quality reporting to our clients.
- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.

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

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

Rogers, Anderson, Malody & Scott, LLP is properly licensed to practice in California, including all the assigned professional staff to the engagement. Mr. Shea, Partner, and Mr. Manno, Partner, are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract with the City. We understand the work to be done as listed in the section of this proposal titled *Services to be provided*. In addition, we will be committed to meeting any agreed upon time frames. This proposal is a firm and irrevocable offer for sixty (60) days.

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

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

Respectfully yours,

**ROGERS, ANDERSON, MALODY & SCOTT, LLP**




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Terry Shea, CPA  
Partner

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Independence

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

The Firm has not had any professional relationship with the City of Yorba Linda in the last five years.

### License to practice

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

### Firm qualifications and experience

#### About our firm

We are a local firm founded in 1948 and located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We provide a full range of services as expected of a full-service accounting firm. We are one of the



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

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

For our clients we provide custom training for new GASB's, annual updates, or changes in laws or regulations as needed.

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

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience (continued)

#### *Range of services*

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

- SB 341 compliance (Successor Agencies)
- Internal control agreed upon procedures
- Finance director and accounting support services
- Study and evaluation of financial condition and fiscal policies
- Transient Occupancy Tax agreed upon procedures
- Franchise (refuse, cable) agreed upon procedures
- Accounting policies and procedures
- Cash management studies
- Financing and public bond offering assistance
- Franchise agreement assistance (ambulance, cable, television, refuse, etc.)

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

#### *Governmental Audit Quality Center*

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

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

#### *Housing Authority and Successor Agency experience*

Over the past five fiscal years, the firm has audited the Housing Authorities and Successor Agencies for the following entities:

City of South Pasadena  
City of Thousand Oaks  
City of San Marcos  
City of Moorpark  
City of Fillmore  
City of Sierra Madre  
City of El Cajon  
Town of Yucca Valley  
City of Imperial Beach

City of San Bernardino  
City of La Verne  
City of San Jacinto  
City of 29 Palms  
City of La Mesa  
City of Rosemead  
City of Hawthorne  
City of West Covina  
City of Claremont



# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience (continued)

#### *Single Audit experience*

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

Elsinore Valley Muni. Water District	City of San Bernardino
City of El Cajon	City of La Mesa
City of San Marcos	City of West Covina
City of Thousand Oaks	City of 29 Palms
City of Fillmore	City of Woodlake
City of Exeter	City of Imperial Beach
City of La Verne	City of Hawthorne

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

#### *ACFR preparation*

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

#### *Engagement quality control*

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

#### *Equal Opportunity Employer*

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

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience (continued)

#### External quality control review

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

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

#### Disciplinary action

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

#### **Our firm does not have a record of substandard work.**

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

### Grant Bennett Associates

A PROFESSIONAL CORPORATION

#### Report on the Firm's System of Quality Control

June 4, 2021

To the Partners of Rogers, Anderson, Malody & Scott, LLP, and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

#### Firm's Responsibility

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

#### Peer Reviewer's Responsibility

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

#### Required Selections and Considerations

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

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

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.

