

**AGREEMENT TO PROVIDE  
PROFESSIONAL AUDITING SERVICES BETWEEN  
CLIFTONLARSONALLEN, LLP AND CITY OF SANTA ANA**

THIS AGREEMENT is made and entered into on this 7th day of May, 2024, by and between CliftonLarsonAllen, LLP (“Auditor”), and the City of Santa Ana, a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California (“City”).

**RECITALS**

- A. On February 7, 2024, the City issued Request for Proposal No. 24-009 (“RFP”), by which it sought an Auditor to perform Annual Independent Audits of the City’s financial statements and records.
- B. Auditor submitted a timely and responsive proposal that was selected by the City. Auditor represents that it is recognized as a competent and qualified certified public accountant (“CPA”), licensed by the California State Board of Accountancy, and is able and willing to provide the services described in the scope of work that was included in the RFP, which shall be incorporated by reference as though attached hereto.
- C. In undertaking the performance of this Agreement, Auditor represents that it is knowledgeable in its field and that any services performed by Auditor under this Agreement will be performed in accordance with applicable professional standards.

**NOW THEREFORE**, in consideration of the mutual and respective promises, and subject to the terms and conditions hereinafter set forth, the parties agree as follows:

**1. SCOPE OF SERVICES**

Auditor shall perform its Annual Independent Audit for the three fiscal years ending June 30, 2024, June 30, 2025, and June 30, 2026 fiscal years, as detailed in **Exhibit A**, and as set forth in City’s RFP, and Auditor’s proposal, incorporated by reference as though fully attached hereto. Said services shall be performed in accordance with the process set forth in Auditor’s Proposal. The Executive Director of Finance and Management for the City can request that Auditor provide other auditing services upon request in lieu of the three agreed upon procedure reviews identified in **Exhibit A**.

**2. REPRESENTATIVES**

For purposes of implementing this Agreement, the representative of City shall be the Executive Director of the Finance and Management Services Agency, or her or his designated representative, and the representative of the Auditor shall be Kassie Radermacher, Principal Engagement Partner. Except as may be otherwise stated herein, such representatives shall have the authority to act on behalf of their respective parties in carrying out the terms of this Agreement.

### 3. DELIVERY OF WORK PRODUCT – OWNERSHIP

Auditor warrants and represents that it has the absolute right to enter into and perform this Agreement and will perform its obligations hereunder in accordance with standards and practices prevailing in the industry. Auditor's contribution to the Project, including works to be produced by Auditor hereunder, will not infringe or misappropriate the proprietary or personal rights of any third person or party. Auditor shall deliver to City any work product which results from the services provided and which has been paid for in full. Said work product shall be submitted in hard copy and produced in a form compatible with City's information systems, as agreed between the Project Manager and Auditor.

In regard to all material produced as a deliverable under this Agreement, including but not limited to records, papers, drawings, specifications, programs, systems and other materials prepared by Auditor, Auditor agrees, for itself and its affected officers, employees, agents, contractors, and volunteer workers, that (a) other such material shall be the property of the City, and may not be copyrighted without prior review from the City, and ( b) the authors of all such material, whether copyrighted or not, award to the City, and to its officers, agents and employees acting within the scope of their official duties, as a condition of payment to the Auditor, a royalty-free, nonexclusive, irrevocable license throughout the world for governmental purposes to disclose, publish, translate, reproduce, and use such materials. For the avoidance of doubt, records as identified in this section does not include Auditor's workpapers which are proprietary information and access is restricted.

### 4. COMPENSATION

- a. City agrees to pay, and Auditor agrees to accept as total payment for its services for City, the rates and charges identified in **Exhibit B**. The total amount to be expended under this Agreement shall not exceed \$1,020,030 during the term of this Agreement, including any extension periods.
- b. Payments to Auditor shall be made within forty-five (45) days after receipt by City of invoices from Auditor, which shall be rendered not more often than monthly. Special examinations, surveys, or detailed reports of any nature outside the scope of this Agreement shall be billed separately by Auditor and must be specifically authorized in writing by City in advance of such additional services proposed to be provided. Payment need not be made for work which fails to meet the standards of performance set forth in the Recitals which may reasonably be expected by City.
- c. City and Auditor agree that all payments due and owing under this Agreement shall be made through Automated Clearing House (ACH) transfers. Auditor agrees to execute the City's standard ACH Vendor Payment Authorization and provide required documentation. Upon verification of the data provided, the City will be authorized to deposit payments directly into Auditor's account(s) with financial institutions.

