

Attachment B

SCOPE OF SERVICES

Consultant will provide the following services:

1. In General—The auditors will perform the financial and compliance audit to determine (a) whether the combined financial statements of the City fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles, and (b) whether the City has complied with laws and regulations that may have a material effect upon the financial statements.

2. Internal Control—The auditors will examine the City's internal accounting controls and accounting procedures and render written reports to the Finance Director and City Manager of their findings and recommendations. The examination shall be made, and reports rendered in accordance with generally accepted government auditing standards.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

Auditors shall ensure that the City is informed of each of the following:

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

Irregularities and illegal acts—Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Fran Robustelli, City Manager
Michael Yuen, Finance Director

3. Time Requirement—The auditor shall schedule with the Finance Director or designee for the fiscal year 2023-24 audit (a similar time schedule will be developed for audits for future fiscal years).

A. The City's books will be closed and ready for audit by the first week of September. The City will prepare detailed lead sheets and account reconciliations.

B. Detailed Audit plan—The auditor shall provide a detailed plan by June 1, 2024.

C. Fieldwork

- a. All field work must be completed no later than October 31, 2024
- b. The auditor shall complete all fieldwork and prepare and deliver to the City/Agency Finance Director a draft copy of all reports listed above under “Specific Deliverables to the City” November 15, 2024
- c. Final reports to be delivered no later than the first week of December.

D. Entrance Conference, Progress Reporting and Exit conferences should be held by the time frames indicated on the schedule:

a. Entrance Conference with Key Finance Department personnel- to discuss work to be performed, establish overall liaison for audit and arrangements for space and other needs of the auditor	Prior to start of interim audit work
b. Progress conference with key Finance Department Staff – to discuss the year-end work to be performed	Prior to the beginning of the year-end audit work
c. Exit conference with Finance Director – to summarize the results of the field work and to review significant findings.	At the conclusion of the year-end audit work

4.Reporting and Communication—The auditors will meet periodically with the Finance Director or designee during the field work to discuss preliminary audit findings and management recommendations.

Prior to issuing the final reports, the auditors will meet with the Finance Director and his/her designees. All audit reports will be addressed to the City Council.

The auditors may be consulted throughout the year as an information resource. The auditors may be asked to provide guidance on implementation of Government Accounting Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect local government accounting. They may also be asked to assist with the implementation of new pronouncements (e.g. GASB 87, GASB 96).

5. Other Considerations—All working papers and reports must be retained, at the auditor's expense, for a minimum of three years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available upon request to the appropriate parties. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Throughout the year, the auditor will provide financial advice and counsel on matters occurring throughout the year that would affect the annual report.

The audit partner/manager may be required to attend meetings of the Finance Committee. Additionally, the audit partner/manager may be required to attend City Council meetings to explain or clarify financial statements or accounting requirements.

B. Specific Deliverables to the City:

Following the completion of the audit of the fiscal year's financial statements and activities, the auditor shall issue the following reports:

1. *Annual Comprehensive Financial Report (ACFR) including General Purpose Financial Statements and Independent Auditor's Report.* The Independent Auditor's Report shall express the Auditor's opinion on the fair presentation of the City's general-purpose financial statements in conformity with generally accepted accounting principles. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City. The auditor shall be responsible for compiling and producing the draft and final ACFR. Auditor to provide ten bound, printed copies to be delivered to the City and one pdf master of the final bookmarked ACFR, along with accompanying schedules in its native Excel format to be emailed to Finance staff.

2. *Management Letter.* This letter shall include the auditor's findings, statements, observations, opinions, comments, or recommendations related to the systems of internal control, compliance with applicable laws and regulations and accounting systems, functions, procedures, and processes. Auditor to provide seven bound copies and one bookmarked pdf master.

3. *Component Unit Financial Statements and Independent Auditor's Report for the City of San Leandro Successor Agency.* This includes a compliance audit of the City of San Leandro Successor Agency. Auditor to provide seven bound copies, one unbound master and one bookmarked pdf master.

4. *Agreed Upon Procedures Performed Related to the calculation of the Gann Appropriations Limit* and render a confirmation letter annually to the City regarding compliance of the calculations pursuant to law. Auditor to provide seven bound copies and one bookmarked pdf master.