*Grant Bennett Associates*

GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants



10850 Gold Center Drive, Suite 260  
Rancho Cordova, CA 95670  
916/922-5109 FAX 916/641-5200

Princeville, HI 96722  
888/769-7323



# CITY OF YORBA LINDA

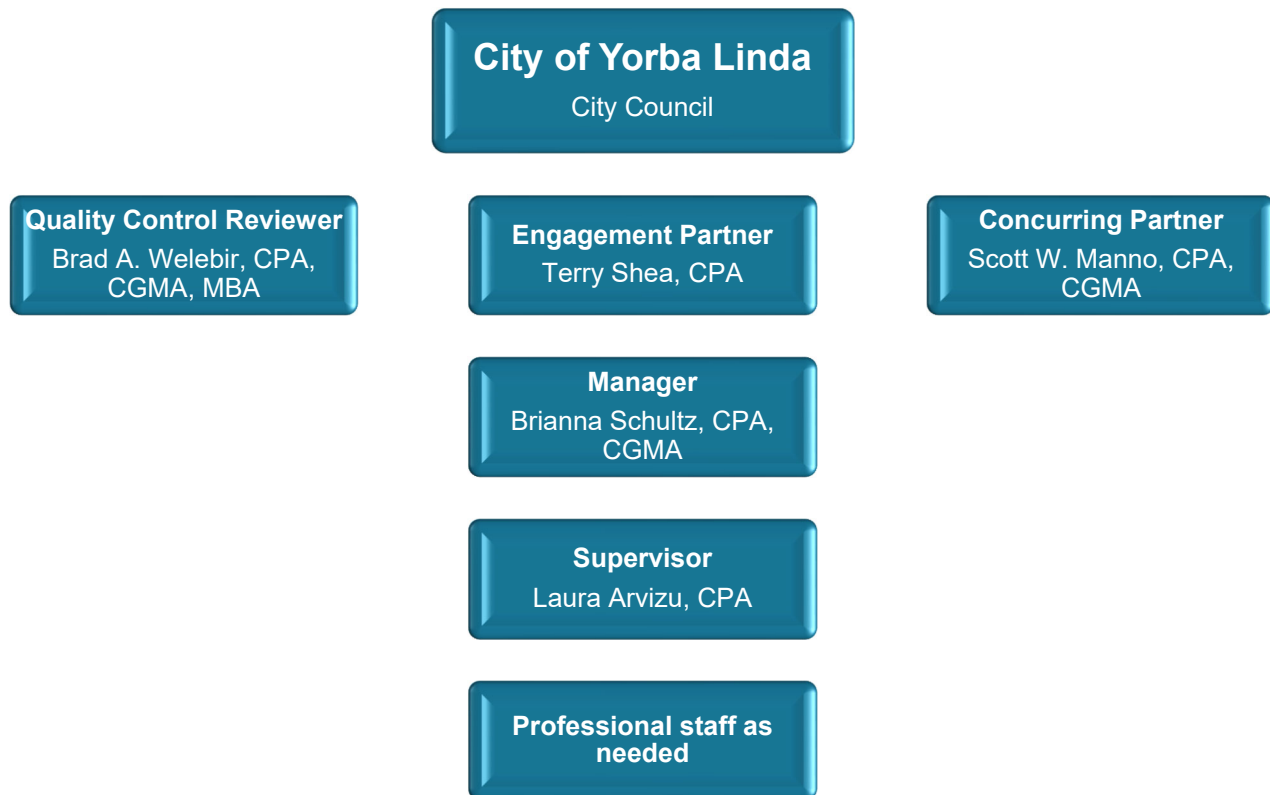
## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory, and staff qualifications and experience

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

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

Below is our proposed organizational chart for the audit:



# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory, and staff qualifications and experience (continued)

#### *Partner and supervisory staff involvement*

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

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

#### *Staff continuity*

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

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

#### *Continuing professional education*

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

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

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

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory, and staff qualifications and experience (continued)

#### *Assigned personnel*

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

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

#### *Terry Shea, CPA - Partner, Engagement Partner*

Terry is a municipal audit partner with the firm and will be the engagement partner. He is licensed to practice as a certified public accountant in the State of California. He has been in public accounting for 40 years specializing in serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Terry will directly oversee all engagement staff while assisting in planning and performing the engagement as well as reviewing all work-papers prepared during the engagement, in addition to all required reports. Terry is a working partner and will be actively and continually involved in all aspects of the engagement.

#### *Scott W. Manno, CPA, CGMA - Partner, Concurring Partner*

Scott is also a municipal audit partner with the firm. He is licensed to practice as a certified public accountant in the State of California. Scott has over 25 years of public accounting experience and has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various not-for-profit organizations. As the concurring partner, Scott will work directly with Terry in planning and performing the engagement. In addition, he will provide technical consultation for the engagement team.

#### *Brad A. Welebir, CPA, CGMA, MBA - Partner, Quality Control Reviewer*

Brad will be the Quality Control Reviewer. He is licensed to practice as a certified public accountant in the State of California. He has over 17 years of practical, governmental accounting and auditing experience. Brad will be responsible for the final quality control review of all released opinions and related reports.

#### *Brianna Schultz, CPA, CGMA - Engagement Manager*

Brianna is a manager with the firm and is licensed to practice as a certified public accountant in the State of California. Brianna has over eleven years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As the engagement manager, she will work directly with the audit in-charge and partner, while supervising the engagement team during all phases of the engagement. In conjunction with the audit in-charge, she will also oversee the preparation of any required reports.

### **Partner, supervisory, and staff qualifications and experience (continued)**

#### *Laura Arvizu, CPA - Audit Supervisor*

Laura is a supervisor with the firm and is licensed to practice as a certified public accountant in the State of California. She has over five years' experience in providing accounting and auditing services for municipalities, special districts, and various nonprofit organizations. As an supervisor, she will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all workpapers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

#### *Staff level accountants*

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

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

Full engagement team resumes are provided as follows.

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory, and staff qualifications and experience (continued)

#### Engagement team resumes



**Terry P. Shea, CPA**  
**Engagement Partner**

#### Professional experience

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

#### Education/licenses

Bachelor of Arts – California State University, Fullerton  
Certified Public Accountant – State of California

#### Related professional experience

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

City of La Mesa*	City of Loma Linda*	City of Riverside*	City of Grand Terrace*
City of San Jacinto*	City of El Cajon*	City of Palm Desert*	City of 29 Palms
City of Indian Wells	City of Corona*	City of Coachella	City of Fillmore*
City of Norco	City of Goleta	City of Redondo Beach	City of Indio*
City of Poway	City of Menifee	City of Aliso Viejo	City of Fontana*

