

Item 20 Exhibit 20D - Draft Audit Services Contract and Exhibits - RAMS

PROFESSIONAL SERVICES CONTRACT BETWEEN THE FOX CANYON GROUNDWATER MANAGEMENT AGENCY AND ROGERS, ANDERSON, MALODY & SCOTT, LLP, FOR SERVICES TO COMPLETE A BIENNIAL AUDIT OF THE AGENCY FOR THE TWO-YEAR FISCAL CYCLE (JULY 1, 2022 – JUNE 30, 2023, AND JULY 1, 2023 – JUNE 30, 2024)

This contract is made and entered into this 23rd day of October, 2024, by and between the Fox Canyon Groundwater Management Agency, hereinafter referred to as AGENCY, and Rogers, Anderson, Malody & Scott, LLP, hereinafter referred to as CONSULTANT regarding CONSULTANT's performance of the work and services described in Exhibit A hereto (the "Work").

NOW, THEREFORE, in consideration of the mutual promises and other valuable consideration contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Scope of Work; Standard of Performance

AGENCY hereby retains CONSULTANT to perform the Work described in Exhibit A hereto. The Work shall be performed in accordance with the terms and conditions of this contract. In performing the Work CONSULTANT shall exercise the degree of skill and care customarily exercised by professionals in the State of California when providing similar services with respect to similarly complex work and projects.

2. Time Schedule

All Work and any portion thereof separately identified shall be completed within the time provided in the "Time Schedule" attached hereto as Exhibit B. AGENCY will issue a suspension of the contract time when CONSULTANT is delayed by any public agency reviewing documents produced by CONSULTANT under this contract, or to the extent due to acts or omissions of AGENCY. CONSULTANT shall promptly notify AGENCY of any such delays.

3. Fees and Payments

Payment shall be made monthly, or as otherwise provided, on presentation of a completed AGENCY Consultant Services Invoice form in accordance with the "Fees and Payment" provisions attached hereto as Exhibit C.

4. Termination

AGENCY retains the right to terminate this contract for any reason prior to completion of the Work upon five days written notice to CONSULTANT. Upon termination, AGENCY shall pay CONSULTANT for all Work performed prior to such termination, provided however, that such charges shall not exceed the maximum fee specified for completion of any separately identified task/phase of the Work which, at the time of termination, has been started by request of AGENCY, plus the outstanding amount of contract retention withheld to date.

5. Right to Review

AGENCY shall have the right to review the Work at any time during CONSULTANT's usual working hours. Review, checking, approval or other action by the AGENCY shall not relieve CONSULTANT of CONSULTANT's responsibility for the accuracy and completeness of the Work.

6. Correction of Work

If any Work performed by CONSULTANT does not conform to the requirements and professional standards of this contract, AGENCY may require CONSULTANT to correct the Work until it conforms to said requirements and standards at no additional cost to AGENCY. AGENCY may withhold payment for disputed Work until CONSULTANT correctly performs the Work or the dispute is otherwise resolved in accordance with this contract. When the Work to be performed is of such a nature that CONSULTANT

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cannot correct its performance, AGENCY may reduce the CONSULTANT's compensation to reflect the reduced value of the Work received by AGENCY. If CONSULTANT fails to promptly re-perform the Work, AGENCY may have the Work performed by a third party in conformance with the requirements and professional standards of this contract and charge CONSULTANT, or withhold from payments due CONSULTANT, any costs AGENCY incurs that are directly related to the performance of the corrective work. AGENCY shall not unreasonably withhold or reduce payment for CONSULTANT's Work under this section.

7. Sub Consulting

With the prior written consent of AGENCY, CONSULTANT may engage the professional services of sub consultants for the performance of a portion of the Work ("sub consultants"). CONSULTANT shall be fully responsible for all Work performed by sub consultants which must be performed in accordance with all terms and conditions of this contract. All insurance requirements set forth in Section 13 below, "Insurance Requirements", shall apply to each sub consultant, except to the extent such requirements are modified or waived in writing by AGENCY. CONSULTANT shall ensure that each sub consultant obtains and keeps in force and effect during the term of this contract the required insurance.

