



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

SEPTEMBER 24, 2024

# FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES  
FOR THE FISCAL YEARS ENDING JUNE 30, 2023 AND 2024

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FOX CANYON GROUNDWATER MANAGEMENT AGENCY  
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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September 24, 2024

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Terry P. Shea, CPA (Partner Emeritus)

#### MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
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Julia Rodriguez Fuentes, CPA, MSA  
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#### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants



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We are pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for a proposal regarding professional auditing services. As a recognized industry leader and innovator, our goal for the past 75 years has been to provide honest, objective and high-quality results to all our clients, including governmental organizations such as yours. Our success in these efforts is witnessed by the continued organic growth of our firm and our list of long-term clients, some we have served for over 20 years.

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

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

- Utilizes *Teammate Analytics*, a suite of more than 200 Computer Aided Audit Tools (CAATs). This software empowers our audit teams with the ability to perform powerful, meaningful data analysis which builds upon our other robust, substantive audit procedures. This value-added service also helps to identify specific transactions or amounts which may be indicative of fraud.
- Performs an intelligent, risk-based audit (using our CAAT) which enables us to focus on key audit areas allowing us to become more efficient resulting in a higher quality audit at a reasonable fee.
- Currently provides auditing services to over 70 governmental agencies and not-for-profit organizations, including over 30 cities, most of which have enterprise activities and over 35 special districts.
- Developed a comprehensive remote working environment for our audits. All our staff currently have the tools for working remotely in an effective and efficient manner allowing us to still provide a quality audit. Our ultimate goal is to continue to meet your needs, but in a safe environment.
- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service with high quality reporting to our clients.
- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.

## Item 20, Exhibit 20C – RAMS Auditing Services Proposal, dated September 24, 2024

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

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

Rogers, Anderson, Malody & Scott, LLP is properly licensed to practice in California, including all the assigned professional staff to the engagement. Mr. Manno, Partner, and Mr. Welebir, Partner, are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract with the Agency. We understand the work to be done as listed in the section of this proposal titled *Services to be provided* and have provided similar engagements in the section titled *Similar engagements with other entities*. In addition, we will be committed to meeting any agreed upon time frames.

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

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

Respectfully yours,

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



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Scott Manno, CPA, CGMA  
Partner

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Independence

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

#### License to practice

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

#### Firm qualifications and experience

##### *About our firm*

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



the oldest, most trusted, and respected CPA firms in Southern California, with over 75 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting, and management advisory services. Over *sixteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment successor agencies, water districts, other special districts, not-for-profit corporations, and joint power authorities. We do not use our government accounting and auditing practice as "fill work" for the firm, it is one of our primary focuses thus allowing us to provide quality services to local governments.

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

Our firm has a total staff of forty-four people, which includes sixteen certified public accountants. The staff consists of seven partners, five managers, ten supervisors/senior accountants, seventeen staff accountants, and five support staff. The audit staff consists of twenty-one members who devote over 80% of their time to municipal engagements. The engagement team assigned to the Agency's engagement will consist of the following full-time staff: one audit partner, one audit manager, one audit supervisor, and two to three senior/staff auditors. All personnel are out of our San Bernardino office. All partners and the manager assigned to the engagement are GFOA ACFR reviewers.

**FOX CANYON GROUNDWATER MANAGEMENT AGENCY**  
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

**Firm qualifications and experience (continued)**

*Single audit experience*

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

City of San Bernardino	City of Menifee
City of El Cajon	Elsinore Valley Municipal Water District
City of San Marcos	City of Imperial Beach
City of Twentynine Palms	Town of Yucca Valley
City of Woodlake	City of Thousand Oaks
City of Exeter	San Joaquin Regional Rail Commission
City of Live Oak	City of Hawthorne

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

*ACFR preparation*

We have extensive experience in the preparation of Annual Comprehensive Financial Reports (ACFR). For the fiscal years ended June 30, 2021 and 2022, our staff prepared over 25 ACFR's, with each entity receiving the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. For the fiscal year ended June 30, 2023, again, our staff prepared over 25 ACFR's for our clients for submittal to the GFOA. In addition, we have helped many cities and special districts develop their first year's report for submittal. Four of our audit partners and four of our supervisory staff are technical reviewers for the GFOA award program. **In addition, we review all the ACFR's for compliance with the GFOA certificate program checklist, as well as addressing any prior year comments, if applicable, to insure they have been addressed.**

