



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

APRIL 3, 2020

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES
FOR THE FISCAL YEARS ENDING JUNE 30, 2020, 2021 AND 2022
(WITH THE OPTION OF TWO ADDITIONAL FISCAL YEARS)

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CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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Attachment A: Government Clients Served



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

April 3, 2020

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MANAGERS / STAFF

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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



A Worldwide Alliance of Independent
Accounting, Law and Consulting Firms

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 72 years has been to provide honest, objective and high quality results to all of our clients, including governmental organizations such as yours. Our success in these efforts is witnessed by both the growth of our firm and the list of long-term clients who trust us.

At RAMS, we are committed to achieving the highest quality audit possible. We understand the complexity of performing governmental audits and that's why we have a *dedicated team of auditors* that possess the specialized knowledge and experience to help ensure compliance with changes in regulations that may impact your organization. We plan and execute our audits in a way that maximizes audit efficiency and effectiveness and provides you the highest quality services.

We are aware that the City of Beaumont (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; which are provided in more detail in our proposal. 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 value added services. *Teammate Analytics* also helps to identify specific transactions or amounts which may be indicative of fraud.
- Using our CAAT, performs an intelligent, risk based audit which enables us to focus on key audit areas allowing us to become more efficient resulting in lower audit fees.
- Provides auditing services to over 50 governmental agencies and not-for-profit organizations, including over 20 cities, most of which have enterprise activities.
- Understands the audit process, as a whole, 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 in the most efficient and effective manner while keeping disruptions and miscommunications to a minimum.

- 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.
- 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 and products.
- Provides extensive training and continuing education to all of our audit staff through a combined use of in-house instruction and third-party providers. Our audit team members are experienced with and receive regular training in performing Single Audits in accordance with Federal OMB Uniform Guidance.
- 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.
- 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 review by the engagement manager, *each report is also examined by 2 partners and 1 professional proofreader.*
- Has assisted many of our clients with the preparation of their Comprehensive Annual Financial Reports, and all of 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.
- Is a full service firm, with specialists in auditing, reviews and compilations, tax planning and preparation, as well as business consulting. The diverse experience and accessibility of the professionals in these areas help us to provide a comprehensive approach to a wide variety of needs.
- Believes that our fee estimate and arrangement provides a fair and reasonable cost, commensurate with the experience of the audit team members, to perform the requested audit services.
- We are a local Inland Empire firm. All of our employees live, work and shop in the region, allowing our local cities to benefit from our sales and property taxes.

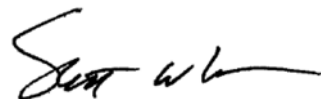
Rogers, Anderson, Malody & Scott, LLP is properly licensed to practice in California, including all of the assigned professional staff to the engagement. Mr. Welebir, Partner and Mr. Manno, Partner are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract 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 valid for ninety (90) days.

We can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909) 889-0871, Bwelebir@ramscpa.net or 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 contact us if you have any questions regarding this proposal.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Scott W. Manno, CPA, CGMA
Partner