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

#### Continuing professional education

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

- ◆ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ◆ American Institute of Certified Public Accountants, *Governmental and Not-for-Profit Conference*
- ◆ California Society of CPAs Education Foundation, *Governmental Auditing Skills*
- ◆ Thomson Reuters, *Audits of State and Local Governments*

#### Professional affiliations

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

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

### Partner, supervisory, and staff qualifications and experience (continued)



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

#### *Professional experience*

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

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

#### *Education/licenses*

Bachelor of Science, Business Administration – California State University, San Bernardino

Certified Public Accountant – State of California

Chartered Global Management Accountant – American Institute of Certified Public Accountants

#### *Related professional experience*

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

City of El Cajon*	Town of Yucca Valley	City of La Mesa*	City of La Verne
City of Sierra Madre*	City of Fillmore*	City of Chino*	City of 29 Palms
City of Moreno Valley*	City of Beaumont*	City of San Marcos*	City of Loma Linda*
City of Claremont	City of Perris*	City of Exeter*	City of Woodlake*
City of San Jacinto*	City of Menifee	City of Rolling Hills Est.	City of Poway*

Mr. Manno has completed over 220 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ Association of Certified Fraud Examiners, *Fraud Related Internal Controls*
- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Auditing Update*
- ◆ San Diego County Treasurer, *Fraud Prevention and Ethics Symposium*

#### *Professional affiliations*

Mr. Manno is a member of the following organizations:

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



# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory, and staff qualifications and experience (continued)



**Brad A. Welebir, CPA, CGMA, MBA**  
**Quality Control Partner**

#### *Professional experience*

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in 2004. He primarily provides audits and advisory services to governmental agencies, small to mid-sized businesses, and not-for-profit organizations. Mr. Welebir serves as a technical reviewer for the GFOA ACFR Award program. He also serves as the CalCPA Inland Empire chapter chair of the governmental accounting and auditing committee and as the representative for the chapter at the state committee.

#### *Education/licenses*

Master of Business Administration, Accounting Emphasis – California State University, Fullerton  
Bachelor of Arts in Business Administration – La Sierra University  
Certified Public Accountant – State of California  
Chartered Global Management Accountant – American Institute of Certified Public Accountants

#### *Related professional experience*

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

City of 29 Palms  
City of Sierra Madre\*  
City of Moorpark\*  
City of Claremont

City of Loma Linda\*  
City of Fillmore\*  
City of Rosemead  
Town of Yucca Valley

City of San Bernardino  
City of Poway\*  
City of Redondo Beach\*  
City of Aliso Viejo

City of La Verne  
City of Poway  
City of San Marcos\*  
City of San Jacinto\*

#### *Continuing professional education*

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

- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- ◆ American Institute of Certified Public Accountants, *OMB A-133 Single Audit Update*
- ◆ California Society of Municipal Finance Officers, *Annual Conference Sessions*
- ◆ Government Finance Officers Association, *GAAP Update*
- ◆ CCH, *Yellow Book Update*

#### *Professional affiliations*

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

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

### Partner, supervisory, and staff qualifications and experience (continued)



**Brianna Schultz, CPA, CGMA**  
**Audit Manager**

#### *Professional Experience*

Ms. Schultz began her career with Rogers, Anderson, Malody & Scott, LLP in July 2014, and had over three years' experience with another public accounting firm serving the same industry. During her time with the firm, she has worked primarily on audits of municipalities, special districts, and redevelopment agencies, as well as various non-profit organizations.

#### *Education*

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

#### *Related Professional Experience*

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

City of Menifee	City of Aliso Viejo	City of Claremont*	City of Chino*
City of Glendora*	City of Rolling Hills Est.	City of San Bernardino	City of Sierra Madre*
City of La Verne*	City of Loma Linda*	City of South Pasadena*	City of West Covina*
City of La Mesa*	City of Baldwin Park	City of El Cajon*	City of Hawthorne*

Ms. Schultz obtained the AICPA's *Advanced Single Audit Certificate* in 2019 and the *Intermediate Single Audit Certificate* in 2017. She served as the contract Interim Accounting Manager for the City of Glendora in 2016 and the Senior Accountant for the City of Rancho Cucamonga in 2015. Additionally, she is a reviewer for the GFOA ACFR Program.

#### *Continuing Professional Education*

Ms. Schultz has completed over 100 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ♦ Wolters Kluwer CPE Link, *OMB Supplement Addendum and the Latest COVID-19 Single Audit Implications*
- ♦ American Institute of Certified Public Accountants, *Impact of COVID-19 on Financial Reporting and Single Audit*
- ♦ Wolters Kluwer CPE Link, *2020 GAAP, GAAS & SSARS Update*
- ♦ California Society of Municipal Finance Officers, *Lease Accounting*

#### *Professional Affiliations*

Ms. Schultz is a member of the following organizations:

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

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory, and staff qualifications and experience (continued)



**Laura Arvizu, CPA**  
**Audit Supervisor**

#### *Professional Experience*

Ms. Arvizu began her career with Rogers, Anderson, Malody & Scott, LLP in July 2016. During her time with the firm, she has worked primarily on audits of municipalities, special districts, and successor agencies, as well as various non-profit organizations.