5. *Single Audit Report* prepared in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations, if required.* Auditor to provide seven bound copies and one bookmarked pdf master.

6. *Independent Auditor's Report and Statement of Expenditures regarding Measure B Alameda County Transportation Improvement Authority (ACTIA)* funding in accordance with the Transportation Development Act (TDA). Auditor to provide seven bound copies and one bookmarked pdf master.

7. *Independent Auditor's Report and Statement of Expenditures regarding Measure BB Alameda County Transportation Improvement Authority (ACTIA)* funding in accordance with the Transportation Development Act (TDA). Auditor to provide seven bound copies and one bookmarked pdf master.

8. *Independent Auditor's Report and Statement of Expenditures regarding Vehicle License Fee Compliance Audit* funding in accordance with the Transportation Development Act (TDA). Auditor to provide seven bound copies and one bookmarked pdf master.

9. *Annual Report of Financial Transactions to the State Controller*, to be prepared and available for City staff review five working days prior to the statutory submittal deadline.

10. *Annual Street Report to the State Controller*, to be prepared and available for City staff to review five working days prior to statutory submittal deadline.

11. *Statement of Indebtedness*, to be prepared and available for City staff to review five working days prior to statutory submittal deadline.

COMPENSATION SCHEDULE & REIMBURSABLE EXPENSES

All-Inclusive Maximum Price by Report	<u>2023-24</u>	<u>2024-25 (a)</u>	<u>2025-26 (a)</u>
a) ACFR including, Basic Financial Statements and IAR	<u>\$74,735</u>	<u>\$78,023</u>	<u>\$81,456</u>
b) Management Letter	<u>Included</u>	<u>Included</u>	<u>Included</u>
c) Component Unit Financial Statements & IAR for Successor Agency	<u>\$4,135</u>	<u>\$4,317</u>	<u>\$4,507</u>
d) Gann Appropriation Limit Agreed Upon Procedures	<u>\$1,100</u>	<u>\$1,148</u>	<u>\$1,199</u>
e) Single Audit Report - 1 Program (b)	<u>\$6,750</u>	<u>\$7,047</u>	<u>\$7,357</u>
f) Measure B	<u>\$2,500</u>	<u>\$2,610</u>	<u>\$2,725</u>
g) Measure BB	<u>\$2,500</u>	<u>\$2,610</u>	<u>\$2,725</u>
h) License Fee Compliance	<u>\$2,500</u>	<u>\$2,610</u>	<u>\$2,725</u>
i) Transactions to State Controller	<u>\$9,000</u>	<u>\$9,396</u>	<u>\$9,809</u>
j) Annual Street Report to State Controller	<u>\$4,500</u>	<u>\$4,698</u>	<u>\$4,905</u>
k) Statement of Indebtedness	<u>\$2,500</u>	<u>\$2,610</u>	<u>\$2,725</u>
Total	\$110,220	\$115,070	\$120,133

EXHIBIT C

INDEMNIFICATION

Consultant shall indemnify, defend with counsel acceptable to City, and hold harmless City and its officers, elected officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, expenses, and costs (including without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature arising out of or in connection with Consultant's performance of the services called for or its failure to comply with any of its obligations contained in this Agreement, except such Liability caused by the active negligence or willful misconduct of City.

Notwithstanding the forgoing, to the extent this Agreement is a "construction contract" as defined by California Civil Code Section 2782, as may be amended from time to time, such duties of Consultant to indemnify shall not apply when to do so would be prohibited by California Civil Code Section 2782.

The Consultant's obligation to defend and indemnify shall not be excused because of the Consultant's inability to evaluate Liability or because the Consultant evaluates Liability and determines that the Consultant is not liable to the claimant. The Consultant must respond within 30 days to the tender of any claim for defense and indemnity by the City. If the Consultant fails to accept or reject a tender of defense and indemnity within 30 days, in addition to any other remedy authorized by law, so much of the money due the Consultant under and by virtue of this Agreement as shall reasonably be considered necessary by the City, may be retained by the City until disposition has been made of the claim or suit for damages, or until the Consultant accepts or rejects the tender of defense, whichever occurs first.