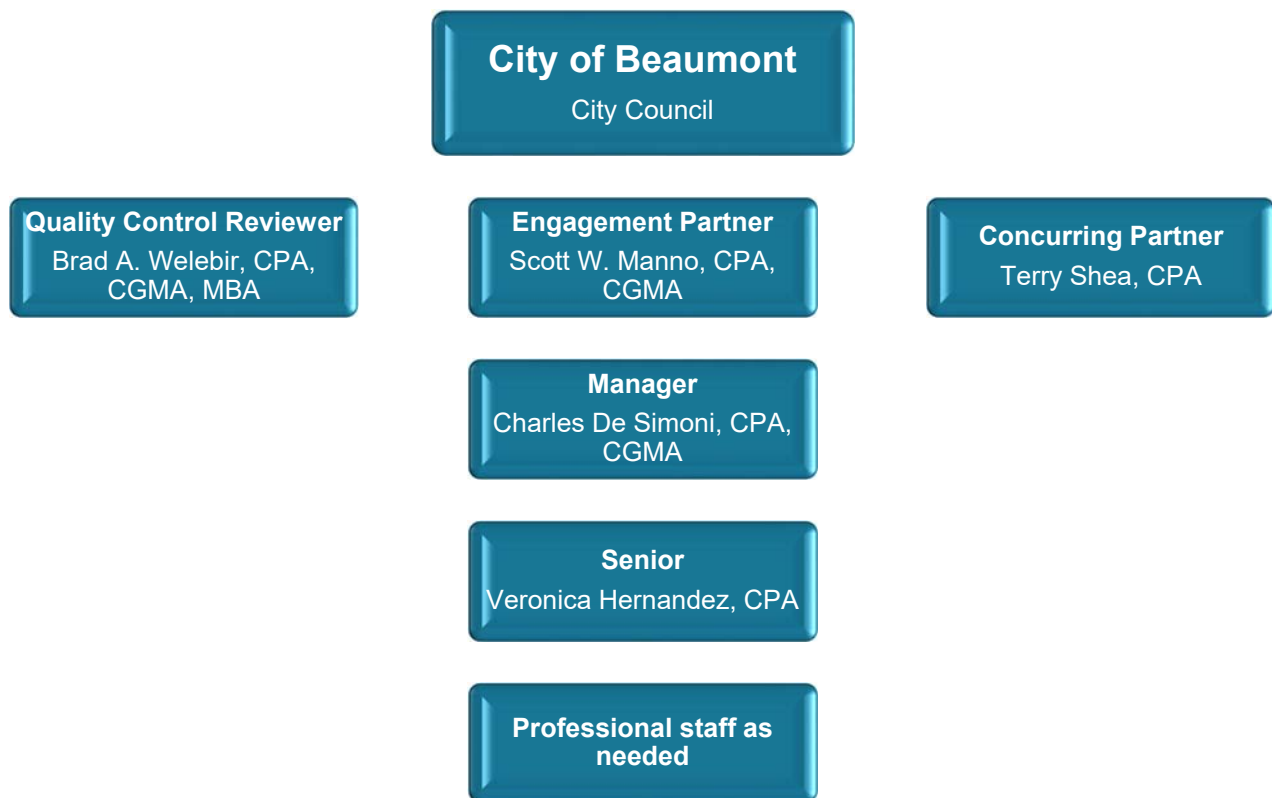
CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel

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 and not-for-profit 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.



CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (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 of 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 and not-for-profit 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 and the California Special District Association.

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (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 and not-for-profit accounting and auditing, but also in general business practices. We offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental and not-for-profit 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 near the end of this proposal. The following individuals will be assigned to the engagement for the entire contract period:

Scott W. Manno, CPA, CGMA - Partner, Engagement Partner

Scott 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 25 years specializing in serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Scott will directly oversee all engagement staff while assisting in planning and performing the engagement as well as reviewing all work-papers prepared during the engagement, in addition to all required reports. Scott is a working partner and will be actively and continually involved in all aspects of the engagement.

Terry Shea, CPA - Partner, Concurring Partner

Terry is also a municipal audit partner with the firm. He is licensed to practice as a certified public accountant in the State of California. Terry has over 39 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, Terry will work directly with Scott 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 16 years of practical, governmental accounting and auditing experience. Brad will be responsible for the final quality control review of all released reports.

Charles De Simoni, CPA, CGMA - Engagement Manager

Charles is an audit manager with the firm. He is licensed to practice as a certified public accountant in the State of California. Charles has over 10 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. He will work directly with Scott and Terry while supervising the engagement team during all phases of the engagement. In addition, he will oversee the preparation of any required reports.

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (continued)

Veronica Hernandez, CPA - Audit Senior

Veronica is an Audit Senior with the firm. She is licensed to practice as a certified public accountant in the State of California. She has over 4 years' experience in providing accounting and auditing services for municipalities, special districts and various not-for-profit organizations. As an audit senior, Veronica 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 work-papers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

Senior and staff level accountants

All staff employed by us and working on governmental audits are qualified to perform governmental audits. 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 BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (continued)

Engagement team resumes



Scott W. Manno, CPA, CGMA
Engagement 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 CAFR Award program. Since 2010, Mr. Manno has been serving as a technical volunteer on the California Special Districts Association Audit Committee and is also on the Association's fiscal committee providing accounting and fiscal program guidance. Also, Mr. Manno has done presentations on fraud.