#### *Education*

Bachelor of Arts degree from California State University, San Bernardino  
Certified Public Accountant – State of California

#### *Related Professional Experience*

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

City of Claremont\*  
City of El Cajon\*  
City of La Mesa\*  
City of Rolling Hills Estates  
City of Hawthorne\*  
City of San Marcos\*

City of San Jacinto\*  
City of Loma Linda\*  
City of 29 Palms  
City of South Pasadena\*  
City of Menifee  
City of Moorpark\*

#### *Continuing Professional Education*

Ms. Arvizu has completed over 100 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ♦ CCH CPELink, *Frequent Frauds Found in Government*
- ♦ CCH CPELink, *Common Deficiencies, Audits under GAS and the Single Audit*
- ♦ American Institute of Certified Public Accountants, *Governmental Accounting and Auditing Update*

#### *Professional Affiliations*

Ms. Arvizu is a member of the following organizations:

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

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Similar engagements with other governmental entities

<b>Entity:</b>	<b>City of Thousand Oaks</b>
<b>Scope of work:</b>	Financial Audit/ACFR*/Successor Agency/Single Audit
<b>Date:</b>	Years ending June 30, 2018 - present
<b>Engagement partner:</b>	Mr. Terry Shea
<b>Total hours:</b>	Approximately 450 hours each year
<b>Contact person:</b>	Ms. Elisa Magana, Accounting Manager, (805) 449-2216
<b>Entity:</b>	<b>City of La Verne</b>
<b>Scope of Work:</b>	Financial Audit/ACFR*/Successor Agency/Single Audit
<b>Date:</b>	Years ending June 30, 2012 - present
<b>Engagement partner:</b>	Mr. Terry Shea/Mr. Brad Welebir
<b>Total hours:</b>	Approximately 400 hours each year
<b>Contact Person:</b>	Ms. Marla Pendleton, Finance Manager, (909) 596-8716
<b>Entity:</b>	<b>City of Loma Linda</b>
<b>Scope of work:</b>	Financial Audit/Successor Agency/Single Audit
<b>Date:</b>	Years ending June 30, 2013 - present
<b>Engagement partner:</b>	Mr. Terry Shea/Mr. Brad Welebir
<b>Total hours:</b>	Approximately 350 hours each year
<b>Contact person:</b>	Ms. Sonia Fabela, Finance Director/Treasurer, (909) 799-2840
<b>Entity:</b>	<b>City of Aliso Viejo</b>
<b>Scope of work:</b>	Financial Audit/ACFR*/Single Audit
<b>Date:</b>	Years ending June 30, 2016 - present
<b>Engagement partner:</b>	Mr. Terry Shea
<b>Total hours:</b>	Approximately 350 hours each year
<b>Contact person:</b>	Ms. Sheryl Mariano, Accounting Manager, (949) 425-2520
<b>Entity:</b>	<b>City of San Dimas</b>
<b>Scope of work:</b>	Financial Audit/Successor Agency/Single Audit
<b>Date:</b>	Years ending June 30, 2021
<b>Engagement partner:</b>	Mr. Terry Shea
<b>Total hours:</b>	Approximately 350 hours each year
<b>Contact person:</b>	Mr. Michael O'Brien Finance Director, (909) 394-6200

\* = received GFOA/CSMFO award.

See Attachment A for a listing of current and recent government clients served.

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Proposed audit approach

#### *Services to be provided*

The City desires the auditor to express an opinion on the fair presentation of its Basic Financial Statements in conformity with generally accepted accounting principles for the fiscal years ended June 30, 2022, 2023 & 2024, with the option of the two subsequent years. We will perform an audit of all funds of the City of Yorba Linda. In addition we will audit the Successor Agency which is reported as a private-purpose trust fund.

In addition, we shall:

- Apply certain limited procedures related to Management's Discussion and Analysis and Required Supplementary Information.
- Provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules.
- Provide opinions as to the compliance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance). The Firm is to provide an "in-relation-to" report on the Schedule of Expenditures of Federal Awards based on the auditing procedures applied during the audit of the financial statements.
- Test compliance with Article XIIIB pertaining to the City's appropriation limit and prepare an Agreed-Upon Procedures report to the City Council regarding compliance.
- Prepare Management Letter that includes significant and less significant (i.e., reportable, and non-reportable) recommendations for improvements to internal control.
- Provide the City with advice regarding new GASB Statements and assist the City in implementing new standards.

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the new AICPA audit guide "Audits of State and Local Governments".
- Government Auditing Standards issued by the Comptroller of the United States of America.
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance).
- Specific auditing standards relating to any grant agreement determined to be material by the auditor.
- Any other applicable standards for conducting the examinations of items outlined in the Scope of Work to be performed and/or reports to be issued.