## 5. TERM

The term of this Agreement shall be for a period of three (3) consecutive years, beginning with the fiscal year ending June 30, 2024, June 30, 2025 and June 30, 2026. City shall retain an option in its sole discretion to extend auditing services for one additional two-year period, exercisable by the City Manager, for the fiscal years ending June 30, 2027 and June 30, 2028, subject to nonsubstantive changes approved by the City Manager and City Attorney.

## 6. INDEPENDENT CONTRACTOR

Auditor shall, during the entire term of this Agreement, be construed to be an independent contractor and not an employee of the City. This Agreement is not intended nor shall it be construed to create an employer-employee relationship, a joint venture relationship, or to allow the City to exercise discretion or control over the professional manner in which Auditor performs the services which are the subject matter of this Agreement; however, the services to be provided by Auditor shall be provided in a manner consistent with all applicable standards and regulations governing such services. Auditor shall pay all salaries and wages, employer's social security taxes, unemployment insurance and similar taxes relating to employees and shall be responsible for all applicable withholding taxes.

## 7. INSURANCE

Auditor 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 and the results of that work by the Auditor, his agents, representatives, employees or subcontractors.

### MINIMUM SCOPE OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than in the total amount of **\$1,000,000** per occurrence, with **\$2,000,000** in the aggregate.. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 05 09 or 25 04 05 09) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Auditor has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the Auditor's profession, with limit no less than **\$1,000,000** per claim, **\$2,000,000** aggregate.

If the Auditor maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the Auditor.

#### **Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

#### ***Additional Insured Status***

**The City, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Auditor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Auditor's insurance (at least as broad as ISO Form CG 20 10 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

#### ***Primary Coverage***

For any claims related to this contract, the **Auditor's insurance coverage shall be primary** insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Auditor's insurance and shall not contribute with it.

#### ***Notice of Cancellation***

Each insurance policy required above shall provide that **coverage shall not be canceled, except with notice to the City.**

#### ***Waiver of Subrogation***

Auditor hereby grants to City a waiver of any right to subrogation which any insurer of said Auditor may acquire against the City by virtue of the payment of any loss under such insurance. Auditor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

#### ***Self-Insured Retentions***

Self-insured retentions must be declared to and approved by the City. The City may require the Auditor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

#### ***Acceptability of Insurers***

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

#### ***Claims Made Policies***

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract of work.*
3. If coverage is canceled or non-renewed, and not replaced *with another claims-made policy form with a Retroactive Date prior to* the contract effective date, the Auditor must purchase “extended reporting” coverage for a minimum of *five (5)* years after completion of work.

### ***Verification of Coverage***

Auditor shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Auditor’s obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

### ***Special Risks or Circumstances***

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

## **8. INDEMNIFICATION**

Auditor agrees to defend, and shall indemnify and hold harmless the City, and its officers, agents, employees, contractors, special counsel, and representatives from liability: (1) for personal injury, damages, just compensation, restitution, judicial or equitable relief arising out of claims for personal injury, including death, and claims for property damage, which may arise from the negligent operations of the Auditor, its subcontractors, agents, employees, or other persons acting on its behalf which relates to the services described in section 1 of this Agreement; and (2) from any claim that personal injury, damages, just compensation, restitution, judicial or equitable relief is due by reason of any breach of the terms of this Agreement. This indemnity and hold harmless agreement applies to all claims for damages, just compensation, restitution, judicial or equitable relief suffered, or alleged to have been suffered, by reason of the negligent acts referred to in this Section or by reason of the breach of the terms of this Agreement. The Auditor further agrees to indemnify, hold harmless, and pay all costs for the defense of the City, including fees and costs for special counsel to be selected by the City, regarding any action by a third party challenging the validity of this Agreement, or asserting that personal injury, damages, just compensation, restitution, judicial or equitable relief due to personal or property rights arises by reason of the terms of, or effects arising from this Agreement. City may make all reasonable decisions with respect to its representation in any legal proceeding. Notwithstanding the foregoing, to the extent Auditor’s services are subject to Civil Code Section 2782.8, the above indemnity and defense obligation shall be limited to the extent provided by Civil Code Section 2782.8, and to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the