In addition, he is part of the California State Society of Certified Public Accountants Governmental Accounting and Auditing Committee which meets periodically to discuss current events, pronouncements, etc., including the implementation of GASBS 68/75.

Education/licenses

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

Related professional experience

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

City of El Cajon*	Town of Yucca Valley	City of La Mesa*	City of La Verna
City of Sierra Madre*	City of Fillmore*	City of Chino*	City of 29 Palms
City of Claremont	City of Perris*	City of Exeter*	City of Woodlake*
City of San Jacinto*	City of Menifee	City of Aliso Viejo	City of Poway*

Mr. Manno has completed over 200 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*
- ◆ Checkpoint Learning, *GASB Pension Standards Overview*

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 BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (continued)



Terry P. Shea, CPA
Concurring Partner

Professional experience

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

Education/licenses

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

Related professional experience

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

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 Twentynine Palms	City of Palm Desert*	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 Mission Viejo*	City of Poway
City of Fontana*		City of San Marcos

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)

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (continued)



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

Professional experience

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in January 2004. He works primarily on audits of governmental agencies, small to mid-sized businesses, and not-for-profit organizations. Mr. Welebir serves as a technical reviewer for the GFOA CAFR Award program.

Education/licenses

Masters of Business Administration - Accounting Emphasis from California State University, Fullerton
Bachelor of Arts in Business Administration from 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):

San Bernardino International Airport Authority*	Inland Valley Development Agency*
City of Twentynine Palms	City of San Juan Capistrano
City of Loma Linda*	City of La Verne
City of San Bernardino*	City of Mission Viejo*
City of Sierra Madre*	City of Rosemead
City of San Jacinto*	City of Redondo Beach*
City of Moorpark*	City of Claremont
City of Fillmore*	City of San Marcos

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*
- ◆ Thomson Reuters, *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)

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (continued)



Charles De Simoni, CPA, CGMA
Audit Manager

Professional experience

Mr. De Simoni joined Rogers, Anderson, Malody & Scott, LLP in January 2009. He works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Prior to joining our firm, he worked at Jasper Engines, where he was assistant branch operations manager.

Education/licenses

Bachelor of Science in Business Administration from CSUSB
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 Fillmore*	City of Twentynine Palms
Town of Yucca Valley	City of Hawthorne*
City of Rosemead	Elsinore Valley Municipal Water District
City of Moorpark*	City of Menifee
City of San Bernardino*	City of Loma Linda*
City of Redondo Beach*	City of La Verne
City of West Covina*	City of Aliso Viejo

Continuing professional education

Mr. De Simoni 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 Municipal Finance Officers, *GASB Update*
- ◆ California Society of Municipal Finance Officers, *GASB 75 Case Study*
- ◆ California Society of Municipal Finance Officers, *OPEB*
- ◆ California Society of Municipal Finance Officers, *GASB 87: Lease Accounting*
- ◆ Wolters Kluwer CCH CPE Link, *Governmental Accounting and Auditing Update*
- ◆ Wolters Kluwer CCH CPE Link, *Government Auditing: Current Developments*
- ◆ Wolters Kluwer CCH CPE Link, *Sub-recipient Monitoring Under Uniform Guidance*

Professional affiliations

Mr. De Simoni 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)

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Personnel (continued)



Veronica Hernandez, CPA
Audit Senior

Professional Experience

Ms. Hernandez is an Audit Senior with the firm. She has over 4 years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As an audit senior, 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.

