

REPORT TO CITY COUNCIL

Approved by:

Michael Lima

Michael Lima, Director of Financial Services

Council Meeting of: May 17, 2023

Agenda Number: B-8

Arnoldo Rodriguez

Arnoldo Rodriguez, City Manager

SUBJECT:

Award of Three-Year Contract, with the Option of Two One-Year Extensions, with the PUN Group for Professional Auditing Services

RECOMMENDATION:

Adopt a resolution approving a three-year contract with the PUN Group for professional auditing services in the amount of \$168,763, with two optional one-year extensions

SUMMARY:

The City is required to produce annual financial statements and have those financial statements audited. To fulfill that requirement, the City must contract for professional auditing services. The existing contract for audit services has expired, and all contract extension options have been exhausted. A request for proposal (RFP) was written, reviewed, and published. Responses were received and found to be both responsive and responsible. They were then evaluated by a committee and ranked in accordance with the terms of the RFP. Based on a review of the responses, staff recommends that an award for professional auditing services be made to The Pun Group.

DISCUSSION:

The Madera Municipal Code (MMC) Section 2-2.203 (E) requires the Director of Finance "...to submit annually, at the end of the fiscal year, a complete financial statement and report." Historically, that annual report has taken the form of an Annual Comprehensive Financial Report (ACFR). In addition to the MMC's requirement, audited annual financial statements are a condition of the City's debt covenants and grant agreements. In order to meet those legal requirements, the City must contract with a certified accounting firm to conduct the necessary financial statement audit. The contracted firm also conducts other required financial reviews for

the City, including the Single Audit of the City’s grant receipts, the Gann Limit calculation review, a review of the City’s Public Financing Authority, and the golf course compliance review.

The City’s previous contract for professional audit services was issued in September 2019 and expired with the completion of the Fiscal Year 2021-22 ACFR. The previous contract was with The Pun Group for a total amount of \$222,545 for three years.

In February 2023, staff issued a Request for Proposals (RFP) for professional audit services. Distribution of this RFP included notifying over 260 vendors through the City’s procurement platform (PlanetBids), advertising in the Madera Tribune, and directly inviting two firms via e-mail. In March 2023, the City received two proposals from interested companies. Those proposals were evaluated by a team of City staff who utilized the evaluation criteria defined in the RFP. Upon completing the evaluation, staff recommends that a new three-year contract, with two one-year extensions, be given to the Pun Group.

Staff selected the Pun Group based on their ability to meet the requirements of the City through resource management, their experience with auditing cities and other governmental agencies of similar size, and the scope of their proposed audit implementation plan. The proposed three-year cost of the agreement is \$168,763; a significant reduction from the payment the Pun Group received under the previous contract. The reduction is due to the Pun Group being familiar with the number of hours needed to perform the required tasks and refining their price to match the hours needed.

FINANCIAL IMPACT:

The three base year costs of this contract are detailed in Table 1.

Table 1: Proposed fees per fiscal year			
Contract Year	1st Year (FY 2022/23)	2nd Year (FY 2023/24)	3rd Year (FY 2024/25)
Amount	\$54,600	\$56,238	\$57,925

This cost will be budgeted in the Finance Department’s Fiscal Year 2023-24 budget. Annual amounts for the remaining years of this contract will be budgeted in future Finance Department budgets.

ALTERNATIVES:

As an alternative, Council may award the contract to Harshwal & Company. Doing so would result in the City paying \$83,442 more in total for professional auditing services over the three-year base term of the contract than it would pay if staff’s recommendation were approved.

Another alternative for Council would be to reject all bids and direct staff to conduct another RFP process for Professional Audit Services. Such an approach would require staff resources, with no guarantee that the City would get better proposals than those received from The Pun Group. Utilizing such an alternative would also likely delay the release of the Fiscal Year 2022/23 ACFR,

as another RFP process would extend past the last week of June when year-end closing fieldwork for the ACFR audit is scheduled to begin.