8. Independent Contractor

In performing the Work CONSULTANT is an independent contractor and neither CONSULTANT nor its employees, agents or sub consultants shall be deemed employees of AGENCY for any reason. AGENCY shall have no responsibility or liability for the payment of any salary, wages, unemployment benefits, Workers' Compensation or disability benefits, federal, state or local taxes, or other compensation, benefits, or taxes for any of CONSULTANT's employees, agents, Sub consultants, or any of their respective employees or agents.

9. Duty of Loyalty; Conflicts of Interest

- a. CONSULTANT owes AGENCY a duty of undivided loyalty in performing the Work under this contract, including the obligation to refrain from having economic interests and participating in activities that conflict with AGENCY's interests with respect to the Work and subject project. CONSULTANT shall take reasonable measures to ensure that CONSULTANT, its principals, officers, employees and Sub consultants do not possess a financial conflict of interest with respect to the Work and subject project. CONSULTANT shall promptly inform AGENCY of any matter that could reasonably be interpreted as creating a conflict of interest for CONSULTANT with respect to the Work and subject project.
- b. CONSULTANT acknowledges that the California Political Reform Act ("Act"), Government Code section 81000 et seq., provides that principals, employees and agents of consultants retained by a public agency may be deemed "public officials" subject to the Act if they make or advise AGENCY on decisions or actions to be taken by AGENCY. To the extent AGENCY determines that the Act applies to CONSULTANT or its principals or employees, each designated person shall abide by the Act, including the requirement for public officials to prepare and file statements disclosing specified economic interests, as directed by AGENCY. In addition, CONSULTANT acknowledges and shall abide by the contractual conflict of interest restrictions imposed on public officials by Government Code section 1090 et seq.
- c. During the term of this contract CONSULTANT shall not employ or compensate AGENCY's current employees.

10. Defense and Indemnification

CONSULTANT shall defend, indemnify, and save harmless the AGENCY, including all of its boards, agencies, departments, officers, employees, agents and volunteers (collectively, "Indemnitee"), against

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any and all claims, lawsuits, judgments, debts, demands and liabilities that arise out of, pertain to, or relate to, and to the extent caused by, the negligence, recklessness or willful misconduct of CONSULTANT or its officers, employees, agents or Sub consultants in the performance of this contract. This indemnity provision does not apply to liability, damages or other loss arising from the sole negligence or willful misconduct of Indemnitee.

11. Insurance Requirements

- a. Without limiting CONSULTANT's duty to defend and indemnify AGENCY as required herein, CONSULTANT shall, at CONSULTANT's sole cost and expense and throughout the term of this contract and any extensions hereof, carry one or more insurance policies that provide at least the following minimum coverage:
 - i. Commercial General Liability insurance shall provide a minimum of \$100,000.00 coverage for each occurrence and \$200,000.00 in general aggregate coverage.
 - ii. Automobile Liability insurance shall provide a minimum of either a combined single limit (CSL) of \$1,000,000.00 for each accident or all of the following: \$250,000.00 bodily injury (BI) per person, and \$500,000.00 bodily injury per accident, and \$100,000.00 property damage (PD). Automobile Liability insurance is not required if the CONSULTANT does no traveling in performing the Work.
 - iii. Workers' Compensation insurance in full compliance with California statutory requirements for all employees of CONSULTANT in the minimum amount of \$1,000,000.00. This Workers' Compensation insurance requirement may only be waived by AGENCY in writing if CONSULTANT is a sole proprietor with no employees and CONSULTANT provides AGENCY with evidence of such before commencing any work under the contract.
- b. With respect to any coverage written on a "claims made" basis, CONSULTANT shall maintain such policy for two years after the term of this contract and such policy shall allow for reporting of circumstances or incidents that may give rise to future claims.
- c. CONSULTANT shall notify AGENCY immediately if CONSULTANT's general aggregate of insurance is exceeded by valid litigated claims in which case additional levels of insurance must be obtained to maintain the above-stated requirements. All required insurance shall be written by a financially responsible company or companies authorized to do business in the State of California.
- d. The Commercial General Liability and Automobile Liability policies shall contain the following provisions or endorsements: The County of Ventura, AGENCY, and their respective officials, employees, and agents shall be named as additional insureds ("Additional Insureds"). All required insurance shall be primary coverage as respects the Additional Insureds, and any insurance or self-insurance maintained by Additional Insureds shall be in excess of CONSULTANT's insurance coverage and shall not contribute to it. Coverage shall apply separately to each insured, except with respect to the limits of liability, and an act or omission by one of the named insureds shall not reduce or avoid coverage to the other named insureds. AGENCY shall be notified by the insurance company or companies within 3 working days of cancellation or substantial modification of the policy.
- e. CONSULTANT hereby waives all rights of subrogation against AGENCY, the County of Ventura, all special districts governed by the Board of Supervisors, and each of their boards, directors, employees and agents for losses arising directly or indirectly from the activities or Work under this contract. The Commercial General Liability, Automobile Liability and Workers' Compensation policies shall contain a provision or endorsement needed to implement CONSULTANT's waiver of these rights of subrogation.