Education

Bachelor of Science 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 Loma Linda*
City of Aliso Viejo
City of Hawthorne
City of West Covina
City of Moorpark*
City of San Jacinto

City of La Verne*
City of Claremont
City of El Cajon
City of Poway*
City of San Marcos
Town of Yucca Valley

Continuing Professional Education

Ms. Hernandez 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:

- ◆ California Society of Municipal Finance Officers, *Lease Accounting*
- ◆ California Society of Municipal Finance Officers, *Fiduciary Activities*
- ◆ California Society of Municipal Finance Officers, *Blue Book has been updated*
- ◆ California Society of Municipal Finance Officers, *Lease Accounting of tomorrow*
- ◆ California Society of Municipal Finance Officers, *GASB Update*
- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Auditing Update*

Professional affiliations

Ms. Hernandez is a member of the following professional organizations:

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

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Company background

Name:	Rogers, Anderson, Malody & Scott, LLP
Street Address:	735 E. Carnegie Drive, Suite 100
City, State, Zip Code:	San Bernardino, CA 92408
Corporate structure:	Limited liability partnership
State/County of incorporation:	California/San Bernardino
Website:	www.ramscpa.net
License #:	2596
Contact information:	Scott W. Manno, CPA, CGMA 909.889.0871 smanno@ramscpa.net

License to practice

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

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*.

About our firm



Our firm was founded in 1948 and is located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California and provides the full range of services expected of a full service accounting firm. We are one of the oldest, most trusted and respected CPA firms in Southern California, with over 72 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting and management advisory services. Over *nineteen 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.

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.

Company background (continued)

Our firm has a total staff of thirty-two people, which includes sixteen certified public accountants. The staff consists of six partners, three managers, seven supervisors/senior accountants, eleven staff accountants and five support staff. The audit staff consists of twenty 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 in our San Bernardino office.

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 and not-for-profit 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 and not-for-profit 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.

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 Quality Control partner along with being proofread by a professional staff. In addition, all audit workpapers are reviewed by the in-charge auditor and the partner in-charge of the engagement.

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.

Our firm does not have a record of substandard work.

In addition to the external quality control review, our firm performs in-house peer reviews over our audit and attest engagements annually.

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.

Peer review

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 received pass ratings from the peer reviewers. The latest review below included reviews of specific governmental entities.

During the latest review, an independent firm reviewed our policies and procedures and then inspected a representative sample of engagement workpapers and reports, including governmental entities and engagements subject to the *Uniform Guidance*. For the year ended November 30, 2017, 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.

The firm is not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

May 15, 2018

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, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included 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, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.



GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Audit approach

Services to be provided

The City desires the auditor to express an opinion on the fair presentation of the financial statements for the following: the City of Beaumont in accordance with generally accepted accounting principles.

In addition, we shall:

- Preparation of the financial statements.
- Apply certain limited procedures related to Management's Discussion and Analysis and Required Supplementary Information and provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules, if applicable.
- Provide opinions as to the compliance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance). RAMS is to provide an "in-relation-to" report on the Schedule of Expenditures of Federal Awards based on the auditing procedures applied during the audit of the financial statements.
- Determine compliance with bond covenants.
- GASB 68 assistance.
- Prepare the Annual Transaction Report to the State Controllers Office.
- Test compliance with Article XIII B pertaining to the City's appropriation limit, and prepare an Agreed-Upon Procedures report to the City Council regarding compliance.
- Provide updates on recent GASB pronouncements as needed.

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).
- 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 statements 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*.
- Prepare Management Letter that includes significant and less significant (i.e. reportable and non-reportable) recommendations for improvements to internal control.
- We will issue reports to those charged with governance (SAS 114 letters) as required by auditing standards.

RAMS will also perform the following:

- 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.
- 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 and the Director of Finance.

Audit approach (continued)

Engagement approach

Our engagement approach for your audit will be developed using established goals which will enable measurement of the audit process by the engagement partner and lead auditor. Our approach 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. Our overall 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 management and control environment in each year's audit and thus is capable of responding to changes and will ensure that deadlines are met in issuing the annual financial statements.