ATTACHMENTS:

1. Resolution approving the agreement award
2. Agreement (Exhibit A to Resolution)

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA,
CALIFORNIA, APPROVING A THREE-YEAR CONTRACT WITH TWO ONE-YEAR
OPTIONS WITH THE PUN GROUP FOR PROFESSIONAL AUDITING SERVICES
IN THE AMOUNT OF \$168,763**

WHEREAS, the City of Madera (the "City") has a fiduciary responsibility to have its financial records and transactions audited each fiscal year by an independent Certified Public Accounting firm; and

WHEREAS, the City has engaged in a Request for Proposals (RFP) process; and

WHEREAS, the City received two responses to the RFP; and

WHEREAS, the accounting firm The Pun Group has agreed to provide the necessary accounting services in accordance with their response to the City's Request for Proposal; and

WHEREAS, the prices proposed for services indicated in The Pun Group's proposal letter are fair and reasonable.

NOW THEREFORE, THE COUNCIL OF THE CITY OF MADERA does hereby resolve, find, and order as follows:

1. The above recitals are true and correct.
2. The Agreement with The Pun Group, a copy of which is attached hereto as Exhibit A, is approved.
3. The City Manager is hereby authorized to exercise either or both one-year options when those options are able to be exercised.
4. This resolution is effective immediately upon adoption

* * * * *

Resolution Exhibit A

CITY OF MADERA PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is made and entered into the 17th day of May, 2023, by and between the CITY OF MADERA, a municipal corporation of the State of California, hereinafter called "City" and THE PUN GROUP, hereinafter called "Consultant".

RECITALS

- A. City desires to obtain Professional Auditing Services and issued a Request for Proposals (RFP) 202223-14 for said Services.
- B. Consultant is a firm specializing in Professional Auditing Services with the necessary experience to provide desired Services to the City and submitted a proposal to the City.
- C. City desires to retain Consultant to provide said Services, as detailed further herein.
- D. City desires to retain Consultant, and Consultant desires to provide City with the Services, on the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein, City and Consultant agree as follows:

AGREEMENT

1. Scope of Services. Consultant shall perform, to the satisfaction of City in accordance with this Agreement, the Services described in the "Scope of Services" attached hereto as **Exhibit A** and incorporated by herein by this reference. Consultant shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all services described herein.
2. Commencement of Services; Term of Agreement. Consultant shall commence the Services upon City's issuance of a written "Notice to Proceed" and shall continue in full force and effect for three (3) year(s) unless otherwise terminated by the City. The term may be extended by the City Manager in writing, if mutually agreed to at least 90 days in advance of expiration, for a period not to exceed two (2) additional one-year extensions.
 - (a) Continuity of Personnel. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors assigned to perform the Services under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors assigned to perform the Services under this Agreement.
 - (b) Additional Services. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to or outside of

those set forth in this Agreement or listed in **Exhibit A** unless such additional services are authorized in advance and in writing by the City Manager of City. Consultant shall be compensated for any such additional services in the amounts and in the manner agreed to by the City and Consultant.

3. Compensation for Services. City shall compensate Consultant for rendering the Services as follows:

(a) Subject to any limitations set forth in this Agreement, City agrees to pay Consultant by the amounts specified in the Schedule of Compensation attached hereto as **Exhibit B** and incorporated herein by this reference.

(b) Each month Consultant shall invoice City for all work performed and expenses incurred during the preceding month. The invoice shall detail charges by the following categories: labor (by subcategory), travel, materials, equipment, supplies, and sub-consultant contracts.

(c) City shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. The invoiced amount shall be paid within 30 calendar days unless City disputes any charges or expenses. If any charges or expenses are disputed, City shall pay the undisputed amount, and notify Consultant of the nature and amount of the disputed charge or expense. The parties shall seek to resolve the disputed items(s) by mutual agreement.

(d) Payment to Consultant for work performed under this Agreement shall not be deemed to waive any defects in work performed by Consultant.

4. Independent Contractor Status. Consultant and its subcontractors shall perform the Services as independent contractors and not as officers, employees, agents, or volunteers of City. Nothing contained in this Agreement shall be deemed to create any contractual relationship between City and Consultant's employees or subcontractors, nor shall anything contained in this Agreement be deemed to give any third party, including but not limited to Consultant's employees or subcontractors, any claim or right of action against City. Neither the City nor any of its employees shall have any control over the manner, mode, or means by which Consultant or its agents or employees perform the services under this Agreement.