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- f. Prior to commencement of the Work, CONSULTANT shall furnish AGENCY with certificates of insurance and endorsements effecting all coverage required hereunder. Copies of renewal certificates and endorsements shall be furnished to AGENCY within 30 days of the expiration of the term of any required policy. CONSULTANT shall permit AGENCY at all reasonable times to inspect any policies of insurance required hereunder.

12. Claims and Disputes

- a. Administrative Review. To assert any claim against AGENCY seeking payment of money or damages regarding the Work, an extension of contract time, or an interpretation or adjustment of the terms of this contract, including “pass-through” claims asserted by CONSULTANT on behalf of a Sub consultant (collectively referred to hereinafter as “claim”), CONSULTANT shall first exhaust its administrative remedies by attempting to resolve the claim with AGENCY’s staff in the following sequence: 1) Project Manager, and 2) Executive Officer. CONSULTANT shall initiate the administrative review process no later than 30 days after the claim has arisen by submitting to the Project Manager a written statement describing each claim and explaining why CONSULTANT believes AGENCY is in error, as well as all correspondence and evidence regarding each claim. CONSULTANT may appeal the decision made by the Project Manager to the Executive Officer, provided that AGENCY receives such appeal in writing no later than seven days after the date of the decision being appealed. If CONSULTANT does not appeal a decision to the next level of administrative review within this seven-day period, the decision shall become final and binding and not subject to appeal or challenge.
- b. Arbitration. All CONSULTANT claims not resolved through the administrative review process stated above shall be resolved by arbitration unless AGENCY and CONSULTANT agree in writing, after the claim has arisen, to waive arbitration and to have the dispute litigated in a court of competent jurisdiction. Arbitration shall be pursuant to Article 7.1 (commencing with Section 10240) of Chapter 1 of Part 2 of the Public Contract Code and the regulations promulgated thereto, Chapter 4 (commencing with Section 1300) of Division 2 of Title 1 of the California Code of Regulations (collectively, “Rules for Public Works Contract Arbitrations”). Arbitration shall be initiated by a complaint in arbitration prepared, filed and served in full compliance with all requirements of the Rules for Public Works Contract Arbitrations. CONSULTANT consents and agrees that AGENCY may join it as a party to any arbitration involving third party claims asserted against AGENCY arising from or relating to any Work performed by CONSULTANT hereunder.

13. Compliance with Laws and Regulations; Permits and Licenses

CONSULTANT shall perform its obligations hereunder in compliance with all applicable federal, state, and local laws and regulations. CONSULTANT certifies that it possesses and shall continue to maintain or shall cause to be obtained and maintained, at no cost to AGENCY, all approvals, permissions, permits, licenses, and other forms of documentation required for it and its employees, agents and Sub consultants to comply with all applicable statutes, ordinances, and regulations, or other laws, that apply to performance of the Work. AGENCY is entitled to review and copy all such applications, permits, and licenses which CONSULTANT shall promptly make available upon AGENCY’s request.