*Equal Opportunity Employer*

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

*Engagement quality control*

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



## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Firm qualifications and experience (continued)

##### *Governmental Audit Quality Center*

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

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

##### *External quality control review*

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

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

#### Grant Bennett Associates

A PROFESSIONAL CORPORATION

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

June 4, 2021

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

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

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

##### Firm's Responsibility

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

##### Peer Reviewer's Responsibility

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

##### Required Selections and Considerations

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

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

##### Opinion

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



GRANT BENNETT ASSOCIATES  
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## ***FOX CANYON GROUNDWATER MANAGEMENT AGENCY***

### **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

#### **Firm qualifications and experience (continued)**

##### *Disciplinary action*

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

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

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

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## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Firm qualifications and experience (continued)

*Similar engagements with other government entities*

<b>Entity:</b>	<b>Beaumont-Cherry Valley Water District</b>
<b>Scope of work:</b>	Financial Audit/ACFR*
<b>Date:</b>	Years ending December 31, 2017 - present
<b>Engagement partner:</b>	Mr. Scott Manno
<b>Total hours:</b>	Approximately 200 hours each year
<b>Contact person:</b>	Mr. William Clayton, Finance Manager, (951) 845-9581 x221
<b>Entity:</b>	<b>Idyllwild Water District</b>
<b>Scope of work:</b>	Financial Audit
<b>Date:</b>	Years ending June 30, 2013 - present
<b>Engagement partner:</b>	Mr. Scott Manno
<b>Total hours:</b>	Approximately 120 hours each year
<b>Contact person:</b>	Mr. Hosny Shouman, Chief Financial Office, (951) 659-2143
<b>Entity:</b>	<b>Triunfo Water and Sanitation District</b>
<b>Scope of work:</b>	Financial Audit/ACFR*
<b>Date:</b>	Year ending June 30, 2020 - present
<b>Engagement partner:</b>	Mr. Scott Manno
<b>Total hours:</b>	Approximately 150 hours each year
<b>Contact person:</b>	Mrs. Vickie Dragan, Finance Director, (805) 658-4649
<b>Entity:</b>	<b>Rosamond Community Services District</b>
<b>Scope of work:</b>	Financial Audit
<b>Date:</b>	Years ending June 30, 2015 - present
<b>Engagement partner:</b>	Mr. Scott Manno/Mr. Terry Shea
<b>Total hours:</b>	Approximately 200 hours each year
<b>Contact person:</b>	Mr. Brad Rockabrand, Finance Director (661) 256-5812
<b>Entity:</b>	<b>San Bernardino Valley Municipal Water District</b>
<b>Scope of work:</b>	Financial Audit
<b>Date:</b>	Years ending June 30, 2004 - present
<b>Engagement partner:</b>	Mr. Terry Shea/Mr. Brad Welebir
<b>Total hours:</b>	Approximately 200 hours each year
<b>Contact person:</b>	Mrs. Cindy Saks, Finance Manager, (909) 387-9224

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

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

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

#### *Partner and supervisory staff involvement*

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

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

#### *Staff continuity*

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

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

#### *Continuing professional education*

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

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

All staff are required to attend fraud and ethics training. It is our goal to provide our professional staff continuing education which exceeds the minimum standard of 80 hours over two years.

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

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

#### *Assigned personnel*

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

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

#### *Scott Manno, CPA, CGMA - Partner, Engagement Partner*

Scott will be the Concurring Partner. He is licensed to practice as a certified public accountant in the State of California. He has over 25 years of practical, governmental accounting and auditing experience. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Scott will directly oversee all engagement staff while assisting in planning and performing the engagement, as well as reviewing all work-papers prepared during the engagement, in addition to all required reports. Scott is a working partner and will be actively and continually involved in all aspects of the engagement.

#### *Brad Welebir, CPA, CGMA, MBA - Partner, Concurring Partner*

Brad will be the Concurring Partner. He is licensed to practice as a certified public accountant in the State of California. He has over 20 years of practical, governmental accounting and auditing experience. As the concurring partner Brad will work directly with Scott in planning and performing the engagement. In addition, he will provide technical consultation for the engagement team.