5. Qualifications, and Professional Standards. Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner. In meeting its obligations under this Agreement, Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of Consultant under this Agreement. Consultant represents that to the extent Consultant utilizes subcontractors, such subcontractors are, and will be, qualified in their fields. Consultant also

expressly represents that both Consultant and its subcontractors, if any, are now, and will be throughout their performance of the Services under this Agreement, properly licensed or otherwise qualified and authorized to perform the Services required and contemplated by this Agreement. Consultant and its subcontractors, if any, shall utilize the standard of care and skill customarily exercised by members of their profession, shall use reasonable diligence and best judgment while performing the Services, and shall comply with and keep themselves informed of all applicable laws and regulations.

6. Identity of Subcontractors and Sub-Consultants. Consultant shall before commencing any work under this Agreement provide to City in writing: (a) the identity of all subcontractors and sub-consultants (collectively referred to as "subcontractors"), if any, which Consultant intends to utilize in Consultant's performance of this Agreement; and (b) a detailed description of the full scope of work to be provided by such subcontractors. Consultant shall only employ subcontractors pre-approved by City and in no event shall Consultant replace an approved subcontractor without the advance written permission of City, with the understanding that City's permission will not be unreasonably withheld. Notwithstanding any other provisions in this Agreement, Consultant shall be liable to City for the performance of Consultant's subcontractors.

7. Subcontractor Provisions. Consultant shall include in its written agreements with its subcontractors, if any, provisions which: (a) impose upon the subcontractors the obligation to provide to City the same insurance and indemnity obligations that Consultant owes to City; (b) make clear that City intends to rely upon the reports, opinions, conclusions and other work product prepared and performed by subcontractors for Consultant; and (c) compliance with all laws and certifications as required under this Agreement.

8. Power to Act on Behalf of City. Consultant shall not have any right, power, or authority to create any obligation, express or implied, or make representations on behalf of City except as may be expressly authorized in advance in writing from time to time by City and then only to the extent of such authorization.

9. Record Keeping; Reports. Consultant shall keep complete records showing the type of Services performed. Consultant shall be responsible and shall require its subcontractors to keep similar records. City shall be given reasonable access to the records of Consultant and its subcontractors for inspection and audit purposes. Consultant shall provide City with a working draft of all reports and a copy of all final reports prepared by Consultant under this Agreement.

10. Ownership and Inspection of Documents. All data, tests, reports, documents, conclusions, opinions, recommendations, and other work product generated by or produced for Consultant or its subcontractors in connection with the Services, regardless of the medium, including physical drawings and materials recorded on computer discs ("Work Product"), shall be and remain the property of City. City shall have the right to use, copy, modify, and reuse the Work Product as it sees fit. Upon City's request, Consultant shall make available for inspection and copying all such Work Product and all Work Product shall be turned over to City promptly at City's request or upon termination of this Agreement, whichever occurs first. Consultant shall not release any Work

Product to third parties without prior written approval of the City Manager. This obligation shall survive termination of this Agreement and shall survive for four (4) years from the date of expiration or termination of this Agreement.

11. Confidentiality. All data, reports, conclusions, opinions, recommendations, and other work product prepared and performed by and on behalf of Consultant in connection with the Services performed pursuant to this Agreement shall be kept confidential and shall be disclosed only to City, unless otherwise provided by law or expressly authorized by City. Consultant shall not disclose or permit the disclosure of any confidential information acquired during performance of the Services, except to its agents, employees, affiliates, and subcontractors who need such confidential information in order to properly perform their duties relative to this Agreement. Consultant shall also require its subcontractors to be bound to these confidentiality provisions.

12. City Name and Logo. Consultant shall not use City's name or insignia, photographs relating to the City projects for which Consultant's services are rendered, or any publicity pertaining to the Consultant's services under this Agreement in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

13. Conflicts of Interest. Consultant warrants that neither Consultant nor any of its employees have an interest, present or contemplated, which would conflict in any manner with the interests of the City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant covenants that no person having any such interest, whether an employee or subcontractor shall perform the Services under this Agreement. During the performance of the Services, Consultant shall not employ or retain the services of any person who is employed by the City or a member of any City Board or Commission. City understands and acknowledges that Consultant is, as of the date of execution of this Agreement, independently involved in the performance of non-related services for other governmental agencies and private parties. Consultant is unaware of any stated position of City relative to such projects. Any future position of City on such projects shall not be considered a conflict of interest for purposes of this section. City understands and acknowledges that Consultant will, perform non-related services for other governmental agencies and private parties following the completion of the Services under this Agreement, and any such future service shall not be considered a conflict of interest for purposes of this section.