Auditor. Auditor's indemnification obligations under this section shall not extend to claims arising from the sole negligence or willful misconduct of the City, and its officers and employees.

## **9. CONFIDENTIALITY**

All information gained by Auditor in performance of this Agreement shall be considered confidential and shall not be released by Auditor without City's prior written authorization excepting that information which is a public record and subject to disclosure pursuant to the California Public Records Act, Government Code Sections 7920.000, *et seq.* Auditor, its officers, employees, agents, or subcontractors, shall not voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the project or cooperate in any way with a party who may be adverse to City or whom Auditor reasonably should know may be adverse in any subsequent litigation. Auditor shall incur no liability under this Agreement for materials submitted by it, which are later released by City, its officers, employees, or agents. Auditor shall also incur no liability for statements made by it at any public meeting, or for any document released by it for which prior written City authorization was obtained.

If Auditor or any of its officers, employees, consultants, or subcontractors does voluntarily provide information in violation of this Agreement, City has the right to reimbursement and indemnity from Auditor for any damages caused by Auditor's conduct -- including attorney's fees.

Auditor shall promptly notify City should Auditor, its officers, employees, agents or subcontractors be served with any Summons, Complaint, Subpoena, Notice of Deposition, Request for Documents, Interrogatories, Request for Admissions or other discovery requests from any party regarding this agreement and the work performed hereunder. City retains the right, but not the obligation, to represent Auditor and /or to be present at any deposition, hearing, or similar proceeding. Auditor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Auditor. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

City warrants that Auditor will have fully met the requirements of this provision by obtaining City's written approval prior to providing documents, testimony, or declarations; Consulting with City before responding to a Subpoena or court order; in the case of depositions upon providing Notice to City of same; or providing City opportunity to review discovery responses prior submission. For purposes of this section, a written authorization from City shall include a "faxed" letter

## **10. CONFLICT OF INTEREST CLAUSE**

Auditor covenants that neither it nor any officer or principal of their firm have any interests, nor shall they acquire any interest, directly or indirectly which will conflict in any manner or degree with the performance of their services hereunder. Auditor further covenants that in the performance of this Agreement, no person having such interest shall be employed by them as an officer, employee, agent, or subcontractor.

## **11. NON-DISCRIMINATION**

Auditor shall not discriminate because of race, color, creed, religion, sex, marital status, sexual orientation, gender identity, gender expression, gender, medical conditions, genetic information, or military and veteran status, age, national origin, ancestry, or disability, as defined and prohibited by applicable law, in the recruitment, selection, teaching, training, utilization, promotion, termination or other employment related activities or any services provided under this Agreement. Auditor affirms that it is an equal opportunity employer and shall comply with all applicable federal, state and local laws and regulations.

## **12. EXCLUSIVITY AND AMENDMENT**

This Agreement represents the complete and exclusive statement between the City and Auditor, and supersedes any and all other agreements, oral or written, between the parties. In the event of a conflict between the terms of this Agreement and any attachments hereto, the terms of this Agreement shall prevail. This Agreement may not be modified except by written instrument signed by the City and by an authorized representative of Auditor. The parties agree that any terms or conditions of any purchase order or other instrument that are inconsistent with, or in addition to, the terms and conditions hereof, shall not bind or obligate Auditor or the City. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which is not embodied herein.