#### *Brianna Schultz, CPA, CGMA - Partner, Quality Control Reviewer*

Brianna will be the Quality Control Reviewer. She is licensed to practice as a certified public accountant in the State of California. She has been in public accounting for over 13 years specializing in serving local governments. Brianna will be responsible for the final quality control review of all released opinions and related reports.

## ***FOX CANYON GROUNDWATER MANAGEMENT AGENCY***

### **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

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

##### *Evelyn Morentin-Barcena, CPA - Engagement Manager*

Evelyn is a manager with the firm and is licensed to practice as a certified public accountant in the State of California. Evelyn has over 8 years' experience in providing accounting and auditing services for municipalities, special districts, and various nonprofit organizations. As the engagement manager, she will work directly with the audit in-charge and partner, while supervising the engagement team during all phases of the engagement. In conjunction with the audit in-charge, she will also oversee the preparation of any required reports.

##### *Monica Wysocki, CPA - Audit Senior*

Monica is an Audit Senior with the firm. Monica has over 2 years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As an audit senior, she will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

##### *Staff level accountants*

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

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

Full engagement team resumes are provided as follows.

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

##### Engagement team resumes



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

##### Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995 after serving in the United States Army. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various not-for-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001. Currently, Mr. Manno serves as a technical reviewer for the GFOA ACFR Award program. Also, Mr. Manno has done presentations on fraud.

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

##### Education/licenses

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

##### Related professional experience

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

Western Municipal Water District	East Valley Water District	Crestline Village Water District	Pine Cove Water District
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Triunfo Water and Sanitation District
West Basin Water District	Helix Water District	Mojave Water Agency	Idyllwild Water District
Chino Basin Desalter Authority	Running Springs Water District	Ventura Regional Sanitary District	Rubidoux Community Services District

Mr. Manno has completed over 170 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ♦ Audits of State and Local Governments
- ♦ Government Accounting and Auditing Update
- ♦ OMB Supplement Addendum and Latest Covid-19

##### Professional affiliations

Mr. Manno is a member of the following organizations:

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

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

Brad A. Welebir, CPA, CGMA, MBA  
Concurring Partner



Professional experience

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

Education/licenses

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

Related professional experience

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

Riverside County Parks and Open Space District	Mission Springs Water District	Crestline Village Water District	March Joint Powers Authority
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Rubidoux Community Services District
Crestline-Lake Arrowhead Water Agency	San Bernardino Valley Municipal Water District	Elsinore Valley Municipal Water District	Idyllwild Water District

Continuing professional education

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

- ◆ Governmental Accounting and Auditing Update
- ◆ Single Audit Update
- ◆ Auditing Fraud Risk in the Current Environment
- ◆ Annual Conference Sessions
- ◆ GAAP Update

Professional affiliations

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

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



## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

**Brianna Schultz, CPA, CGMA**  
**Quality Control Partner**



#### *Professional experience*

Ms. Schultz began her career with Rogers, Anderson, Malody & Scott, LLP in July 2014, and had over three years' experience with another public accounting firm serving the same industry. She primarily provides audits and advisory services to governmental agencies and not-for-profit organizations. Ms. Schultz serves as a technical reviewer for the GFOA ACFR Award program. She also serves as a member-at-large on the CalCPA governmental accounting and auditing committee.

#### *Education/licenses*

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

#### *Related professional experience*

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

Las Virgenes Municipal Water District	Rubidoux Community Services District	March Joint Powers Authority	Pine Cove Water District
Elsinore Valley Municipal Water District	Mojave Water Agency	Rosamond Community Services District	San Luis Rey Municipal Water District
Inland Valley Development Authority*	San Bernardino International Airport Authority*	Rossmoor Community Services District	San Bernardino Valley Municipal Water District

#### *Continuing professional education*

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

- ◆ 2022 Single Audit Update: What to Know and How to Prepare
- ◆ GASB's Lease and SBITA Standards: Practical Implications and Adoption Challenges
- ◆ ARPA and Infrastructure Bill Impacts and FAQs

Ms. Schultz also obtained the AICPA's *Advanced Single Audit Certificate* in 2019 and the *Intermediate Single Audit Certificate* in 2017.

#### *Professional affiliations*

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

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

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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



Evelyn Morentin-Barcena, CPA  
Audit Manager

Professional Experience

Evelyn is an Audit Manager with the firm. She has over 8 years’ experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As an audit supervisor, she will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all workpapers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports. Currently, Evelyn serves as a technical reviewer for the GFOA ACFR Award program.