14. Non-liability of Officers and Employees. No officer or employee of City shall be personally liable to Consultant, or any successors in interest, in the event of a default or breach by City for any amount which may become due Consultant or its successor, or for any breach of any obligation under the terms of this Agreement.

15. City Right to Employ Other Consultants. This Agreement is non-exclusive with Consultant. City reserves the right to employ other consultants in connection with the Services.

16. Termination of Agreement. This Agreement shall terminate upon completion of the Services, or earlier pursuant to the following.

a. For Convenience of City. This Agreement may be terminated by City at its discretion upon thirty (30) days prior written notice to Consultant.

b. For Breach of Either Party. If for any cause either party fails to fulfill in a timely and proper manner its obligations under this Agreement (the "breaching party"), the other party (the "terminating party") shall have the right to terminate the Agreement by giving not less than five (5) working days' written notice to the breaching party of the intent to terminate and specifying the effective date thereof. The terminating party shall, however, provide the breaching party with a detailed statement of the grounds for termination. This statement shall include, as appropriate, references to specific provisions of this Agreement, dates, dollar amounts and other information relevant to the decision to terminate for cause.

c. Compensation to Consultant Upon Termination. In the event termination is not due to fault attributable to Consultant and provided all other conditions for payment have been met, Consultant shall be paid compensation for services performed prior to notice of termination. As to any phase partially performed but for which the applicable portion of Consultant's compensation has not become due, Consultant shall be paid the reasonable value of its services provided. However, in no event shall such payment when added to any other payment due under the applicable part of the work exceed the total compensation of such part as specified in Section 3 herein. In the event of termination due to Consultant's failure to perform in accordance with the terms of this Agreement through no fault of City, City may withhold an amount that would otherwise be payable as an offset to City's damages caused by such failure.

d. Effect of Termination. Upon receipt of a termination notice (or completion of this Agreement), Consultant shall: (i) promptly discontinue all Services affected (unless the notice directs otherwise); and (ii) deliver or otherwise make available to the City, without additional compensation, all data, documents, procedures, reports, estimates, summaries, and such other information and materials as may have been accumulated by the Consultant in performing this Agreement, whether completed or in process. Following the termination of this Agreement for any reason whatsoever, City shall have the right to utilize such information and other documents, or any other works of authorship fixed in any tangible medium of expression, including but not limited to physical drawings, data magnetically or otherwise recorded on computer disks, or other writings prepared or caused to be prepared under this Agreement by Consultant. Consultant may not refuse to provide such writings or materials for any reason whatsoever.

17. Insurance. Consultant shall obtain and maintain in full force and effect during the term of this Agreement the insurance policies set forth in **Exhibit "C"** attached hereto and incorporated herein by this reference. All insurance policies shall be subject to City approval as to form and content. Consultant shall provide City with copies of required certificates of insurance upon request.

18. Indemnity and Defense. Consultant shall indemnify, defend, and hold harmless the City, its officers, employees, agents and volunteers ("City indemnitees"), from and against any and all causes of action, claims, liabilities, obligations, judgments, or damages, including reasonable legal counsels' fees and costs of litigation ("claims"), arising out of the Consultant's performance of its obligations under this agreement or out of the operations conducted by Consultant, except for such loss or damage arising from the sole negligence or willful misconduct of the City. In the event the City indemnitees are made a party to any action, lawsuit, or other adversarial proceeding arising from Consultant's performance of this agreement, the Consultant shall provide a defense to the City indemnitees, or at the City's option, reimburse the City indemnitees their costs of defense, including reasonable legal counsels' fees, incurred in defense of such claims.

19. Compliance with All Laws. Consultant shall be familiar with and shall comply with all City, State, and Federal laws and regulations applicable to the work to be performed under this Agreement. In providing the services required under this Agreement, Consultant shall at all times comply with all applicable laws, regulations, and resolutions of the United States, the State of California, and the City of Madera now in force and as they may be enacted, issued, or amended during the term of this Agreement.