## **13. ASSIGNMENT**

Inasmuch as this Agreement is intended to secure the specialized services of Auditor, Auditor may not assign, transfer, delegate, or subcontract any interest herein without the prior written consent of the City and any such assignment, transfer, delegation or subcontract without the City's prior written consent shall be considered null and void. Nothing in this Agreement shall be construed to limit the City's ability to have any of the services which are the subject to this Agreement performed by City personnel or by other Auditors retained by City.

## **14. TERMINATION**

This Agreement may be terminated by the City upon thirty (30) days written notice of termination. In such event, Auditor shall be entitled to receive and the City shall pay Auditor compensation for all services performed by Auditor prior to receipt of such notice of termination, subject to the following conditions:

- a. As a condition of such payment, the Executive Director may require Auditor to deliver to the City all work product(s) completed as of such date, and in such case such work product shall be the property of the City unless prohibited by law, and Auditor consents to the City's use thereof for such purposes as the City deems appropriate.

- b. Payment need not be made for work which fails to meet the standard of performance specified in the Recitals of this Agreement.

## **15. WAIVER**

No waiver of breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy. No waiver of any breach, failure or right, or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

## **16. JURISDICTION - VENUE**

This Agreement has been executed and delivered in the State of California and the validity, interpretation, performance, and enforcement of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. Both parties further agree that Orange County, California, shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

## **17. PROFESSIONAL LICENSES**

Auditor shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, waivers, and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, the City of Santa Ana and all other governmental agencies. Auditor shall notify the City immediately and in writing of its inability to obtain or maintain such permits, licenses, approvals, waivers, and exemptions. Said inability shall be cause for termination of this Agreement.

## **18. MISCELLANEOUS PROVISIONS**

- a. Each undersigned represents and warrants that its signature herein below has the power, authority and right to bind their respective parties to each of the terms of this Agreement, and shall indemnify City fully, including reasonable costs and attorney's fees, for any injuries or damages to City in the event that such authority or power is not, in fact, held by the signatory or is withdrawn.
- b. All Exhibits referenced herein and attached hereto shall be incorporated as if fully set forth in the body of this Agreement.

## **19. NOTICE**

Any notice, tender, demand, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered in person or mailed by first class or certified mail, postage prepaid, or sent by fax or other telegraphic communication in the manner provided in this Section, to the following persons:

To City:

Clerk of the City Council  
City of Santa Ana  
20 Civic Center Plaza (M-30)  
P.O. Box 1988  
Santa Ana, CA 92702-1988  
Fax: 714- 647-6956

With courtesy copies to:

Executive Director, Finance and Management Services Agency  
City of Santa Ana  
20 Civic Center Plaza (M-17)  
P.O. Box 1988  
Santa Ana, California 92702  
Fax: 714-647-5414

To Auditor:

CliftonLarsonAllen, LLP  
2875 Michelle Drive, Ste. 300  
Irvine, CA 92606  
Fax: 714-978-7893

A party may change its address by giving notice in writing to the other party. Thereafter, any communication shall be addressed and transmitted to the new address. If sent by mail, communication shall be effective or deemed to have been given three (3) days after it has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above. If sent by fax, communication shall be effective or deemed to have been given twenty-four (24) hours after the time set forth on the transmission report issued by the transmitting facsimile machine, addressed as set forth above. For purposes of calculating these time frames, weekends, federal, state, County or City holidays shall be excluded.

*[signatures on following page]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

**ATTEST:**

**CITY OF SANTA ANA**

\_\_\_\_\_  
Jennifer L. Hall  
City Clerk

\_\_\_\_\_  
Alvaro Nuñez  
Acting City Manager

**APPROVED AS TO FORM:**

SONIA R. CARVALHO  
City Attorney

**AUDITOR:**

By:   
\_\_\_\_\_  
Andrea Garcia-Miller  
Assistant City Attorney

  
\_\_\_\_\_  
By: Kassie J Radermacher  
Title: Principal

**RECOMMENDED FOR APPROVAL:**

  
\_\_\_\_\_  
Kathryn Downs, CPA  
Executive Director  
Finance and Management Services Agency



# EXHIBIT A

## CITY OF SANTA ANA

### EXHIBIT I

### SCOPE OF SERVICES

A. Auditor shall perform the audits in accordance with:

- Auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants;
- Standards set forth for financial audits in the General Accounting Office's (GAO) Government Audit Standards (1994) issued by the Comptroller General of the United States;
- Provisions of the Federal Single Audit Act as amended;
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200); and
- Other or new pronouncements or regulations in place now or in the future. Auditor shall be responsible for advising and ensuring compliance by the Firm's employees and representatives assigned to this Contract with all applicable laws and regulations.