Education

Bachelor of Science – California State University, San Bernardino  
Certified Public Accountant – State of California  
Intermediate Single Audit Certificate – AICPA

Related professional experience

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

Montalvo Community Services District	Beaumont-Cherry Valley Water District	Triunfo Water & Sanitation District	Saticoy Sanitation District
Elsinore Valley Municipal Water District	Crestline-Lake Arrowhead Water Agency	Ventura Regional Sanitation District	Costa Mesa Sanitation District
Idyllwild Water District	Crestline Village Water District	Rosamond Community Services District	Vallecitos Water District

Continuing Professional Education

Ms. Morentin-Barcena has completed over 120 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ◆ Governmental Accounting and Auditing Update: Single Audit Update
- ◆ SLFRF Final Rule Briefing
- ◆ GASB Update

Professional affiliations

Ms. Morentin-Barcena is a member of the following professional organizations:

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

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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



Monica Wysocki, CPA  
Audit Senior

Professional Experience

Monica began her career with Eide Bailly in January 2022 and joined Rogers, Anderson, Malody & Scott, LLP in May 2022. Monica primarily providing accounting and auditing services for municipalities, special districts, and various nonprofit organizations. As an audit senior, she will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all workpapers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

Education

Bachelor of Arts in Business Administration - California State University, San Bernardino  
Certified Public Accountant – State of California

Related professional experience

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

Rubidoux Community Services District	Rossmoor Community Services District	Conejo Recreation and Park District	Eastern Municipal Water District
Elsinore Valley Municipal Water District	Beaumont Cherry Valley Water District	Rosamond Community Services District	Idyllwild Water District
West Basin Municipal Water District	Crestline-Lake Arrowhead Water Agency	San Bernardino Valley Water Conservation District	Triunfo Water & Sanitation District

Continuing Professional Education

Ms. Wysocki has completed the following select courses that are relevant to this engagement:

- ◆ Advanced Auditing Series
- ◆ Audits of State and Local Government
- ◆ What's Going on at GASB

Professional affiliations

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

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

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach

##### *Services to be provided*

The Agency desires the financial statements to be audited by the independent auditor for the fiscal years ended June 30, 2023 and 2024, and each of the subsequent years included in the audit firm's contract with the Agency. Our audit will use electronic paperless audit software and facilitate the collection of source documents through an electronic portal.

In addition, we shall:

- Examine compliance with laws, regulations that may have a material effect on the financial statements.
- Apply certain limited procedures related to Management's Discussion and Analysis and Required Supplementary Information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.
- Examine internal accounting controls and accounting procedures and render written reports on findings and recommendations to the General Manager.
- Test compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance) for the Agency, if necessary.
- Provide GASB 68 adjustments to present to Agency staff upon completion of the audit fieldwork.
- Prepare and print the Agency's financial statements, including printing of the reports (including a PDF copy)
- Other services as required.

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the most recent AICPA audit guide *Audits of State and Local Governments*.
- *Government Auditing Standards* issued by the Comptroller of the United States of America.
- The Single Audit Act, as amended.
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance).
- Independence standard promulgated in the General Accounting Offices Government Auditing Standards
- Any other applicable standards or provisions during the term of the contract required to be performed to complete the engagement.

Reports to be issued:

- Management letter setting forth findings and/or recommendations on those matters noted and observed during the conduct of the examination of the financial records and developed within the scope of the audit.
- Report on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America for the Agency.
- Single Audit Report for the Agency, if necessary.
- Other applicable reports that are customary in nature for audit services or required under generally accepted auditing standards.

RAMS will also perform the following:

- Communicate to the governing body, as required by the auditing standards for the engagement performed.
- Make an immediate, written notification of all irregularities and illegal acts or indication of illegal acts of which we become aware to the General Manager.
- We will be available to present all final reports to the Agency's management and governing bodies, as requested.