20. Assignment. Neither this Agreement nor any duties or obligations hereunder shall be assignable by Consultant without the prior written consent of City. In the event of an assignment to which City has consented, the assignee shall agree in writing to personally assume and perform the covenants, obligations, and agreements herein contained. In addition, Consultant shall not assign the payment of any monies due Consultant from City under the terms of this Agreement to any other individual, corporation, or entity. City retains the right to pay any and all monies due Consultant directly to Consultant.

21. Form and Service of Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by certified mail, postage prepaid and return receipt requested, addressed as follows:

To City: Director of Financial Services
 City of Madera
 Finance Department
 205 W. Fourth
 Madera, CA 93637

To Consultant: The Pun Group
 200 East Sandpointe Avenue, Suite 600
 Santa Ana, CA 92707

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile, or if mailed, three (3) days after deposit of the same in the custody of the United States Postal Service.

22. Entire Agreement. This Agreement, including the attachments and exhibits, represents the entire Agreement between City and Consultant, and supersedes all prior negotiations, representations, or agreements, either written or oral with respect to the subject matter herein. This Agreement may be amended only by written instrument signed by both City and Consultant.

23. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

24. Authority. The signatories to this Agreement warrant and represent that they have the legal right, power, and authority to execute this Agreement and bind their respective entities.

25. Severability. In the event any term or provision of this Agreement is declared to be invalid or illegal for any reason, this Agreement will remain in full force and effect and will be interpreted as though such invalid or illegal provision were not a part of this Agreement. The remaining provisions will be construed to preserve the intent and purpose of this Agreement and the parties will negotiate in good faith to modify any invalidated provisions to preserve each party's anticipated benefits.

26. Applicable Law and Interpretation and Venue. This Agreement shall be interpreted in accordance with the laws of the State of California. The language of all parts of this Agreement shall, in all cases, be construed as a whole, according to its fair meaning, and not strictly for or against either party. This Agreement is entered into by City and Consultant in the County of Madera, California. Thus, in the event of litigation, venue shall only lie with the appropriate state or federal court in Fresno County.

27. Attorneys Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant, or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorneys' fees and legal expenses.

28. Amendments and Waiver. This Agreement shall not be modified or amended in any way, and no provision shall be waived, except in writing signed by the parties hereto. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision. Failure of either party to enforce any provision of this Agreement shall not constitute a waiver of the right to compel enforcement of the remaining provisions of this Agreement.

29. Third Party Beneficiaries. Nothing in this Agreement shall be construed to confer any rights upon any party not a signatory to this Agreement.

30. Execution in Counterparts. This Agreement may be executed in counterparts such that the signatures may appear on separate signature pages. A copy or an original, with all signatures appended together, shall be deemed a fully executed Agreement.

31. Non-Discrimination. Consultant shall not discriminate on the basis of any protected class under federal or State law in the provision of the Services or with respect to any Consultant employees or applicants for employment. Consultant shall ensure that any subcontractors are bound to this provision. A protected class includes, but is not necessarily limited to race, color, national origin, ancestry, religion, age, sex, sexual orientation, marital status, and disability.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the City and Consultant have executed this Agreement on the date(s) set forth below.

THE PUN GROUP

CITY OF MADERA

By: _____
Kenneth H. Pun, Managing Partner

By: _____
Santos Garcia, Mayor

Date: _____

Date: _____

APPROVE AS TO FORM:

Hilda Cantú Montoy, City Attorney

ATTEST:

Alicia Gonzales, City Clerk

EXHIBIT A

SCOPE OF SERVICES

EXHIBIT B

SCHEDULE OF COMPENSATION

EXHIBIT C

INSURANCE

A. Insurance Requirements

Consultant shall maintain limits no less than:

- **\$2,000,000 General Liability** (including operations, products and completed operations) per occurrence, \$4,000,000 general aggregate, for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage form CG 00 01. General liability policies shall be endorsed using ISO form CG 20 10 that the City and its officers, officials, employees, and agents shall be additional insureds under such policies.
- **\$2,000,000 Automobile Liability** combined single limit per accident for bodily injury or property damage at least as broad as ISO Form CA 00 01 for all activities of Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles. Automobile Liability policies shall be endorsed to provide that the City and its officers, officials, employees, and agents shall be additional insureds under such policies.
- **Worker's Compensation** as required by the State of California and **\$1,000,000 Employer's Liability** per accident for bodily injury or disease. Consultant shall submit to the City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees, and volunteers.
- **\$1,000,000 Professional Liability (Errors & Omissions)** per claim and in the aggregate. Consultant shall maintain professional liability insurance that insures against professional errors and omission that may be made in performing the Services to be rendered in connection with this Agreement. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement, and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this Agreement. The cost of such insurance shall be included in Consultant's bid.

Maintenance of Coverage

Consultant shall procure and maintain, for the duration of the contract, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by Consultant, its agents, representatives, employees, subcontractors or subconsultants as specified in this Agreement.

Proof of Insurance

Consultant shall provide to the City certificates of insurance and endorsements, as required, as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by the City prior to commencement of performance. Current evidence of insurance shall be kept on file with the City at all times during the term of this Agreement. Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

Acceptable Insurers

All insurance policies shall be issued by an insurance company currently authorized by the Insurance commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and a Financial Size Category Class VII (or larger), in accordance with the latest edition of Best's Key Rating Guide.

Waiver of Subrogation

All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against the City, its elected or appointed officers, agents, officials, employees, and volunteers, or shall specifically allow Consultant, or others providing insurance evidence in compliance with these specifications, to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against the City and shall require similar written express waivers and insurance clauses from each of its subconsultants or subcontractors.

Enforcement of Contract Provisions (non estoppel)

Consultant acknowledges and agrees that any actual or alleged failure on the part of the Agency to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City, nor does it waive any rights hereunder.

Specifications not Limiting

Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If Consultant maintains higher limits than the minimums required above, the entity shall be entitled to coverage at the higher limits maintained by Consultant.

Notice of Cancellation

Consultant agrees to oblige its insurance agent or broker and insurers to provide to the City with thirty (30) calendar days' notice of cancellation (except for nonpayment for which ten

(10) calendar days' notice is required) or nonrenewal of coverage for each required coverage.

Self-insured Retentions

Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City's Risk Manager.

Timely Notice of Claims

Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional Insurance

Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgement may be necessary for its proper protection and prosecution of the Work.

Section Tab G

G. Specific Audit Approach

The proposal should set forth a summarized work plan, including an explanation of the audit methodology to be followed, to perform the required services as described in this request for proposal. The work plan should reference such sources of information as the City of Madera budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:

1. *Proposed segmentation of the engagement.*
2. *Level of staff and number of hours to be assigned to each proposed segment of the engagement.*
3. *Sample size and the extent to which statistical sampling is to be used in the engagement.*
4. *Approach to be taken to gain and document an understanding of the City's internal control structure.*
5. *Approach to be taken in determining laws and regulations that will be subject to audit test work.*
6. *Approach to be taken in drawing audit sample for purposes of tests of compliance.*

Scope of Work, Audit Approach, and Methodology

The City of Madera is requesting the Firm to perform Professional Auditing Services and issue opinions on the City's financial statements. The audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

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

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the **Annual Comprehensive Financial Report** of the City of Madera. The audit will be conducted in accordance with *Generally Accepted Government Auditing Standards*. The report will be in full compliance with all current GASB pronouncements. The following component units will be included in the City's financial statements: 1) Housing Authority of the City of Madera, and; 2) City of Madera Financing Authority.

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

- ✓ Prepare a **Single Audit Report** which will include the following:
 - Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
 - Schedule of Expenditures of Federal Awards.
 - Notes to Schedule of Expenditures of Federal Awards.
 - Schedule of Findings and Questioned Costs.
 - Any other required schedules or reports.

- Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations (**GANN**).
- ✓ Issue an **Auditor's Communication Letter** with any reportable conditions found during the audit. A reportable condition will be defined as a material weakness or significant deficiency.
- ✓ Issue a separate "**Management Letter**" that includes recommendations for improvements on internal control, accounting procedures, and other significant observations that are considered to be no reportable conditions
- ✓ On "as needed basis", perform a **compliance review** of the agreement between the City and the management company that has been retained to operate and manage the **City of Madera's municipal golf course**.