Reports to be issued:

- A report on the fair presentation of the financial position of the governmental activities, each major fund and the aggregate remaining fund information, in conformity with GAAP.
- A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- A report in compliance with requirements applicable to each major federal program and internal control over compliance in accordance with the *Uniform Guidance*.

The Firm will also perform the following services:

- We shall prepare the State Controller Financial Transactions Report for the City and the Yorba Linda Public Financing Authority.
- Perform two agreed upon procedures engagements per year on items chosen by the City Council's Finance Committee.
- We shall provide technical assistance upon the City's request throughout the year, up to 40 hours per year, at no additional cost.
- We shall communicate to management any reportable conditions found during the audit, including significant deficiencies and material weaknesses, nonreportable conditions will be reported in a separate letter to management.

### Proposed audit approach (continued)

RAMS will also perform the following:

- Make an immediate, written notification of all irregularities and illegal acts or indication of illegal acts of which we become aware to the following: City Manager, City Attorney and the Finance Director.

All working papers and reports will be retained at our expense for minimum of seven years, unless we are notified in writing by the City of the need to extend the period. We will make them available to the City or any government agencies included in the audit of federal grants. We shall respond to reasonable inquiries of successor auditors and allow them to review significant work papers.

### Engagement approach

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

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

- **Knowledge and experience.** We have been auditing governmental entities like the City, both large and small, for over 73 years. This experience has allowed us to gain in-depth knowledge of the governmental environment which in turn allows us to perform a more efficient and effective audit. It also enables us to perform detailed risk assessment procedures allowing us to identify significant audit risk areas within the City and its control environment.
- **Intelligent design:** As discussed later in our proposal, all our audits are designed to be intelligent using our powerful audit software tools (Engagement and *Teammate Analytics*). This allows us to analyze large amounts of data in seconds increasing both the efficiency and, more importantly, the effectiveness of all our audit engagements.
- **Oversight.** Professional judgment is not developed overnight. Our partners, managers and supervisors have been deeply involved in governmental audits on a continuous basis for most of their professional careers. By having direct partner and manager oversight, we can design audit strategies that result in effective and efficient audits.
- **Timeliness.** Deadlines are not just “dates” to us, they are professional commitments. All required deadlines will be met.
- **Open communication.** Open lines of communication with all parties (the engagement team members and City Management and staff) throughout the audit process helps to eliminate “surprises.” Proper planning and proper use of experienced engagement personnel tend to provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.
- **Availability.** All engagement team members are available throughout the year for any questions or additional consultation. City staff will have direct access to the partner, manager, and other supervisory staff at all times during the engagement, as well as after.
- **Cost effectiveness.** Our customized audit approach and procedures and our experienced auditors help to reduce your overall audit costs while still providing an effective audit and high-quality reports.



### Proposed audit approach (continued)

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

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

### *Audit approach and proposed audit segmentation*

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

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

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

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

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

### Proposed audit approach (continued)

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

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

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

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

### Segment 2 - Year-end testing - substantive testing

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

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

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

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

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

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Proposed audit approach (continued)

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

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

In order to achieve the desired objectives of this phase of the audit, we will:

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

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

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

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

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

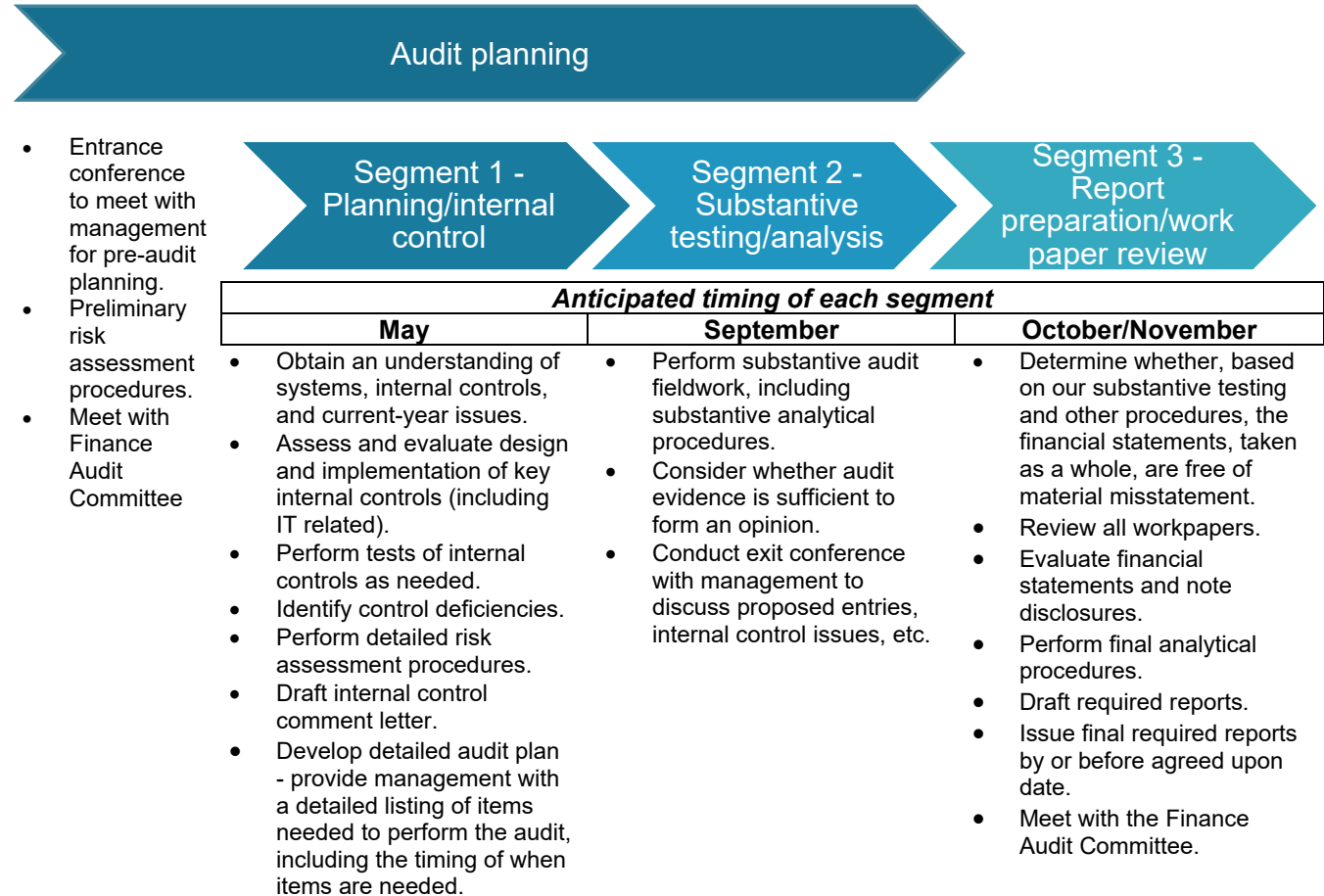
Segment	Partner	Manager	Senior	Staff	Total
Segment 1	6	14	46	76	142
Segment 2	11	22	73	100	206
Segment 3	14	20	64	24	122
Totals	31	56	183	200	470

# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Proposed audit approach (continued)

#### Proposed audit timing



# CITY OF YORBA LINDA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Proposed audit approach (continued)

#### Sample sizes

Our sample sizes will be determined in accordance with the AICPA's *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment as permitted by SAS No. 111: *Amendment to Statement on Auditing Standards No. 39, Audit Sampling*. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, our planned substantive testing and analytical procedures as well as our professional judgement.

#### Computer technology in the audit (use of EDP software)

Our firm has adopted a paperless audit approach. Using our engagement software, all audit team members are linked to each other using a local router which enables them to share information at an almost real-time speed. In addition, once your trial balances and financial statements are entered into our software, we are able to observe your statements in the field allowing us to notice any variances and address them at your office. With this in mind, we would prefer all audit information in an electronic format, particularly trial balances and general ledgers. If electronic formatting is not available, all audit teams have portable scanners and printers while on location during fieldwork. In addition, we can access our accounting and auditing resources through either a wireless or wired internet connection. We link the ACFR schedules directly to our audit software trial balances, and as result, we can provide the City with fund financial statements almost immediately after importing the trial balances. Additionally, journal entries are easy to post to the ACFR schedules and the risk of data entry error is minimized. We can provide the City with our audited trial balances which show the coding of the ACFR schedules for ease of review for City staff. These reports show each account coded to a specific ACFR line item as well as journal entries posted during the audit.

#### Intelligent audit technology

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

- ***We utilize Teammate Analytics, a suite of more than 150 dynamic Computer Aided Audit Tools (CAATs). This allows us to analyze large amounts of data in seconds. Using data received directly from the City, we can perform the following: search for duplicate checks, detect transactions occurring on holidays/weekends or during unusual hours, perform Benford's Law analysis, and identify instances when a vendor has issued multiple invoices with sequential references along with many other tests. The software empowers our audit teams with the ability to perform powerful, meaningful data analysis which will build upon our other value-added services.***
- We can create our own analytical schedules allowing for easy analysis of current balances to prior year balance, current vs budget balance, thus reducing significant City staff time.
- Once your trial balances and financial statements are entered into our software, we can observe your financial statements in the field allowing us to notice any variances and address them immediately.
- We link the financial statement schedules directly to our audit software trial balances, and as a result, we can provide the City with fund financial statements almost immediately after importing the trial balances.
- We can provide the City with our audited trial balances which show the coding of the financial statement schedules for ease of review for City staff. These reports show each account coded to a specific financial statement line item/function as well as journal entries posted during the audit.