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach (continued)

##### *Engagement approach*

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

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

- **Knowledge and experience.** We have been auditing governmental entities like the Agency, both large and small, for over 75 years. This experience has allowed us to gain in-depth knowledge of the governmental environment which in turn allows us to perform a more efficient and effective audit. It also enables us to perform detailed risk assessment procedures allowing us to identify significant audit risk areas within the Agency and its control environment.
- **Intelligent design.** As discussed later in our proposal, all our audits are designed to be intelligent using our powerful audit software/data analytic tools (Engagement and *Teammate Analytics*). This allows us to analyze large amounts of data in seconds increasing both the efficiency and, more importantly, the effectiveness of all our audit engagements.
- **Oversight.** Professional judgment is not developed overnight. Our partners, managers and supervisors have been deeply involved in governmental audits on a continuous basis for most of their professional careers. By having direct partner and manager oversight, we can design audit strategies that result in effective and efficient audits.
- **Timeliness.** Deadlines are not just “dates” to us, they are professional commitments. All required deadlines will be met.
- **Open communication.** Open lines of communication with all parties (the engagement team members and Agency Management and staff) throughout the audit process helps to eliminate “surprises.” Proper planning and proper use of experienced engagement personnel tend to provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.
- **Availability.** All engagement team members are available throughout the year for any questions or additional consultation. City staff will have direct access to the partner, manager, and other supervisory staff at all times during the engagement, as well as after.
- **Cost effectiveness.** Our customized audit approach and procedures and our experienced auditors help to reduce your overall audit costs while still providing an effective audit and high-quality reports.
- **Risk based approach.** Our detailed risk assessment procedures will consist of activities performed to obtain an understanding of the Agency and its environment, including its internal control. Evidence from these activities will provide the basis for our assessment of risks of material misstatement at the financial statement and relevant assertion levels. While performing our risk assessment procedures and we may choose to perform further audit procedures concurrently with risk assessment procedures as deemed necessary. In addition, risk assessment procedures will provide some of the necessary evidence about the relevant assertions related to classes of transactions, account balances, or disclosures and about the operating effectiveness of controls.



## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach (continued)

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

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

#### *Proposed audit segmentation*

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

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

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

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

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



## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach (continued)

- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations. The letter will also include suggestions for improving the efficiency of the Agency's operations.
- Utilize our powerful audit data analytic software allowing us to analyze large amounts of data in seconds and focusing on areas/transactions that are red flagged.

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

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

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

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

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

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

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

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

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

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach (continued)

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

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

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

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

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

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

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

##### *Sample sizes (including for compliance testing)*

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

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

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach (continued)

##### *Intelligent audit technology*

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

- ***We utilize Teammate Analytics, a suite of more than 200 dynamic Computer Aided Audit Tools (CAATs). This allows us to analyze large amounts of data in seconds. Using data received directly from the Agency, we can perform the following: search for duplicate checks, detect transactions occurring on holidays/weekends or during unusual hours, perform Benford's Law analysis, and identify instances when a vendor has issued multiple invoices with sequential references along with many other tests. The software empowers our audit teams with the ability to perform powerful, meaningful data analysis which will build upon our other value-added services.***
- We can create our own analytical schedules allowing for easy analysis of current balances to prior year balance, current vs budget balance, thus reducing significant Agency staff time.
- Once your trial balances and financial statements are entered into our software, we can observe your financial statements in the field allowing us to notice any variances and address them immediately.
- We link the financial statement schedules directly to our audit software trial balances, and as a result, we can provide the Agency with fund financial statements almost immediately after importing the trial balances.
- We can provide the Agency with our audited trial balances which show the coding of the financial statement schedules for ease of review for Agency staff. These reports show each account coded to a specific financial statement line item/function as well as journal entries posted during the audit.
- We have the capability to perform effective and efficient audits remotely as well.

##### *Analytical procedures*

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

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

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

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Specific audit approach (continued)

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

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

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

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

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

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

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

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

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

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

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

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

Auditing in a remote environment

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

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

**Remote auditing has many benefits some tangible, as listed above, others intangible. In performing remote audits, we are bettering our employee’s quality of life by reducing unnecessary travel time, reducing traffic congestion on our local freeways while also helping to improve California’s air quality.**