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

- ✓ If needed, perform an audit of the **Transportation Development Act Funds (TDA Funds)** and the related notes to the financial statements, which collectively comprise the TDA Funds' financial statements.
- ✓ If needed, perform an audit of the **Measure "T" Fund (Measure "T" Fund)** and the related notes to the financial statements, which collectively comprise the Measure T Fund financial statements.

Provided By Client (PBC) Lists: They will be provided for both interim and final audits according to an agreed-upon timeline between the engagement team and the City in order to be reasonably prepared for a field audit. The engagement team will meet with the City's management during the initial planning stage to discuss audit schedules and review the prior year's audit findings (if any). We will deliver a list of all documents to be provided by the City's staff. Once such materials are agreed upon by the engagement team and City's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

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

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

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

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware to the City Manager, City Attorney, and the Director of Finance Services. The engagement team will also make all communications to the City required by the audit standards under which the engagement is performed.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of seven (7) years unless the City of Madera notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available upon request, to the following parties or their designees: City of Madera; U.S. Department of Transportation; U.S. General Accounting Office (GAO); Parties designated by the federal or state government or by the City of Madera as part of an audit quality review process; Auditors of entities of which the City is a sub-recipient of grant funds.

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

Methodology and Segmentation of Engagement

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



Benefits

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

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

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

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

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

Estimated Total Hours*:

	Partner(s)	Director/ Manager	Supervisory Staff	Staff	Clerical	Total
Engagement Acceptance & General Planning	2	4	6	8	0	19
Planning & Internal Control Evaluation	3	6	8	11	0	28
Fieldwork	13	29	42	56	2	142
Post Fieldwork	9	19	28	38	1	95
Report Preparation & Review	13	29	42	56	2	142
Final Production	4	10	14	19	1	47
Total*	44	96	140	188	6	474

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

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

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

Enhancing Auditing Quality with Artificial Intelligence

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Objectives of Our Services

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

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

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

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

Section Tab I

I. Cost Proposal

Certification

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

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

Authorization to Represent the Firm

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



March 24, 2023

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

Date

Total All-Inclusive Maximum Price

Our proposed fees for Professional Auditing Services for the fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025, with an option to extend for an additional two (2) fiscal years, are as follows:

	2022-23	2023-24	2024-25	2025-26	2026-27
City Audit, ACFR and Related Reports	\$ 45,600	\$ 46,968	\$ 48,377	\$ 49,828	\$ 51,323
Single Audit - up to 2 Major Programs	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130
Golf Course Compliance Review	Included	Included	Included	Included	Included
Total All-Inclusive	\$ 54,600	\$ 56,238	\$ 57,925	\$ 59,663	\$ 61,453

ATTACHMENT A

FEE SCHEDULES A THROUGH D AND BID PROPOSAL AUTHORIZATION FORM

FEE SCHEDULE APROFESSIONAL FEES AND EXPENSESFOR THE AUDITS OF THE FY 2022-23 THROUGH 2024-25 AND PREPARATION OF
ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

	Hours	Hourly Rates	Total \$ FY2022-2023	Total \$ 2023-2024	Total \$ 2024-2025
Partners	36	\$ 300	\$ 10,800	\$ 11,124	\$ 11,458
Directors	80	\$ 250	\$ 20,000	\$ 20,600	\$ 21,218
Supervisory Staff	120	\$ 150	\$ 18,000	\$ 18,540	\$ 19,096
Staff	156	\$ 125	\$ 19,500	\$ 20,085	\$ 20,688
Clerical	4	\$ 100	\$ 400	\$ 412	\$ 424
Subtotal for Services	396		\$ 68,700	\$ 70,761	\$ 72,884
Less: Professional Discount			\$ (23,100)	\$ (23,793)	\$ (24,507)
Total for Services			\$ 45,600	\$ 46,968	\$ 48,377

Estimated number of hours required from City to develop permanent file:

5 - 10 hours From City's Clerk's Office

5 - 10 hours From Finance Department

Total all-inclusive maximum price for the ACFR (3 years total):	\$ 140,945
Total all-inclusive maximum price for the ACFR (3 years total) IN WORDS:	One hundred forty thousand nine hundred forty-five dollars