### Proposed audit approach (continued)

#### *Analytical procedures*

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

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

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

#### *Understanding of internal control over financial reporting*

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

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

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

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



### Proposed audit approach (continued)

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

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

### *Approach in determining applicable laws and regulations*

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

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

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

### *Approach in drawing samples for compliance testing*

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable), and the City's internal controls over the respective programs. Our audits are designed to ensure we will select samples that will provide sufficient evidence of the City's compliance with the laws and regulations that will have a material effect on compliance with laws and regulations.

### *Evaluation of internal controls and management letter comments*

In connection with each audit, a comprehensive review of internal controls over financial reporting will be performed. Our firm uses customized internal control questionnaires, information technology questionnaires and narratives to gain an understanding of the internal control process during the audit process. If we identify any weaknesses and after discussion with the appropriate City staff, we will submit a management comment letter which will identify weaknesses observed during the audit process. The management comment letter will provide our recommendation for correction and we will also provide management with the opportunity to comment on our findings.

### Proposed audit approach (continued)

There are three classifications of internal control deficiencies. We will work carefully with your staff to ensure the correct classification of any identified internal control deficiencies. The three classifications are as follows:

- *Control deficiency* – a minor internal control deficiency that can be communicated either verbally or in writing to management.
- *Significant deficiency* – a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance, and must be communicated in writing.
- *Material weakness* – a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis, and must be communicated in writing to those charged with governance.

When we prepare internal control recommendations, we obtain a thorough understanding of the specific circumstances surrounding the findings and discuss the matters with management prior to drafting the letter. We work with your staff to ensure that the recommendation is reasonable and practical to implement.

### *Effect of COVID-19 on our audits*

The COVID-19 pandemic led to most of our audits being performed remotely in 2020 and 2021. We were highly flexible with our clients and were able to perform almost all our audits remotely unless the clients requested a limited staff presence on-site. No matter how the pandemic continues to develop in California, we are prepared and able to continue serving our clients remotely, and even on-site with the appropriate precautions.

### *Auditing in a remote environment*

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

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

### Identification of anticipated potential audit problems

#### *GASBS implementation*

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

#### *COVID-19 considerations*

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

- Any changes in internal control procedures due to City staff working remotely, staff reductions, including related IT changes.
- Valuation issues related to investments as well as accounts receivable balances.
- Pandemic related grant funding (FEMA grants, CARES Act funding, ARPA funding received directly from the Federal government and amounts passed through from the State and/or counties).
- The effects of reduced revenues, staffing, etc. on budget vs. actual comparisons.

## RECENT GOVERNMENT CLIENTS SERVED

<u>Government Client</u>	<u>Years Served</u>			CSMFO/ GFOA <u>Awards</u>	Successor <u>Agency</u>	Housing <u>Authority</u>
City of El Cajon	06/30/07	to	06/30/21	Yes	Yes	Yes
City of Exeter	06/30/17	to	06/30/21			
City of Woodlake	06/30/17	to	06/30/21			
Town of Yucca Valley	06/30/08	to	06/30/21	Yes	Yes	Yes
City of La Verne	06/30/11	to	06/30/21	Yes	Yes	Yes
City of San Jacinto	06/30/11	to	06/30/21		Yes	Yes
City of Twentynine Palms	06/30/11	to	06/30/21	Yes	Yes	Yes
City of La Mesa	06/30/11	to	06/30/21		Yes	Yes
City of Menifee	06/30/14	to	06/30/21	Yes		
City of San Marcos	06/30/14	to	06/30/21	Yes	Yes	Yes
City of Redondo Beach	06/30/12	to	06/30/16	Yes	Yes	Yes
City of Loma Linda	06/30/13	to	06/30/21	Yes	Yes	Yes
City of Sierra Madre	06/30/12	to	06/30/21	Yes	Yes	Yes
Successor Agency to the County of SB	06/30/14	to	06/30/21			
City of Hawthorne	06/30/16	to	06/30/21	Yes	Yes	Yes
City of West Covina	06/30/16	to	06/30/20	Yes	Yes	Yes
City of Aliso Viejo	06/30/16	to	06/30/21	Yes	No	No
City of Claremont	06/30/16	to	06/30/21	Yes	Yes	Yes
City of Thousand Oaks	06/30/18	to	06/30/21	Yes	Yes	Yes
City of South Pasadena	06/30/18	to	06/30/20		Yes	Yes
City of Rolling Hills Estates	06/30/19	to	06/30/21	Yes		
City of Poway	06/30/14	to	06/30/19	Yes	Yes	Yes
City of Capitola	06/30/12	to	06/30/18	Yes	Yes	Yes
City of Fillmore	06/30/08	to	06/30/18	Yes	Yes	Yes
City of Chino	06/30/11	to	06/30/16	Yes	Yes	Yes
City of Rosemead	06/30/11	to	06/30/17	Yes	Yes	Yes
City of Moorpark	06/30/12	to	06/30/17	Yes	Yes	Yes
City of Calabasas	06/30/20	to	06/30/21	Yes	Yes	Yes
City of Lawndale	06/30/20	to	06/30/21	Yes	Yes	Yes
City of San Bernardino	06/30/20	to	06/30/21	Yes	Yes	Yes
Town of Windsor	06/30/19	to	06/30/20		Yes	Yes
City of Ojai	06/30/20	to	06/30/21		Yes	Yes
City of Moreno Valley	06/30/20	to	06/30/21	Yes	Yes	Yes
City of Beaumont	06/30/20	to	06/30/21		Yes	Yes
City of Imperial Beach	06/30/21					
City of San Dimas	06/30/21					