Approximate number of hours assigned to each segment

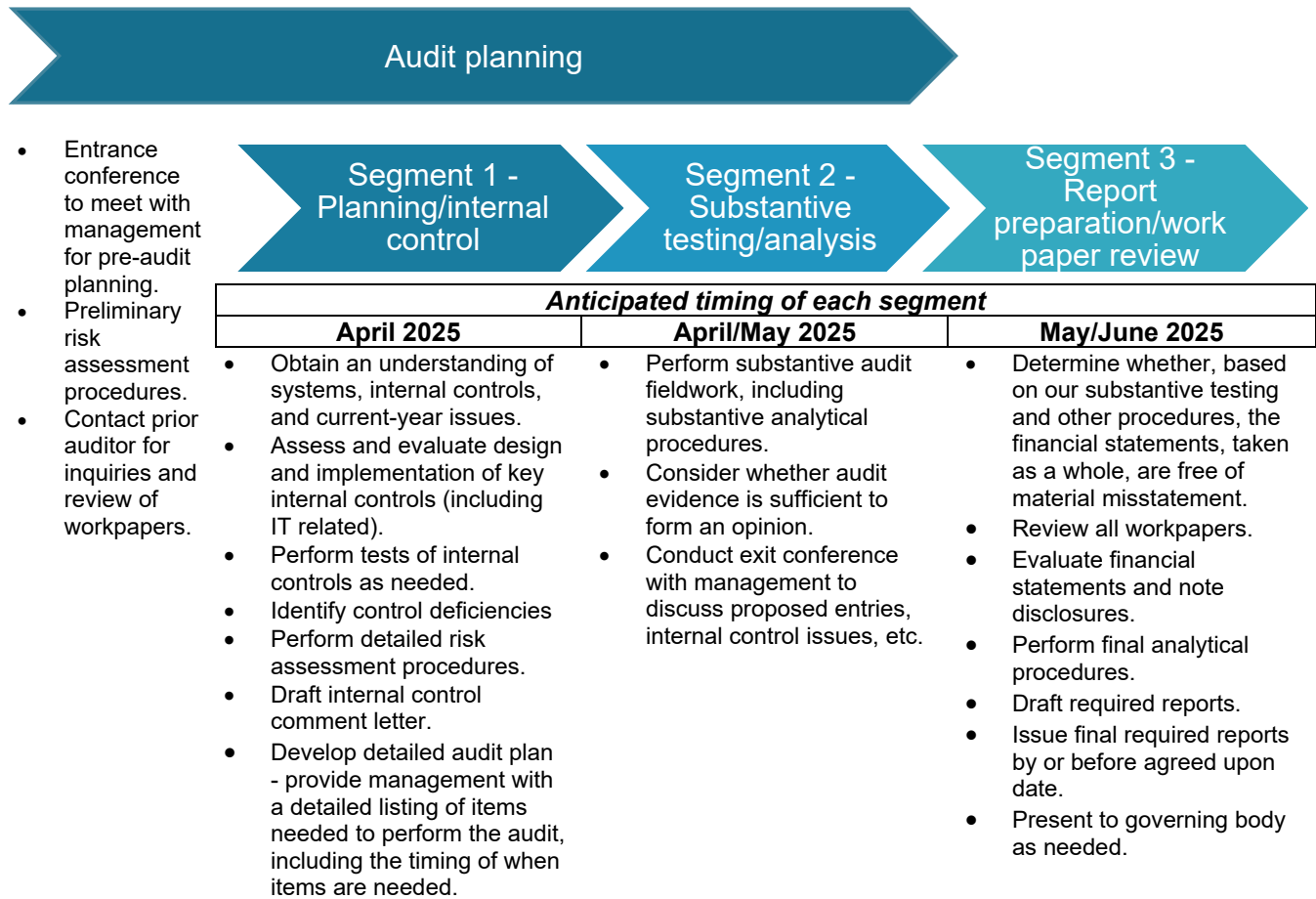
Segment	Partner	Manager	Supervisory	Staff	Total
Segment 1	4	1	11	38	54
Segment 2	7	2	18	50	77
Segment 3	9	2	16	12	39
Totals	20	5	45	100	170

FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

Proposed audit timing



The time schedule listed in the RFP is not feasible for us at this time. We have scheduled all of our June 30 audits and are fully booked thru December.