14. Prevailing Wage Requirements

Certain Work to be performed under this contract may be considered “public works” subject to Labor Code Division 2, Part 7, Chapter 1, section 1720 et seq.’s prevailing wage, apprenticeship and other labor requirements. CONSULTANT is solely responsible for determining whether the Work, or any portion thereof, is subject to said requirements, and for complying with all such requirements that apply. All such public works projects are subject to compliance monitoring by the California Department of Industrial Relations (DIR). AGENCY has obtained from the DIR general prevailing wage determinations for the locality in which the Work is to be performed that are on file with Ventura County Public Works Agency

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and are available upon request. CONSULTANT is responsible for posting job site notices as prescribed by regulation pursuant to Labor Code section 1771.4(a)(2). CONSULTANT acknowledges that it is aware of state and federal prevailing wage and related requirements and shall comply with these requirements to the extent applicable to the Work, including, without limitation, Labor Code sections 1771 (payment of prevailing wage), 1771.1 (registration with DIR) and 1771.4 (submission of certified payrolls to Labor Commissioner).

15. Work Product; Records and Audit.

- a. On completion or termination of the contract, AGENCY shall be entitled to immediate possession of, and CONSULTANT shall promptly furnish, on request, all reports, drawings, designs, computations, plans, specifications, correspondence, data and other work product prepared or gathered by CONSULTANT except those items defined as audit documentation under professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), which will be the property of CONSULTANT, arising out of or related to the Work (collectively, "Work Product"). AGENCY has a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and authorize others to use, Work Product, except those items defined as audit documentation as described above, which will be the property of CONSULTANT, of which workpapers will be reviewable by request from AGENCY or any successor auditor without charge, for government purposes. CONSULTANT may retain copies of the Work Product for its files. Work Product prepared by CONSULTANT pursuant to this contract shall not be modified by AGENCY unless CONSULTANT's name, signatures and professional seals are completely deleted. CONSULTANT shall not be responsible for any liabilities to AGENCY for the use of such Work Product that is modified by persons other than CONSULTANT.
- b. CONSULTANT shall maintain all records required by the various provisions of this contract, including but not limited to (i) those items defined as audit documentation under professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) used, relied on, and/or prepared by CONSULTANT in relation to this contract and (ii) those materials required by applicable federal, state, county, and municipal laws, ordinances, regulations, and directions, for a minimum of seven years from the completion or any termination of this contract. CONSULTANT may fulfill its obligation to maintain records by substitute photographs, micrographs, or other authentic reproduction of such records.
- c. Any authorized representative of AGENCY shall have access to any books, documents, papers, records, including but not limited to those items defined as audit documentation under professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) maintained by CONSULTANT pursuant to Section 15(b) above, that AGENCY determines to be pertinent to this contract, for the purposes of making audit, evaluation, examination, excerpts, and transcripts during the period such records are to be maintained by CONSULTANT.

16. Miscellaneous

- a. This contract constitutes the entire agreement between the parties regarding the subject matter of hereof and supersedes all previous contracts, agreements, promises, understanding and negotiations, whether written or oral, between the parties regarding the subject matter hereof.
- b. All notices, requests, claims, and other official communications under the contract shall be in writing and transmitted by one of the following methods:
 - (1) Personally delivered.
 - (2) Sent by email where receipt is confirmed.
 - (3) Sent by courier where receipt is confirmed.

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(4) Sent by registered or certified mail, postage prepaid, return receipt requested.