## RECENT GOVERNMENT CLIENTS SERVED (continued)

<u>Government Client</u>	<u>Years Served</u>			<u>CSMFO/ GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
Crestline Village Water District	04/30/96	to	04/30/21			
Crestline-Lake Arrowhead Water	06/30/98	to	06/30/21			
San Bernardino Valley Muni Water District	06/30/04	to	06/30/21			
Elsinore Valley Municipal Water District	06/30/15	to	06/30/21	Yes		
Ventura Regional Sanitation District	06/30/07	to	06/30/19	Yes		
Saticoy Sanitary District	06/30/07	to	06/30/19			
Pine Cove Water District	06/30/10	to	06/30/21			
Western Municipal Water District	06/30/11	to	06/30/16	Yes		
WRCRWA	06/30/11	to	06/30/16			
Vista Irrigation District	06/30/11	to	06/30/16	Yes		
Idyllwild Water District	06/30/11	to	06/30/21			
Vallecitos Water District	06/30/15	to	06/30/18	Yes		
Big Bear Area Regional Wastewater	06/30/12	to	06/30/21	Yes		
Beaumont Basin Watermaster	06/30/13	to	06/30/20			
Mojave Water Agency	06/30/19	to	06/30/21			
Costa Mesa Sanitary District	06/30/15	to	06/30/17	Yes		
Beaumont Cherry Valley Water District	12/31/17	to	12/31/20	Yes		
United Water Conservation Agency	06/30/15	to	06/30/19	Yes		
Inland Empire Resource Cons. District	06/30/04	to	06/30/16			
Rosamond Community Services District	06/30/15	to	06/30/21			
Rossmoor Community Services District	06/30/05	to	06/30/21			
Rim of the World Park & Rec. District	06/30/06	to	06/30/21			
Ventura County Regional Energy	06/30/07	to	06/30/19			
Heartlands Communications Fac Auth	06/30/07	to	06/30/21			
Heartlands Fire Training Authority	06/30/07	to	06/30/21			
Consolidated Fire Agencies	06/30/14	to	06/30/21			
Riverside County Habitat Con. Agency	06/30/15	to	06/30/21			
Santa Ana Watershed Association	12/31/09	to	12/31/18			
Capistrano Bay Community Services District	06/30/13	to	06/30/21			
Ventura County Public Fin Authority	06/30/12	to	06/30/21			
Nipomo Community Services District	06/30/16	to	06/30/21	Yes		
SBIAA	06/30/17	to	06/30/21			
West Valley San Bernardino Water District	06/30/17	to	06/30/19			
WRCOG	06/30/17	to	06/30/21	Yes		
San Diego Workforce Partnership	06/30/16	to	06/30/21			
Rubidoux Community Services District	06/30/16	to	06/30/21			

RECENT GOVERNMENT CLIENTS SERVED (continued)

<u>Government Client</u>	<u>Years Served</u>	<u>CSMFO/ GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
CSUSB - Student Union	06/30/05 to 06/30/19			
CSUSB - Associated Students Inc.	06/30/10 to 06/30/19			
CSUSB - Philanthropic Foundation	06/30/11 to 06/30/19			
CSUSB - University Enterprise Corp.	06/30/11 to 06/30/19			
Helendale Community Services District	06/30/10 to 06/30/18			
Conejo Recreation and Park District	06/30/19 to 06/30/21			
Upper San Gabriel Valley MWD	06/30/19 to 06/30/21			
March Joint Powers Authority	06/30/19 to 06/30/21			
Chino Basin Desalter Authority	06/30/19 to 06/30/21			
Mountains Recreation and Conservation	06/30/19 to 06/30/21			
Triunfo Sanitation	06/30/20 to 06/30/21			
Yucca Valley Airport	06/30/20 to 06/30/21			
Resource Conservation District of the Santa Monica Mountains	06/30/15 to 06/30/21			
North County Dispatch	06/30/19 to 06/30/21			
West Basin Municipal Water District	06/30/20 to 06/30/21			
Mission Springs Water District	06/30/20 to 06/30/21			
Palos Verdes Transit Authority	06/30/19 to 06/30/21			
San Bernardino Valley Water Conservation District	06/30/17 to 06/30/20			
Riverside County Regional Park & Open Space District	06/30/16 to 06/30/20			
Running Springs Water District	Accounting support			
Phelan Pinon Hills Community Services District	Accounting support			
City of Canyon Lake	Accounting support			
City of Rolling Hills	Accounting support			