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

- **Knowledge and experience.** We have been auditing governmental entities like the City, both large and small, for over 72 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 and enables us to perform detailed risk assessment procedures. These risk assessment procedures allow us to identify significant audit risk areas within the City.
- **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 are able to 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 subsequent to.
- **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.
- **Intelligent design:** As discussed later in our proposal, all of 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 efficiency and effectiveness on all engagements.

Audit approach (continued)

As indicated in the next 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 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 of 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 City's 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.

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

- Meet with the City's staff in order 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 council 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 assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, and evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- 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.

Audit approach (continued)

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; and 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. If deemed appropriate, application control testing might consist of the following:
 - Interview key personnel, inquire of testing processes (quality assurance and end user testing) for application changes, review the chain of relevant documents (end user acceptance report);
 - Observe attempts to input incorrect data, determine who can override controls;
 - If table driven, determine who can change edits and tolerance levels;
 - Conduct tests based on user access rights;
 - Test access privileges for each sensitive function or transaction;
 - Review access rights that set and amend configurable approval and authorization limits;
 - Observe transmission reports and error reports;
 - Observe validity and completeness parameters and settings;
 - Review access to set and amend configurable parameters on file transfers; and
 - Review process for validation and test operation.

This phase of the engagement for the audit will be performed by the audit senior and two 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, as needed, and complete the audit and evaluate audit findings, if applicable.

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

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Audit approach (continued)

- 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 balance sheet accounts, revenues and expenditures accounts along with various analytical procedures as deemed necessary. In addition, various accounts made be confirmed with outside parties (cash, investments, etc.).

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.

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.).
- 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.
- 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 of 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 agree upon time frames.*

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Audit approach (continued)

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

Segment	Partner	Manager	Senior	Staff	Total
Segment 1	6	8	30	65	109
Segment 2	10	12	48	85	155
Segment 3	14	10	42	20	86
Totals*	30	30	120	170	350

* = excludes Single Audit hours

Sample sizes

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

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

Audit technology

We design our audits to be intelligent using our powerful audit software tools (Engagement and Teammate Analytics). This allows us to analyze large amounts of data in seconds. In addition, all audit team members are linked to each other using wireless connections (or a local router) which enables them to share information at an almost real-time speed. Below are benefits of our audit software:

- **We utilize Teammate Analytics, a suite of more than 150 dynamic Computer Aided Audit Tools (CAATs). Using data received directly from the Department, 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 are able to observe your statements in the field allowing us to notice any variances and address them at your office.
- 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.

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 areas that may need additional analysis; we will also compare current year actual amounts to the City's annual budget. During the *final* phase of our audit, we will perform procedures similar to 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 and various other entities. 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 City's Council meetings, we will obtain an understanding of management's and the City Council'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.

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 government or not-for-profit entity and design all of 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.)
- U.S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2018 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 back 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.

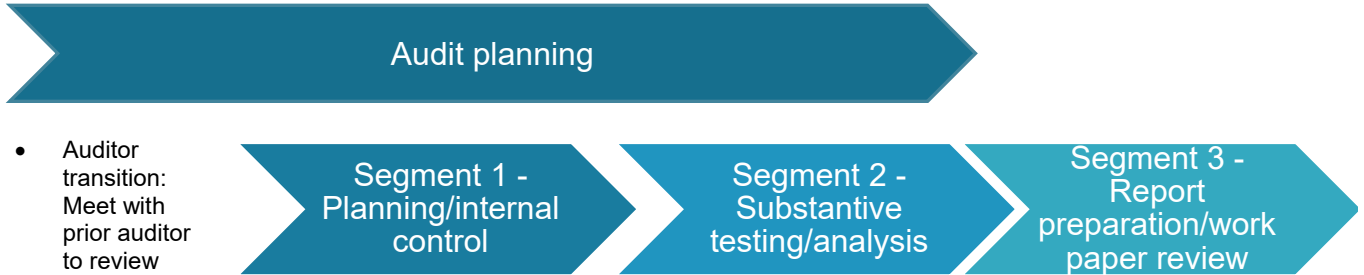
As previously mentioned, we utilize our CAAT software, *Teammate Analytics*, to draw our audit samples. The software allows us to pull random samples, systematic samples, stratified samples as well as monetary unit samples (also called probability-proportional-to-size or dollar unit sampling).