Identification of anticipated potential audit problems

GASBS implementation

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



FOX CANYON GROUNDWATER MANAGEMENT AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Total all-inclusive maximum price

All-inclusive maximum fee

Our fee for the audit of the fiscal year 2023 and 2024 financial statement will be: \$35,375

Notes to fees:

- Even though only one financial statement is issued, we still need to perform audit procedures over 2 different trial balances, general ledgers, etc.,
- The overall fee is higher than the previous fee due to the nature of the proposed contract. There are substantial upfront audit costs that are typically recovered over a longer contract period (5 years).
- If travel is a must, our fee would include an additional (up to) \$4,500 for time, room, and meals.
- Attendance at the board meeting would be an estimated \$2,940 (7 hours travel and meeting attendance at \$420 per hour, plus mileage).

Standard hourly rates by position	Hourly rate
Partner	\$ 420
Manager	265
Senior	190
Staff	160

Condition of records

Our proposed fee assumes the following: the Agency will be adequately prepared for the audit and the Agency’s financial operations and working trial balance will be consistent from year to year. If, after we receive the working trial balances, we notice there are excessive new accounts over the prior year; or if there are excessive subsequent journal entries; prepared by client workpapers do not agree to the working trial balances, there are new funds/functions within the Agency, etc., or other changes that necessitate a significant amount of time to address, we will need to come to an agreed upon change order to address any possible additional costs incurred by the firm. If the need for additional work comes to our attention, we will immediately notify Agency staff. If you choose to have us perform the additional work, then such work will be performed at the same hourly rates applicable to the audit and set forth in an addendum to the contract between the Agency and our firm.

Management is also responsible for the implementation of new standards issued by the Governmental Accounting Standards Board. We will provide reasonable assistance in the preparation of the items, but any significant time needed to complete the financial statements will be billed separately.

Our proposed fee is also dependent on all items requested being completed in the format requested or in a mutually agreed upon format and uploaded to the Engagement Organizer hosted by our firm in a timely manner in accordance with the agree-upon audit timeline.

## FOX CANYON GROUNDWATER MANAGEMENT AGENCY

### PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

#### Additional Data

##### *Why choose RAMS?*

Our firm has a long history of providing high-quality professional services to government entities similar to the Agency and has a well-respected reputation in the industry, as partly evidenced by our client satisfaction and retention rates. Our staff are committed to the highest standards in performing quality engagements, and you will find they are very personable and easy to work with. At RAMS, you will always work with professionals who are experienced in governmental audits, and thoroughly informed of current issues facing this rapidly changing field. We focus on efficiency in each engagement by emphasizing detailed planning to mitigate or eliminate surprises and maximize the value of our services to our clients. Our knowledge and involvement in the industry lend to our ability to offer year-round guidance and build lasting relationships with our clients. In addition, RAMS possesses the following:

1. **Knowledge.** We provide highly trained and knowledgeable staff dedicated to client service. We are available throughout the year to answer questions or to provide guidance on any accounting matter.
2. **Quality.** A commitment to quality on **every** engagement is our priority.
3. **Experience.** A client focused team of experienced auditors and accountants will serve the Agency.
4. **Flexibility.** A flexible team that will work with your schedule.
5. **Value.** We provide exceptional client service and quality work at a reasonable and competitive fee.