GRAND TOTAL all-inclusive maximum price (3 years total): (Includes all services quoted in this proposal)	\$ 168,763
GRAND TOTAL all-inclusive maximum price (3 years total) IN WORDS: (Includes all services quoted in this proposal)	One hundred sixty-eight thousand seven hundred sixty-three dollars

FEE SCHEDULE B
SINGLE AUDIT REPORT

	Hours	Hourly Rates	Total \$ FY2022-2023	Total \$ 2023-2024	Total \$ 2024-2025
Partners	8	\$ 300	\$ 2,400	\$ 2,472	\$ 2,546
Directors	16	\$ 250	\$ 4,000	\$ 4,120	\$ 4,244
Supervisory Staff	20	\$ 150	\$ 3,000	\$ 3,090	\$ 3,183
Staff	32	\$ 125	\$ 4,000	\$ 4,120	\$ 4,244
Clerical	2	\$ 100	\$ 200	\$ 206	\$ 212
Subtotal for Services	78		\$ 13,600	\$ 14,008	\$ 14,428
Less: Professional Discount			\$ (4,600)	\$ (4,738)	\$ (4,880)
Total for Services			\$ 9,000	\$ 9,270	\$ 9,548
Total all-inclusive price for the Single Audit Report (3 years total):			\$ 27,818		
Total all-inclusive price IN WORDS (3 years total):			Twenty-seven thousand eight hundred eighteen dollars		

- (1) Single Audit fees based on up to two (2) major programs. The fee for auditing additional major programs will be \$5,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Madera’s Management before starting Single Audit work.

FEE SCHEDULE C
PREPARATION OF THE GOLF COURSE
COMPLIANCE REVIEW

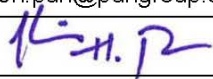
	Hours	Hourly Rates	Total \$ FY2022-2023	Total \$ 2023-2024	Total \$ 2024-2025
Partners	4	\$ 300	\$ 1,200	\$ 1,236	\$ 1,273
Directors	4	\$ 250	\$ 1,000	\$ 1,030	\$ 1,061
Supervisory Staff	8	\$ 150	\$ 1,200	\$ 1,236	\$ 1,273
Staff	12	\$ 125	\$ 1,500	\$ 1,545	\$ 1,591
Clerical	1	\$ 100	\$ 100	\$ 103	\$ 106
Subtotal for Services	29		\$ 5,000	\$ 5,150	\$ 5,305
Less: Professional Discount			\$ -	\$ -	\$ -
Total for Services			\$ 5,000	\$ 5,150	\$ 5,305
Total all-inclusive price for the Golf Course Compliance Review (3 years total):			Hours/Cost Included in the City Audit/ACFR		
Total all-inclusive price IN WORDS (3 years total):			Hours/Cost Included in the City Audit/ACFR		

FEE SCHEDULE D
CITY OF MADERA ADDITIONAL PROFESSIONAL SERVICES

	Hourly Rates FY2022-23	Hourly Rates FY2023-24	Hourly Rates FY2024-26
Partners	\$ 300	\$ 309	\$ 318
Directors	\$ 250	\$ 258	\$ 265
Supervisor/Senior Auditors	\$ 150	\$ 155	\$ 159
Staff	\$ 125	\$ 129	\$ 133
Clerical	\$ 100	\$ 103	\$ 106

BID PROPOSAL AUTHORIZATION FORM

Proposals shall be valid for a minimum of 180 days following submission.

Date	March 24, 2023
Company Name	The Pun Group, LLP
Street Address	200 E. Sandpointe Ave, Suite 600
City / State / ZIP	Santa Ana, CA 92707
Phone Number	(949) 777-8800
Person Preparing Proposal	Kenneth H. Pun, CPA, CGMA
Title	Managing Partner
Email Address	ken.pun@pungroup.cpa
Signature of Person Preparing Proposal	

Rates for Additional Professional Services

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

Hourly Billing Rates	
Partner(s)	\$ 300
Director(s)	\$ 250
Senior Manager(s)	\$ 225
Manager(s)	\$ 200
Supervisor(s)	\$ 175
Senior Accountant(s)	\$ 150
Staff Accountant(s)	\$ 125
Clerical	\$ 100

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

Manner of Payment

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

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

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

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