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Audit approach (continued)

Proposed audit timing



- Auditor transition: Meet with prior auditor to review work papers
- Entrance conference to meet with management for pre-audit planning.
- Preliminary risk assessment procedures.

Anticipated timing of each segment		
May	October	November/December
<ul style="list-style-type: none"> • Obtain an understanding of systems, internal controls, and current-year issues. • Assess and evaluate design and implementation of key internal controls (including IT related). • Perform tests of internal controls as needed. • Identify control deficiencies • Perform detailed risk assessment procedures. • Draft internal control comment letter • Develop detailed audit plan - provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed. 	<ul style="list-style-type: none"> • Perform substantive audit fieldwork. • Perform substantive analytical procedures. • Consider whether audit evidence is sufficient to form an opinion. • Conduct exit conference with management to discuss proposed entries, internal control issues, etc. 	<ul style="list-style-type: none"> • Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. • Review all workpapers. • Evaluate financial statements and note disclosures. • Perform final analytical procedures. • Draft required reports. • Issue final required reports by or before agreed upon date. • Present to Council as needed.

Specific expertise desired

Almost all of our City clients have development impact fees, we are very familiar with the required accounting, reporting and financial reporting for those funds.

Also, our partners have seen and dealt with a variety of debt issuances throughout the years, including Community Facilities Bonds, Certificates of Participation, Revenue Bonds, Variable Rate Bonds, Tax Anticipation Notes, to name a few.

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

References

Entity:	City of Claremont
Scope of work:	Financial Audit/CAFR*/Successor Agency
Date:	Year ending June 30, 2016 - present
Engagement partner:	Mr. Brad Welebir
Total hours:	Approximately 400 hours
Contact person:	Mr. Adam Pirrie, Finance Director, (909) 399-5328, apirrie@ci.claremont.ca.us
Entity:	City of Thousand Oaks
Scope of work:	Financial Audit/CAFR*/Successor Agency/Single Audit
Date:	Year ending June 30, 2018 - present
Engagement partner:	Mr. Terry Shea
Total hours:	Approximately 440 hours
Contact person:	Ms. Elisa Magana, Accounting Manager, (805) 449-2216, emagana@toaks.org
Entity:	City of San Marcos
Scope of work:	City CAFR/Single Audit
Date:	Year ending June 30, 2014 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 600 hours
Contact person:	Lisa Fowler, Finance Director, (760) 744-1050, Lfowler@san-marcos.net
Entity:	City of La Mesa
Scope of work:	Financial Audit/Single Audit
Date:	Year ending June 30, 2011 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 325 hours each year
Contact person:	Mrs. Sarah Waller-Bullock, Director of Finance, (619) 667-1125, sbullock@cityoflamesa
Entity:	City of Loma Linda
Scope of work:	Financial Audit/RDA/Successor Agency
Date:	Years ending June 30, 2013 - present
Engagement partner:	Mr. Terry Shea
Total hours:	Approximately 225 hours each year
Contact person:	Ms. Diana DeAnda, Finance Director/Treasurer, (909) 799-2840, ddeanda@lomalinda-ca.gov

* = received GFOA/CSMFO award.

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

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

References (continued)

Entity:	City of El Cajon
Scope of work:	City CAFR*/Successor Agency/Public Financing Authority/Single Audit/GANN limit/Measure O
Date:	Years ending June 30, 2008 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 500 hours each year
Contact person:	Ms. Victoria Danganan, Finance Manager, (619) 441-1763

Entity:	Town of Yucca Valley
Scope of work:	Financial Audit/CAFR*/Successor Agency
Date:	Years ending June 30, 2008 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 350 hours each year
Contact person:	Mr. Curtis Yakimow, Town Manager (760) 369-7207

Entity:	City of Exeter
Scope of Work:	Financial Audit/Transportation Fund Audit
Date:	Years ending June 30, 2018 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 200 hours each year
Contact Person:	Mr. Chris Tavaréz, Finance Director, (559) 592-2755