**Item 20, Exhibit 20C – RAMS Auditing Services Proposal, dated September 24, 2024**

Attachment A

RECENT GOVERNMENT CLIENTS SERVED

<u>Government Client</u>	<u>Years Served</u>	<u>GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
City of El Cajon	06/30/07 to 06/30/23	Yes	Yes	Yes
City of Exeter	06/30/17 to 06/30/23			
City of Woodlake	06/30/17 to 06/30/23			
Town of Yucca Valley	06/30/08 to 06/30/23	Yes	Yes	Yes
City of La Verne	06/30/11 to 06/30/23	Yes	Yes	Yes
City of San Jacinto	06/30/11 to 06/30/23		Yes	Yes
City of La Mesa	06/30/11 to 06/30/23		Yes	Yes
City of Menifee	06/30/14 to 06/30/23	Yes		
City of San Marcos	06/30/14 to 06/30/23	Yes	Yes	Yes
City of Loma Linda	06/30/13 to 06/30/23	Yes	Yes	Yes
City of Sierra Madre	06/30/12 to 06/30/23	Yes	Yes	Yes
City of Hawthorne	06/30/16 to 06/30/23	Yes	Yes	Yes
City of Aliso Viejo	06/30/16 to 06/30/23	Yes	No	No
City of Claremont	06/30/16 to 06/30/23	Yes	Yes	Yes
City of Thousand Oaks	06/30/18 to 06/30/23	Yes	Yes	Yes
City of South Pasadena	06/30/18 to 06/30/23	Yes	Yes	Yes
City of Rolling Hills Estates	06/30/19 to 06/30/23	Yes		
City of Calabasas	06/30/20 to 06/30/23	Yes		
City of San Bernardino	06/30/20 to 06/30/23	Yes		
City of Ojai	06/30/20 to 06/30/23			
City of Beaumont	06/30/20 to 06/30/23	Yes		
City of Moreno Valley	06/30/20 to 06/30/23	Yes		
City of Lawndale	06/30/20 to 06/30/23			
Town of Windsor	06/30/19 to 06/30/23			
City of San Dimas	06/30/20 to 06/30/23			
City of Imperial Beach	06/30/20 to 06/30/23			
City of Brawley	06/30/23			
City of Santee	06/30/23			
City of Perris	06/30/23			
City of Live Oak	06/30/23			
City of Yorba Linda	06/30/23			
City of Canyon Lake	Accounting support			
City of Fontana	Accounting support			
City of Hemet	Accounting support			
City of Rolling Hills	Accounting support			
City of Yucaipa	Accounting support			
City of Angels Camp	Accounting support			
City of Grand Terrace	Accounting support			
Crestline Village Water District	04/30/96 to 04/30/23			
Crestline-Lake Arrowhead Water	06/30/98 to 06/30/23			
San Bernardino Valley Muni Water District	06/30/04 to 06/30/23			
Elsinore Valley Municipal Water District	06/30/15 to 06/30/23	Yes		
Pine Cove Water District	06/30/10 to 06/30/23			

**Item 20, Exhibit 20C – RAMS Auditing Services Proposal, dated September 24, 2024**

Attachment A

GOVERNMENT CLIENTS SERVICES (continued)

<u>Government Client</u>	<u>Years Served</u>	<u>CSMFO/ GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
Consolidated Fire Agencies	06/30/14 to 06/30/23			
Successor Agency to the County of SB	06/30/14 to 06/30/23			
Riverside County Habitat Con. Agency	06/30/15 to 06/30/23			
Santa Ana Watershed Association	12/31/09 to 12/31/22			
Capistrano Bay Community Services District	06/30/13 to 06/30/23			
Ventura County Public Fin Authority	06/30/12 to 06/30/23			
Nipomo Community Services District	06/30/16 to 06/30/23	Yes		
SBIAA	06/30/17 to 06/30/23			
San Diego Workforce Partnership	06/30/16 to 06/30/23			
Rubidoux Community Services District	06/30/16 to 06/30/23			
Conejo Recreation and Park District	06/30/19 to 06/30/23			
Upper San Gabriel Valley MWD	06/30/19 to 06/30/23	Yes		
March Joint Powers Authority	06/30/19 to 06/30/23			
Chino Basin Desalter Authority	06/30/19 to 06/30/23	Yes		
Mountains Recreation and Conservation	06/30/19 to 06/30/23			
Palos Verdes Peninsula Transit Authority	06/30/19 to 06/30/23			
Yucca Valley Airport District	06/30/20 to 06/30/23			
West Basin Municipal Water District	06/30/20 to 06/30/23	Yes		
Idyllwild Water District	06/30/11 to 06/30/23			
Big Bear Area Regional Wastewater	06/30/12 to 06/30/23	Yes		
Mojave Water Agency	06/30/19 to 06/30/23	Yes		
Beaumont Cherry Valley Water District	12/31/17 to 12/31/22	Yes		
Rosamond Community Services District	06/30/15 to 06/30/23			
Rossmoor Community Services District	06/30/05 to 06/30/23			
Rim of the World Park & Rec. District	06/30/06 to 06/30/23			
Heartlands Communications Fac Auth	06/30/07 to 06/30/23			
Heartlands Fire Training Authority	06/30/07 to 06/30/23			
San Joaquin Regional Rail Commission				06/30/23
East Valley Water District				06/30/23
Leucadia Wastewater District				06/30/23
Las Virgenes Municipal Water District				06/30/23
Pomona Valley Transportation Auth				06/30/23
Crestline Sanitation District	Accounting support			
Running Springs Water District	Accounting support			