Such notices and communications shall be deemed given and received upon actual receipt in the case of all except registered or certified mail; and in the case of registered or certified mail, on the date shown on the return receipt or the date delivery during normal business hours was attempted. All notices and communications shall be sent to CONSULTANT at the current address on file with AGENCY for contract payment purposes, and shall be sent to AGENCY as follows:

Fox Canyon Groundwater Management Agency
800 South Victoria Avenue, L#1610
Ventura, CA 93009-1610
Email: FCGMA@ventura.org

Either party may change its contact information by providing written notice of the change to the other party in accordance herewith:

- c. No modification, waiver, amendment or discharge of this contract shall be valid unless the same is in writing and signed by duly authorized representatives of both parties.
- d. This contract is for the professional services of CONSULTANT and is non-assignable without prior written consent by AGENCY.
- e. Nothing contained herein shall create a contractual relationship with, or a cause of action in favor of, a third party against either CONSULTANT or AGENCY.
- f. Time limits stated herein are of the essence. CONSULTANT is relieved from meeting the time limits due to delays outside its control.
- g. This contract shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California, and the venue for any action, suit, arbitration or other proceeding thereon shall be proper only in the Superior Court for Ventura County, California.

CONSULTANT:

Rogers, Anderson, Malody & Scott, LLP

AGENCY:

Fox Canyon Groundwater Management Agency

Signature

Signature

Print Name and Title

Arne Anselm
Interim Executive Officer

EXHIBIT A - SCOPE OF WORK AND SERVICES

1. Overview of Project and Services

The AGENCY has engaged CONSULTANT to provide professional services to aid AGENCY in services to complete a Biennial Audit of the Agency for the two-year fiscal cycle (July 1, 2022 – June 30, 2023, and July 1, 2023 – June 30, 2024).

An audit is required in accordance with generally accepted auditing standards and Government Auditing Standards of AGENCY financial statements for the fiscal years ended June 30, 2023, and 2024. AGENCY efforts are financed mainly with water extraction fees and/or penalties/interest on delinquent accounts. AGENCY audit requirements are found in California Government Code Section 26909. The audit will be made in accordance with generally accepted auditing standards embodied in *Statements on Auditing Standards* published by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the CONSULTANT will promptly advise AGENCY's Audit Coordinator. No extended services will be performed unless they are authorized in the contractual agreement or in a written and approved amendment to the agreement.

2. Scope of Services

CONSULTANT shall provide the following services and work to AGENCY as detailed in CONSULTANT's September 24, 2024, proposal:

Task 1 – Financial Statements to be Audited by CONSULTANT for Fiscal Years Ended June 30, 2023, And 2024

AGENCY financial statements to be audited by CONSULTANT for the fiscal years ended June 30, 2023, and 2024, and each of the subsequent years included in the contract with AGENCY. CONSULTANT'S audit will use electronic paperless audit software and facilitate the collection of source documents through an electronic portal.

In addition, CONSULTANT will:

- 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.
- Determine and utilize sample sizes for compliance testing

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- CONSULTANT 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 CONSULTANT software, depending upon circumstance, as permitted by Statement on Auditing Standards. CONSULTANT sample sizes will depend upon preliminary assessment of control risk, planned substantive testing and analytical procedures as well as CONSULTANT'S professional judgement.
- CONSULTANT will utilize Computer Aided Audit Tools (CAAT) software to draw audit samples. The software allows CONSULTANT 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).
- Prepare and print AGENCY financial statements, including printing of the reports (including a PDF copy).
- Offer practical observations and recommendations relating to internal control issues, implementation of accounting standards and the policies and procedures regarding both.
- Identify opportunities for operating efficiencies which can be used to decrease operating costs of AGENCY.
- Perform other services as required per this Exhibit.

1.1 Audit Preparation

- 1.1.1 Entrance conference to meet with AGENCY management for pre-audit planning.
- 1.1.2 Preliminary risk assessment procedures.
- 1.1.3 Work with AGENCY staff to contact prior auditor for inquiries and review of workpapers.

1.2 Interim Testing: Planning, Pre-Audit Administration, and Internal Control Testing

This phase of the audit will be performed by the CONSULTANT'S senior and two or three staff accountants with direct supervision by audit manager and partner.

Approximate number of CONSULTANT hours to accomplish Tasks 1.1, 1.2, and their subtasks: 54.

- 1.2.1 Meet with AGENCY staff to determine timeline and level of assistance to be provided by AGENCY staff.
- 1.2.2 Analyze the susceptibility of AGENCY financial statements to material misstatement and fraud.
- 1.2.3 Review and evaluate AGENCY 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 CONSULTANT'S understanding and will help identify areas that may need further assessment and additional testing.