Entity:	City of San Jacinto
Scope of work:	Financial Audit/ Single Audit/Successor Agency
Date:	Years ending June 30, 2011 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 300 hours each year
Contact Person:	Mr. Tom Prill, Finance Manager, (951) 487-7330

Entity:	City of Sierra Madre
Scope of work:	Financial Audit/CAFR*
Date:	Year ending June 30, 2012 - present
Engagement partner:	Mr. Scott Manno
Total hours:	Approximately 300 hours each year
Contact person:	Mr. Colby Konisek, Finance Director (626) 355-7135

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Contract terms

We have read the terms and conditions of the provided contract and have an issue with the following:

12. Ownership of Documents; Audit.

All draft and final reports, plans, drawings, studies, maps, photographs, specifications, data, notes, manuals, warranties and all other documents of any kind or nature prepared, developed or obtained by CONTRACTOR in connection with the performance of Services performed for the CITY shall become the sole property of CITY, and CONTRACTOR shall promptly deliver all such materials to CITY upon request. At the CITY's sole discretion, CONTRACTOR may be permitted to retain original documents, and furnish reproductions to CITY upon request, at no cost to CITY.

Subject to applicable federal and state laws, rules and regulations, CITY shall hold all intellectual property rights to any materials developed pursuant to this Agreement. CONTRACTOR shall not such use data or documents for purposes other than the performance of this Agreement, nor shall CONTRACTOR release, reproduce, distribute, publish, adapt for future use or any other purposes, or otherwise use, any data or other materials first produced in performance of this Agreement, nor authorize others to do so, without the prior written consent of CITY.

Per professional standards, audit documentation is the property of the auditor. Audit documentation is the auditor's evidence of the procedures performed, evidence obtained, and conclusions reached. However, the auditor may make available to the City, at the auditor's discretion, copies of the audit documentation, provided such disclosure does not undermine the effectiveness and integrity of the audit process. If the language that is currently in the contract is included, that opens our workpapers to a possible FOA request since they are the "property of the City".

CITY OF BEAUMONT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Cost summary

Cost Summary

Not to exceed price for proposed services schedule

In accordance with the Request for Proposal for Audit Services issued by the City of Beaumont, the firm referenced below hereby submits the following cost proposal:

	Fiscal years ending June 30,				
			Option years		
	2020	2021	2022	2023	2024
Basic report to be issued					
City audit, including CAFR and related reports	\$ 46,200	\$ 46,200	\$ 47,350	\$ 48,200	\$ 48,200
Total	<u>\$ 46,200</u>	<u>\$ 46,200</u>	<u>\$ 47,350</u>	<u>\$ 48,200</u>	<u>\$ 48,200</u>
Additional Audit Reports to be Requested at City Option:					
Single Audit* and related reports	\$ 4,910	\$ 4,910	\$ 5,025	\$ 5,100	\$ 5,100
Annual Report of City Financial Transactions to SCR	2,580	2,580	2,635	2,685	2,685
Total	<u>\$ 7,490</u>	<u>\$ 7,490</u>	<u>\$ 7,660</u>	<u>\$ 7,785</u>	<u>\$ 7,785</u>

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

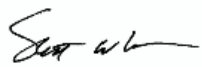
Rates for additional professional services:

Position	Hourly rate	Estimated hours*	Estimated charges
Partner	\$ 280	30	\$ 8,400
Manager	190	30	5,700
Senior accountant	140	120	16,800
Staff accountant	90	170	15,300

* = excludes Single audit and SCR

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected, is authorized to sign a contract with the City, for the services identified in the Request for Proposals.

Firm name: Rogers Anderson Malody & Scott, LLP

Signature: 

Printed name: Scott W. Manno, CPA, CGMA

Title: Partner

Date: April 3, 2020

We have no specific, separate cost elements.