B. Auditor shall issue the following reports:

- Annual Comprehensive Financial Report ("ACFR") – all funds including Fiduciary Funds, Successor Agency and Housing Authority Financial Report
- Single Audit of Federal Grants and Other Financial Information
- Air Quality Improvement Fund Audit Report
- Report on the City's GANN Limit computation
- City's Investment Policy Compliance Review
- Annual on-line attestation of Financial Data Schedule (FDS) for the Santa Ana Housing Authority
- Annual State Controller's Report
- Examination of Management's Assertions about the City's Compliance with Measure X
- Agreed-Upon Procedures Report (up to two annually), to review the City's internal control processes, if requested by the City.

C. Auditor shall assist the City with the finalization of the ACFR. The audit timeline must take into consideration that the City submits the ACFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City also requires a management letter containing comments and recommendations regarding the Auditor's review and evaluation of the systems of internal control and accounting procedures.

D. It is expected that the Auditor will be available throughout the year for general consultation regarding matters of accounting. The Auditor may be asked to provide guidance on



## CITY OF SANTA ANA

implementation of new Governmental Accounting Standards Board (GASB) and Statement on Auditing Standards (SAS) requirements and provide expertise and recommendations regarding specific of Federal and State regulations as to how they may impact local government accounting.

- E. If requested, the Auditor may be required to meet with staff and Council Members to review the Management Letter and Audit. Attendance at Council and Board meetings may also be required of the Auditor by the City.
- F. If requested by the member of the bond financing team, the Auditor may be required to issue a "consent and citation of expertise" and any necessary "comfort letters" in relationship to City financial statements and auditors' report, which are included in the Official Statement prepared in connection with sale of debt securities.
- G. The Auditor might be asked to conduct Agreed-Upon Procedures to review the City's internal control processes in addition to the regular annual audit. The scope of the review will be defined by the Finance and Management Services Agency. A report from the Auditor would be required giving the scope of the work performed and recommendations the City should implement to improve internal controls in the areas examined.
- H. Working Paper Retention and Access to Working Papers:

Working papers are to be retained for a period of five years and are to be made available (upon reasonable notice) to City staff as well as any third parties authorized by the City.

### I. Time Requirements

#### 1. ACFR and Related Reports

It is anticipated that the audit work will be performed in two phases, Interim and Final Fieldwork:

- a) Interim Fieldwork  
Interim Fieldwork shall take place in late May or early June and would consist of planning and interim audit procedures, such as gaining an understanding of relevant systems, procedures and internal controls, selected compliance and transaction testing, etc.
- b) Final Fieldwork  
Final Fieldwork would involve completing the examination of the General Purpose Financial Statements, preparing opinion letters and other relevant financial reports. The Final Fieldwork is to begin no earlier than October 1, and shall be completed no later than November 15. This schedule may be altered only by mutual agreement between the City and the Auditor. Any proposed audit adjustments must be identified no later than the conclusion of audit field work.
- c) Draft Reports
  - The ACFR will be prepared by City staff. The Auditor will review the draft ACFR prepared by the City and provide recommendations. The complete final draft of the City and its component units' financial statements, including footnotes and supplementary schedules shall be completed by third week of November. A draft of the management letter is due no later than November 30.
  - Drafts of the AQMD Audit Report, GANN Limit Reports and review of the City's Investment Policy are due no later than November 30.