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- 1.2.4 Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to AGENCY.
- 1.2.5 Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of AGENCY internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of AGENCY personnel, and observing and reviewing key supporting documentation.
 - 1.2.5.1 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.
- 1.2.6 Document and review with AGENCY 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 operations.
- 1.2.7 Utilize CONSULTANT'S audit data analytic software to analyze large amounts of data and focus on areas/transactions that are red flagged.
- 1.2.8 Perform the following procedures related to IT General Controls that "touch" financial data:
 - 1.2.8.1 Security access (including physical) controls: CONSULTANT will 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.
 - 1.2.8.2 Computer operations: CONSULTANT will evaluate backup and recovery processes and review processes of identifying and handling operational problems.
 - 1.2.8.3 System development and system changes: CONSULTANT will evaluate processes related to system development and system changes (if applicable).
 - 1.2.8.4 Application testing: CONSULTANT will determine if the testing of application controls is deemed necessary based on our professional judgment in the planning stages of the engagement.

1.3 Year-End Testing: Substantive Testing

During this phase of the audit, CONSULTANT'S 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.

This phase of the audit will be performed by CONSULTANT'S senior accountant and two or three staff accountants with direct supervision by audit manager and partner.

Approximate number of CONSULTANT hours to accomplish Task 1.3 and its subtasks: 77.

- 1.3.1 Identify significant risks and develop a detailed audit plan using the results from Task 1.2.

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- 1.3.2** 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.).
- 1.3.3** Determine whether CONSULTANT testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- 1.3.4** Consider whether audit evidence is sufficient to form an opinion.
- 1.3.5** If any proposed audit adjustments are noted during this task, CONSULTANT will discuss and explain them, in detail, with the appropriate level of AGENCY management prior to posting.
- 1.3.6** Conduct exit conference with AGENCY management to discuss proposed entries, internal control issues, etc.

1.4 Reporting: Report Preparation, Workpaper Review, and Audit Conclusion

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

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

Approximate number of CONSULTANT hours to accomplish Task 1.4 and its subtasks: 39.

- 1.4.1** Determine whether, based on substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for CONSULTANT opinion(s).
- 1.4.2** Review all audit workpapers to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.).
- 1.4.3** Evaluate financial statements and note disclosures.
- 1.4.4** Perform final analytical procedures.
- 1.4.5** Draft required reports.
- 1.4.6** Conduct an independent review of the financial statement draft by AGENCY quality control partner.
- 1.4.7** Issue final required reports by or before agreed upon date as identified in Exhibit B.
- 1.4.8** Present to governing body, the AGENCY Board of Directors.

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Deliverables:

1. Monthly Invoices, with hours worked itemized according to Tasks identified in Exhibit A
2. Entrance Conference with AGENCY
3. Planning or Status Update Conferences with AGENCY as needed
4. Exit Conference with AGENCY
5. Meeting Summaries
6. Detailed Audit Plan developed using results in Task 1.2
7. Prepare, print, and PDF Agency Financial Statements
8. Recommendation Reports related to Risk Assessment, Internal Control Issues, Implementation of Accounting Standards, Policies and Procedures Regarding Internal Control and Standards, as needed
9. Proposed Audit Adjustment Recommendation Reports, as needed
10. Draft Financial Statement Report
11. Issue Final Required Report
12. Presentation to AGENCY Board of Directors

[End of Exhibit A]

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EXHIBIT B - TIME SCHEDULE

1. Schedule

Notwithstanding Section 2 (Term) of the Contract, all Work to be performed by CONSULTANT on this Contract shall be completed **by June 30, 2025**.