GOVERNMENT CLIENTS SERVED

<u>Government Client</u>	<u>Years Served</u>		<u>CSMFO/ GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
City of El Cajon	06/30/07	to 06/30/19	Yes	Yes	Yes
City of Exeter	06/30/17	to 06/30/19			
City of Woodlake	06/30/17	to 06/30/19			
Town of Yucca Valley	06/30/08	to 06/30/19	Yes	Yes	Yes
City of La Verne	06/30/11	to 06/30/19	Yes	Yes	Yes
City of San Jacinto	06/30/11	to 06/30/19		Yes	Yes
City of Twentynine Palms	06/30/11	to 06/30/19	Yes	Yes	Yes
City of La Mesa	06/30/11	to 06/30/19		Yes	Yes
City of Menifee	06/30/14	to 06/30/19	Yes		
City of San Marcos	06/30/14	to 06/30/19	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 06/30/19	Yes	Yes	Yes
City of Sierra Madre	06/30/12	to 06/30/19	Yes	Yes	Yes
Successor Agency to the County of SB	06/30/14	to 06/30/19			
City of Hawthorne	06/30/16	to 06/30/19	Yes	Yes	Yes
City of West Covina	06/30/16	to 06/30/19	Yes	Yes	Yes
City of Aliso Viejo	06/30/16	to 06/30/19	Yes	No	No
City of Claremont	06/30/16	to 06/30/19	Yes	Yes	Yes
City of Thousand Oaks	06/30/18	06/30/19	Yes	Yes	Yes
City of South Pasadena	06/30/18	06/30/19		Yes	Yes
City of Rolling Hills Estates		06/30/19			
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 San Juan Capistrano	06/30/11	to 06/30/15	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 Mission Viejo	06/30/12	to 06/30/15	Yes	Yes	Yes
Crestline Village Water District	04/30/96	to 04/30/19			
Crestline-Lake Arrowhead Water	06/30/98	to 06/30/19			
San Bernardino Valley Muni Water District	06/30/04	to 06/30/19			
Elsinore Valley Municipal Water District	06/30/15	to 06/30/19	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 06/30/19			
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 06/30/19			
Vallecitos Water District	06/30/15	to 06/30/18	Yes		
29 Palms Water District	06/30/12	to 06/30/15			
Big Bear Area Regional Wastewater	06/30/12	to 06/30/19	Yes		
Beaumont Basin Watermaster	06/30/13	to 06/30/19			
Mojave Water Agency		6/30/2019			

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>
Costa Mesa Sanitary District	06/30/15	to 06/30/17	Yes		
Beaumont Cherry Valley Water District	12/31/17	to 12/31/18	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 06/30/19			
Rossmoor Community Services District	06/30/05	to 06/30/19			
Rim of the World Park & Rec. District	06/30/06	to 06/30/19			
Ventura County Regional Energy	06/30/07	to 06/30/19			
Heartlands Communications Fac Auth	06/30/07	to 06/30/19			
Heartlands Fire Training Authority	06/30/07	to 06/30/19			
Consolidated Fire Agencies	06/30/14	to 06/30/19			
Riverside County Habitat Con. Agency	06/30/15	to 06/30/19			
Santa Ana Watershed Association	12/31/09	to 12/31/18			
SB Fire Training Authority	06/30/10	to 06/30/15			
Capistrano Bay Community Services District	06/30/13	to 06/30/19			
Ventura County Public Fin Authority	06/30/12	to 06/30/19			
Nipomo Community Services District	06/30/16	to 06/30/19	Yes		
SBIAA	06/30/17	to 06/30/19			
West Valley San Bernardino Water District	06/30/17	to 06/30/19			
WRCOG	06/30/17	to 06/30/19	Yes		
San Diego Workforce Partnership	06/30/16	to 06/30/19			
Rubidoux Community Services District	06/30/16	to 06/30/19			
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			
Upper San Gabriel Valley MWD		06/30/19			
March Joint Powers Authority		06/30/19			
Chino Basin Desalter Authority		06/30/19			
Mountains Recreation and Conservation		06/30/19			
Running Springs Water District	Accounting support				
Phelan Pinon Hills Community Services District	Accounting support				