## CITY OF SANTA ANA

- Drafts of the Measure X Compliance Report and other Agreed-Upon Procedures reports are due no later than November 30.
- First draft of the Annual State Controller's Report is due no later than January e15.
- The City will review and provide comments or responses to the Auditor within 10 calendar days of receipt of each of the draft reports.

### 2. Single Audit and Related Reports

#### a) Final Fieldwork

Final Fieldwork would involve completing the examination of the Schedule of Expenditures of Federal Awards, major federal grant programs, preparing opinion letters and other relevant financial reports. The Final Fieldwork is to begin no earlier than October 1 and shall be completed by January 31. This schedule may be altered only by mutual agreement between the City and the Auditor.

#### b) Draft Reports

Draft of the Single Audit Report and HUD REAC submission attestation and review of HUD Financial Data Schedule (FDS) for the Housing Authority are due no later than 60 days from the date of the completion of the ACFR.

### J. Finance Department and Clerical Assistance:

City staff will be available to assist in the audit. City staff will prepare any necessary schedules, provide documents (invoices, checks, council meeting minutes, etc.) and prepare all confirmations. In addition, staff will be available to respond to any questions which may arise during the audit.

The City will provide the Auditor with suitable workspace, telephone, access to fax machine and photocopier. The City can also accommodate if the Auditor chooses to perform the audit remotely.

## B. Services Provided

### Scope of work to be performed

Should CLA be selected to serve this engagement, we will perform the following proposed services within the time period specified in the RFP and as finalized in the planning stages of the engagement.

- Ongoing consultation throughout the year including, but not limited to, new pronouncements that may affect local government accounting, guidance on implementation of new GASB requirements, pronouncements, and specifics of federal and state regulations
- Recommendations and advice on complex and/or unfamiliar issues subject to differing interpretations
- Year-end audit including management letter and corresponding audit reports
- Single audit of federal grants to the City
- AQMD audit of the Air Quality Improvement Fund
- GANN Limit Agreed-Upon Procedures
- Compliance of the City's Investment Policy Agreed-Upon Procedures
- Measure X Examination
- REAC Financial Data Submission – Review & submission
- Preparation of the City's SCO Financial Transaction Report

### Summary of benefits

The City will realize the following benefits from CLA's services:

- An objective look at your operations to help you make sound business decisions
- Credibility only an outside professional can provide to your governing body and constituencies
- Confidence that accounting principles have been evaluated for application accuracy
- An opportunity to improve internal controls and accounting procedures, which increases reliability of accounting records and financial statements
- Improved efficiency and effectiveness of the assurance service, thus adding value to the process while reducing disruption to your operations

## 2. Cost Proposal

### Having upfront conversations builds relationships.

The value we can provide your organization starts with helping you uncover revenue opportunities. While we are addressing your compliance needs, our insights and strategies also represent a return on your investment.

#### (a) Not-to-exceed cost

Based on our understanding of your requirements, we propose the following not-to-exceed cost to perform all of the services included in the Proposed Scope of Services:

Description of Services	2024	2025	2026	Option Year 2027	Option Year 2028
City audit, including management and audit committee letters	\$102,600	\$105,680	\$108,850	\$112,120	\$115,480
Single Audit of Federal Grants	38,770	39,930	41,130	42,360	43,630
AQMD Audit of the Air Quality Improvement Fund	3,590	3,700	3,810	3,920	4,040
GANN Limit Agreed-Upon Procedures	830	850	880	910	940
Compliance Review of City's Investment Policy Agreed-Upon Procedures	4,540	4,680	4,820	4,960	5,110
Preparation of the Santa Ana Housing Authority's Financial Data Schedule (REAC)	1,280	1,320	1,360	1,400	1,440
Measure X Examination	7,090	7,300	7,520	7,750	7,980
Preparation of the City's State Controller's Report	5,690	5,860	6,040	6,220	6,410
Technology and client support fee (5%)	8,210	8,450	8,700	8,960	9,230
<b>Total Maximum Cost</b>	<b>\$172,600</b>	<b>\$177,770</b>	<b>\$183,110</b>	<b>\$188,600</b>	<b>\$194,260</b>
Two Agreed-Upon Procedures, Annually*	18,600	19,160	19,730	20,320	20,930
Technology and client support fee (5%)	930	960	990	1,020	1,050
<b>Total</b>	<b>\$192,130</b>	<b>\$197,890</b>	<b>\$203,830</b>	<b>\$209,940</b>	<b>\$216,240</b>

\*The hours and fees for the agreed-upon procedures are estimated and subject to negotiation once the scope of each agreed-upon procedures are determined.