CONSULTANT shall complete tasks as follows:

Task	Schedule
Task 1.1 Audit Preparation	December 2024 – March 2025
1.1.1 Entrance Conference	
1.1.2 Preliminary Risk Assessment Procedures	
1.1.3 Collaborate with AGENCY staff to correspond with contacts and gather data	
Task 1.2 Interim Testing	April 2025
1.2.1 Meet with AGENCY Staff to determine timeline and assistance	
1.2.2 Analyze the susceptibility of AGENCY financial statements to material misstatement and fraud.	
1.2.3 Review and evaluate AGENCY accounting and reporting processes	
1.2.4 Gather and review pertinent local, state, federal statutes, regulations, or charters that apply to AGENCY	
1.2.5 Evaluate the design of controls that are relevant to the audit	
1.2.5.1 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	
1.2.6 Document and review with AGENCY management any findings noted during the testing of internal controls and provide a preliminary recommendation report	
1.2.7 Analyze data and focus on red-flagged areas	
1.2.8 IT General Control Procedures	
1.2.8.1 Security access controls evaluation	
1.2.8.2 Computer operations evaluation	
1.2.8.3 (If applicable) System development evaluation	
1.2.8.4 (If applicable) Application testing	
1.3 Year-End Testing	April/May 2025
1.3.1 Identify significant risks and develop a detailed audit plan	
1.3.2 Design substantive tests of account balances	
1.3.3 Determine whether testing supports assessed risk levels	

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Task	Schedule
1.3.4 Consider whether evidence is sufficient to form opinion	
1.3.5 Propose audit adjustments, if determined, with AGENCY in meeting with recommendation report	
1.3.6 Conduct exit conference with AGENCY	
1.4 Reporting	May/June 2025
1.4.1 Determine whether financial statements are free of material misstatement	
1.4.2 Review workpapers against compliance standards	
1.4.3 Evaluate financial statements and note disclosures	
1.4.4 Perform final analytical procedures	
1.4.5 Draft required reports	
1.4.6 Conduct an independent quality control review of the financial statement draft	
1.4.7 Issue and deliver final reports	
1.4.8 Present findings to AGENCY Board of Directors	

2. Delays

If all work under this contract cannot be completed by the dates specified in Exhibit B through no fault of CONSULTANT, the fee for the work not then completed may be adjusted to reflect increases in cost which occur, due to delay, from the date that the work was required to be complete as specified in Exhibit B until the time the work can actually be completed. Any payments of additional fee as described in this paragraph must be authorized by AGENCY with a modification to this contract.

[End of Exhibit B]

PROFESSIONAL SERVICES CONTRACT
BETWEEN ROGERS, ANDERSON, MALODY & SCOTT, LLP AND FCGMA
OCTOBER 23, 2024
EXHIBITS

4. Delays

If Work cannot be completed by the dates specified in Exhibit B through no fault of CONSULTANT, the fees for the Work not then completed may be adjusted to reflect increases in cost which occur, due to delay, from the date that the Work was required to be complete as specified in Exhibit B until the time the Work can actually be completed. Any payments of such additional fees must be authorized by AGENCY with a written modification to this contract.

5. Payment

Pursuant to Section 4 of the Contract, AGENCY shall make payments to CONSULTANT as follows:

Requests for Payment

Each request for payment shall include: (i) personnel time records for Basic Services as itemized by Exhibit A, at the rates specified in this Exhibit C if applicable; (ii) receipts for all authorized reimbursable expense, along with the written AGENCY authorization for any specific reimbursable expenses requested for payment if required above.

CONSULTANT shall submit all requests for payment to:

Fox Canyon Groundwater Management Agency
800 South Victoria Avenue, L#1610
Ventura, CA 93009-1670
FCGMA@ventura.org

Payment Schedule

Payments shall be made monthly by AGENCY upon presentation of a properly completed AGENCY claim form that has been approved by AGENCY.

Timely Invoicing

Timely invoicing by CONSULTANT is required. Delays in invoicing for services performed increases the management effort required by AGENCY to ensure accurate payments to CONSULTANT and manage project budgets. Accordingly, CONSULTANT shall request payment for services no later than 30 calendar days after the date that the services were performed.

CONSULTANT shall submit a final invoice within 30 days of the earliest of the following events: 1) completion and acceptance by AGENCY of all Work required by the contract; or 2) termination of the contract.

[End of Exhibit C]