Our total not-to-exceed cost is designed with an understanding that:

- The City personnel will provide documents and information requested in a timely fashion.
- The operations of your organization do not change significantly and do not include any future acquisitions or significant changes in your business operations.
- There are not significant changes to the scope, including no significant changes in auditing, accounting, or reporting requirements.

The 5% technology and client support fee supports our continuous investment in technology and innovation to enhance your experience and protect your data. It is based on the audit prices – the percentage of 5% will not change, but the amount of the technology and client support fee will change over the years as the audit fee increases.

### (b) Bill rates for supplemental services

The City, during the term of this agreement, may request that Consultant provide special services in accordance with the provisions of this agreement. If Consultant agrees to perform the special services, the Consultant’s hourly fees to perform these services for the term of the agreement are as follows unless a lesser fee is agreed to in a separate agreement between the City and Consultant.

Title	2024	2025	2026	Option Year 2027	Option Year 2028
Principals and Signing Directors	\$390	\$400	\$410	\$420	\$430
Managers and Directors	250	260	270	280	290
Supervisory Staff	160	165	170	175	180
Staff	110	113	116	119	123
Clerical	90	93	96	99	102

(c) Segmentation of hours

Description of Services	Principal/ Director	Manager	Senior/ Associates	Admin	Total
City audit, including management and audit committee letters	46	80	508	2	636
Single Audit of Federal Grants	12	32	200	1	245
AQMD Audit of the Air Quality Improvement Fund	1	4	20	-	25
GANN Limit Agreed-Upon Procedures	1	-	4	-	5
Compliance Review of City's Investment Policy Agreed-Upon Procedures	2	8	16	-	26
Preparation of the Santa Ana Housing Authority's Financial Data Schedule (REAC)	2	2	-	-	4
Measure X Examination	4	8	24	1	37
Preparation of the City's State Controller's Report	2	6	31	-	39
<b>Total Hours</b>	<b>70</b>	<b>140</b>	<b>803</b>	<b>4</b>	<b>1,017</b>
Two Agreed-Upon Procedures Reviews, Annually (1)	8	18	82	4	112

(1) The hours for agreed-upon procedures are estimated and subject to negotiation once the scope of each agreed-upon procedures are determined.

Proposed staffing plan and segmentation of audit hours by principal and staff level by phases are as follows:

Phases	Principal	Manager	Senior/ Associates	Admin	Total
City audit, AUPs, and related reports					
Phases 1 and 2	12	20	120	-	152
Phase 3	36	72	431	-	539
Phase 4	6	8	28	2	44
Measure X	4	8	24	1	37
Single Audit	12	32	200	1	245
<b>Total Hours</b>	<b>70</b>	<b>140</b>	<b>803</b>	<b>4</b>	<b>1,017</b>

### No surprises

Our clients don't like fee surprises. Neither do we. If changes occur, we will discuss a revised fee proposal with you before beginning any work. For any "out-of-scope" work, we will provide an estimate for your approval.

We're invested in our relationships and strongly encourage intentional and frequent communication. Contact us year-round as changes or questions arise — **we do not bill for routine inquiries or advice.**

***We are committed to creating a long-standing relationship. If you have concerns about the fee structure, give us a call and let's discuss.***

***Transparent:*** Clear, authentic communication and market-based fees.

# CliftonLarsonAllen LLP - Professional Auditing Services - CAO signed 4-19-24(384511.1)

Final Audit Report

2024-04-19

Created:	2024-04-19
By:	Kristin Andrade (kandrade@santa-ana.org)
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